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

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended May 3, 2009

OR

o 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)	*(IRS Employer Identification Number)*

15 Secor Road, Brookfield, Connecticut 06804
(Address of principal executive offices and zip code)

(203) 775-9000
(Registrant's telephone number, including area code)

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 periods 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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer o Accelerated Filer x Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 1, 2009
Common Stock, $0.01 par value	**42,003,593 Shares**

Forward-Looking Information

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. (the "Company"). These statements are based on management's beliefs, as well as assumptions made by and information currently available to management. Forward-looking statements may be identified by words like "expect," "anticipate," "believe," "plan," "projects," and similar expressions. All forward-looking statements involve risks and uncertainties that are difficult to predict. In particular, any statement contained in this quarterly report on Form 10-Q, in press releases, written statements or other documents filed with the Securities and Exchange Commission, or in the Company's communications and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls, 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 international 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 changes in the market price of the Company's common stock; foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain additional 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; the seasonal and cyclical nature of the semiconductor and flat panel display industries; the availability of capital; management changes; damage or destruction to the Company's 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 the ability of the Company to obtain necessary export licenses. Any forward-looking statements should be considered in light of these factors. Accordingly, there is no assurance that the Company's expectations will be realized. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not assume an obligation to provide revisions to any forward-looking statements.

PHOTRONICS, INC.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in thousands, except per share amounts)
(unaudited)

	May 3, 2009	November 2, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$81,488	$ 83,763
Short-term investments	145	1,343
Accounts receivable, net of allowance of $2,897 in 2009 and $2,788 in 2008	61,263	68,095
Inventories	16,486	17,548
Deferred income taxes	2,759	2,843
Other current assets	6,688	8,905
Total current assets	168,829	182,497
Property, plant and equipment, net	399,343	436,528
Investment in joint venture	61,065	65,737
Other intangibles, net	58,486	62,386
Other assets	13,209	10,859
	$700,932	$758,007
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term borrowings	$ 55,213	$ 20,630
Accounts payable	51,268	69,791
Accrued liabilities	21,680	25,657
Total current liabilities	128,161	116,078
Long-term borrowings	157,564	202,979
Deferred income taxes	1,825	1,813
Other liabilities	5,287	4,739
Total liabilities	292,837	325,609
Minority interest	48,799	49,616
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, $0.01 par value, 2,000 shares authorized, none issued and outstanding	-	-
Common stock, $0.01 par value, 150,000 shares authorized, 41,777 shares issued and outstanding at May 3, 2009 and 41,712 at November 2, 2008	418	417
Additional paid-in capital	385,826	384,502

Retained earnings (deficit)	(4,941)	15,364
Accumulated other comprehensive loss	(22,007)	(17,501)
Total shareholders' equity	359,296	382,782
	$700,932	$758,007

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	May 3, 2009	**April 27, 2008**	**May 3, 2009**	**April 27, 2008**
Net sales	$ 83,232	$110,330	$171,275	$213,545
Costs and expenses:				
Cost of sales	(71,792)	(90,056)	(149,275)	(172,675)
Selling, general and administrative	(10,630)	(13,575)	(21,032)	(29,878)
Research and development	(4,177)	(4,613)	(7,801)	(8,851)
Consolidation, restructuring and related charges	(406)	-	(2,086)	-
Impairment of long-lived assets	(1,458)	-	(1,458)	-
Operating income (loss)	(5,231)	2,086	(10,377)	2,141
Other income (expense), net				
Interest expense	(4,430)	(2,849)	(9,076)	(4,983)
Investment and other income (expense), net	(571)	(347)	451	1,219
Loss before income taxes and minority interest	(10,232)	(1,110)	(19,002)	(1,623)
Income tax benefit (provision)	76	(932)	(1,122)	(2,804)
Loss before minority interest	(10,156)	(2,042)	(20,124)	(4,427)
Minority interest	84	(27)	(181)	(982)
Net loss	$(10,072)	$ (2,069)	$(20,305)	$ (5,409)
Loss per share:				
Basic	$(0.24)	$(0.05)	$(0.49)	$(0.13)
Diluted	$(0.24)	$(0.05)	$(0.49)	$(0.13)
Weighted-average number of common shares				

outstanding:				
Basic	41,775	41,638	41,749	41,632
Diluted	41,775	41,638	41,749	41,632

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	May 3, 2009	**April 27, 2008**
Cash flows from operating activities:		
Net loss	$(20,305)	$(5,409)
Adjustments to reconcile net loss		
to net cash provided by operating activities:		
Depreciation and amortization	42,027	51,280
Consolidation, restructuring and related charges	2,086	-
Impairment of long-lived assets	1,458	-
Minority interest in income of consolidated subsidiaries	181	982
Changes in assets and liabilities:		
Accounts receivable	5,952	(10,267)
Inventories	756	(2,380)
Other current assets	2,284	(273)
Accounts payable and other	(8,090)	1,170
Net cash provided by operating activities	26,349	35,103
Cash flows from investing activities:		
Purchases of property, plant and equipment	(20,375)	(78,067)
Investment in joint venture	-	(2,598)
Distribution from joint venture	5,000	-
Purchases of short-term investments	-	(306)
Proceeds from sales of investments and other	941	3,552
Net cash used in investing activities	(14,434)	(77,419)
Cash flows from financing activities:		
Repayments of long-term borrowings	(10,889)	(168,991)
Proceeds from long-term borrowings	-	132,140
Payments of deferred financing fees	(2,249)	(498)
Net cash used in financing activities	(13,138)	(37,349)
Effect of exchange rate changes on cash	(1,052)	719
Net decrease in cash and cash equivalents	(2,275)	(78,946)
Cash and cash equivalents at beginning of period	83,763	146,049
Cash and cash equivalents at end of period	$81,488	$67,103
Supplemental disclosure of cash flow information:		

Change in accrual for purchases of property, plant and equipment	$(14,542)	$(25,991)
Capital lease obligation for purchases of property, plant and equipment	$ -	$ 61,662

See accompanying notes to condensed consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
Three and Six Months Ended May 3, 2009 and April 27, 2008
(unaudited)
(in thousands, except share amounts)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

Photronics, Inc. and its subsidiaries (the "Company" or "Photronics") is one of the world's leading manufacturers 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 flat panel displays ("FPD"), and are used as masters to transfer circuit patterns onto semiconductor wafers and flat panel substrates during the fabrication of integrated circuits ("IC") and a variety of FPD and, to a lesser extent, other types of electrical and optical components. The Company currently operates principally from ten manufacturing facilities, three of which are located in the United States, two in Europe, two in Taiwan, and one each in Korea, Singapore, and China.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending November 1, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended November 2, 2008.

NOTE 2 - COMPREHENSIVE INCOME (LOSS)

The following table summarizes the net comprehensive income (loss) for the three and six months ended May 3, 2009 and April 27, 2008.

	Three Months Ended		Six Months Ended	
	May 3, 2009	**April 27, 2008**	**May 3, 2009**	**April 27, 2008**
Net loss	$(10,072)	$(2,069)	$(20,305)	$ (5,409)
Other comprehensive income (loss):				
Change in unrealized net gains on investments, net of tax	15	(43)	90	(92)
Amortization of cash flow hedges	32	44	513	72
Foreign currency translation adjustments	10,998	(58)	(5,109)	(7,440)
	11,045	(57)	(4,506)	(7,460)
Total comprehensive income (loss)	$ 973	$(2,126)	$(24,811)	$(12,869)

NOTE 3 - LOSS PER SHARE

The calculation of basic and diluted loss per share is presented below.

	Three Months Ended		Six Months Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Net loss	$(10,072)	$(2,069)	$(20,305)	$(5,409)
Weighted-average common shares computations:				
Weighted-average common shares used for basic loss per share	41,775	41,638	41,749	41,632
Loss per share:				
Basic	$(0.24)	$(0.05)	$(0.49)	$(0.13)
Diluted	$(0.24)	$(0.05)	$(0.49)	$(0.13)

The effects of the exercise of certain stock options, the vesting of restricted shares, and the potential conversion of some of the Company's convertible subordinated notes would be antidilutive. The following table shows the amount of incremental shares outstanding that would have been added if the assumed conversion of stock options and restricted shares, and convertible subordinated notes had been dilutive.

	Three Months Ended		Six Months Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Employee stock options and restricted shares	2,283	2,502	2,489	2,389
Convertible notes redeemed on April 15, 2008	-	8,196	-	8,818
Total potentially dilutive shares excluded	2,283	10,698	2,489	11,207

On May 15, 2009, in connection with the most recent amendment of its credit facility, the Company issued 2.1 million stock warrants, with an exercise price of $0.01, to the financial institutions underwriting the Company's credit facility. Forty percent of the warrants issued were exercisable on May 15, 2009, with the balance exercisable in twenty percent increments on October 31, 2009, April 30, 2010, and October 31, 2010, subject to certain clawback provisions. See Note 8 for further discussion regarding the warrants.

NOTE 4 - STOCK-BASED COMPENSATION PLANS

In March 2007, shareholders approved a new stock-based compensation plan ("Plan"), under which options, restricted stock, restricted stock units, stock appreciation rights, performance stock, performance units, and other awards based on, or related to, shares of the Company's common stock may be granted from shares authorized but unissued, shares previously issued and reacquired by the Company, or both. A maximum of three million shares of common stock may be issued under the Plan. Awards may be granted to officers, employees, directors, consultants, advisors, and independent contractors of the Company or its subsidiaries. The Plan prohibits further awards from being issued under prior plans. Aspects of the Plan are more fully described below. The Company incurred compensation cost under the Plan for the three and six months ended May 3, 2009 of $0.6 million and $1.3 million, respectively, and for the three and six months ended April 27, 2008 of $0.7 million and $1.2 million, respectively. No share-based compensation cost was capitalized as part of inventory, no related income tax benefits were recorded and no equity awards were settled in cash during the periods presented.

Stock Options

Option awards generally vest in one to four years, and have a ten-year contractual term. All incentive and non-qualified stock option grants must have an exercise price equal to the market value of the underlying common stock on the date of grant. The option and share awards provide for accelerated vesting if there is a change in control as defined in the Plan.

The grant date fair value of options is based upon the closing price on the date of grant using the Black-Scholes option pricing model. Expected volatility is based on the historical volatility of the Company's stock. The Company uses historical option exercise behavior and employee termination data to estimate expected term and forfeiture rates, which represents the period of time that the options granted are expected to remain outstanding. The risk-free rate of return for the estimated life of the option is based on the U.S. Treasury

yield curve in effect at the time of grant. Inputs used to calculate the grant date fair value of share options issued during the three and six month periods ended May 3, 2009 and April 27, 2008 are presented in the following table.

	Three Months Ended		Six Months Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Volatility	82.1%	43.1%	69.8%	43.1%
Risk free rate of return	1.9%	2.5% - 2.6%	2.5%	2.5% - 2.6%
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected term	4.7 years	4.7 years	4.7 years	4.7 years

A summary of option awards under the plan as of May 3, 2009 is presented below.

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at May 3, 2009	3,367,597	$11.29	6.9 years	$1,330
Exercisable at May 3, 2009	1,725,184	$19.11	4.7 years	$ -

There were 5,000 share options granted with a weighted-average grant date fair value of $0.84 during the three months ended May 3, 2009. There were 1,348,250 share options granted with a weighted-average grant date fair value of $0.44 during the six months ended May 3, 2009. For the three and six months ended April 27, 2008, 18,500 share options were granted with a weighted-average grant date fair value of $4.15 per share. As of May 3, 2009 the total compensation cost related to non-vested option awards not yet recognized was approximately $2.1 million. That cost is expected to be recognized over a weighted-average amortization period of 3.1 years.

Restricted Stock

The Company periodically grants restricted stock awards. The restrictions on these awards lapse over a service period that has ranged from less than one to eight years. There were no shares granted during the three months ended May 3, 2009 and 1,000 shares granted with a grant date fair value of $12.23 per share during the three months ended April 27, 2008. During the six months ended May 3, 2009, 75,000 shares were granted with a weighted-average grant date fair value of $0.76 per share. During the six month period ended April 27, 2008, 149,300 shares were granted with a weighted-average grant date fair value of $11.79 per share. As of May 3, 2009, the total compensation cost related to non-vested restricted stock awards not yet recognized was approximately $3.3 million. That cost is expected to be recognized over a weighted-average amortization period of 3.5 years. A summary of the status of the Company's nonvested restricted shares as of May 3, 2009 is presented below.

Restricted Stock	Shares	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at May 3, 2009	226,409	3.5	$398

NOTE 5 - CONSOLIDATION, RESTRUCTURING AND RELATED CHARGES

2009 Restructuring

During the three months ended February 1, 2009, the Company ceased the manufacture of photomasks at its Manchester U.K. facility. This initiative began with the recording of a $0.5 million charge for the impairment of certain long-lived assets at the facility in the fourth quarter of fiscal 2008, and included an additional $2.1 million incurred in the first six months of fiscal 2009, primarily for employee termination costs and asset write-downs. Approximately 85 employees are expected to be affected by this plan.

During the three months ended May 3, 2009, the Company recorded an impairment charge of $1.5 million to reduce the carrying value of the Manchester facility to its estimated fair value, which was determined by management using a market approach.

The Company expects the total after tax cost of this restructure to range between $2 million to $3 million through its expected completion at the end of fiscal 2009. The following tables set forth the Company's 2009 restructuring reserve as of May 3, 2009 and reflects the activity affecting the reserve for the three and six months then ended.

	Three Months Ended May 3, 2009				Six Months Ended May 3, 2009			
	February 1, 2009	Charges	Utilized	May 3, 2009	November 2, 2008	Charges	Utilized	May 3, 2009
Employee terminations	$ -	$328	$(328)	$ -	$ -	$1,390	$(1,390)	$ -
Asset write-downs and other	154	78	(232)	-	-	696	(696)	-
	$154	$406	$(560)	$ -	$ -	$2,086	$(2,086)	$ -

Prior Restructurings

In May 2006, the Company closed its Austin, Texas manufacturing and research and development facility, and in March 2003 closed its Phoenix, Arizona manufacturing facility. The following tables set forth the Company's restructuring reserves as of May 3, 2009 and April 27, 2008, and reflect the activity affecting the reserves for the three and six months then ended.

	Three Months Ended May 3, 2009				Six Months Ended May 3, 2009			
	February 1, 2009	Charges	Utilized	May 3, 2009	November 2, 2008	Charges	Utilized	May 3, 2009
Leases and other	$1,018	$ -	$(259)	$ 759	$1,134	$ -	$(375)	$ 759

	Three Months Ended April 27, 2008				Six Months Ended April 27, 2008			
	January 27, 2008	Charges	Utilized	April 27, 2008	October 28, 2007	Charges	Utilized	April 27, 2008
Leases and other	$1,551	$ -	$(137)	$1,414	$1,687	$ -	$(273)	$1,414

NOTE 6 - GEOGRAPHIC INFORMATION

The Company operates as a single operating 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. Geographic net sales are based primarily on where the Company's facility is located. The Company's net sales for the three and six months ended May 3, 2009 and April 27, 2008 and long-lived assets by geographic area as of May 3, 2009 and November 2, 2008, were as follows:

	Three Months Ended		Six Months Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Net sales				
Asia	$50,942	$ 66,137	$107,183	$130,037
Europe	9,336	18,060	18,085	35,766
North America	22,954	26,133	46,007	47,742
	$83,232	$110,330	$171,275	$213,545

	As of	
	May 3, 2009	November 2, 2008
Long-lived assets		
Asia	$214,852	$228,009
Europe	3,745	14,134
North America	180,746	194,385
	$399,343	$436,528

The Company is typically impacted during its first fiscal quarter by the North America and European holiday periods as some customers reduce their effective workdays and orders during this period.

NOTE 7 - INCOME TAXES

The effective income tax rate differs from the amount computed by applying the U.S. statutory rate of 35% to the loss before income taxes primarily because income tax provisions incurred in jurisdictions where the Company generated income before income taxes were, due to valuation allowances, not significantly offset by income tax benefits in jurisdictions where the Company incurred losses before income taxes.

The Company adopted FASB Interpretation Number 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" as of the beginning of its 2008 fiscal year. Prior to adoption, the Company's pre-existing policy was to establish reserves, including interest and penalties, for uncertain tax positions that reflected the probable outcome of known tax contingencies. As of the date of adoption of FIN 48, the Company has elected to recognize interest, and penalties if applicable, related to uncertain tax positions in the income tax provision in its condensed consolidated statements of operations. As compared to the Company's historical approach, the application of FIN 48 resulted in a net increase to accrued income taxes payable of approximately $1.0 million (including interest and penalties of approximately $0.2 million), and a decrease to retained earnings of the same amount.

As of May 3, 2009 the gross unrecognized tax benefits for income taxes associated with uncertain tax positions totaled approximately $1.8 million. If recognized, the benefits would favorably affect the Company's effective rate in future periods. During the three months ended May 3, 2009, the Company recognized approximately $1.0 million of tax benefits related to settlements of uncertain tax positions in the U.K. and Germany. Though the Company expects these remaining items may result in a net reduction of its unrecognized tax benefits, an estimate of the expected reduction and related income tax benefit within the next twelve months cannot be made at this time.

Currently, the statutes of limitations remain open subsequent to and including 2004 in the U.S., 2006 in the U.K., 2008 in Germany and 2004 in Korea.

NOTE 8 - LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	May 3, 2009	November 2, 2008
Borrowings under revolving credit facility, which bear interest at a variable rate, as defined (6.50% at May 3, 2009; 6.36% at November 2, 2008)	$122,500	$122,500
8.0% capital lease obligation payable through		

January 2013	48,455	53,895
5.6% capital lease obligation payable through October 2012	14,517	16,669
Foreign loans:		
Revolving loan, which bears interest at a variable rate (7.04% at May 3, 2009; 7.47% at November 2, 2008)	19,085	19,045
Term loan, which bears interest at a variable rate (8.06% at May 3, 2009; 7.74% at November 2, 2008)	8,220	8,204
Short-term loan, which bears interest at a variable rate (6.72% at November 2, 2008)	-	3,296
	212,777	223,609
Less current portion	55,213	20,630
	$157,564	$202,979

The Company's credit facility was most recently amended on May 15, 2009, and includes the following changes: the maturity date of the credit facility was extended from July 30, 2010 to January 31, 2011; the Company's borrowing limit was reduced from $135 million to $130 million and will be further reduced to $110 million on January 31, 2010 (as compared to $100 million in the prior agreement). As part of this amendment, the cash interest rate on the outstanding debt balance is the greater of LIBOR or two percent plus a spread, as defined. Effective with the amendment, payment-in-kind ("PIK") interest will also accrue on the following components of the outstanding debt balance: a) PIK interest of one-and-one-half percent, and increasing fifty basis points per quarter (commencing with the quarter beginning August 3, 2009), to a maximum of three-and-one-half percent on up to $50 million of the outstanding debt balance, and b) PIK interest of one-half percent increasing fifty basis points per quarter to a maximum of two-and-one-half percent on the remaining outstanding debt balance of the credit facility. The PIK interest can be paid during the term of the credit facility or at maturity. In addition, the Company entered into a warrant agreement with its lenders for five percent (2.1 million shares) of its common stock. Forty percent of the warrants are exercisable upon issuance, with twenty percent increments exercisable on October 31, 2009, April 30, 2010, and October 31, 2010 at an exercise price of $0.01 per share. Provisions allow the Company to cancel up to sixty percent of the outstanding warrants by early payment of defined amounts of the amended credit facility. The warrant agreement also includes a put provision exercisable in May 2012 and a call provision exercisable in May 2013, both of which are exercisable only if the Company's common stock is not traded on a national exchange or if its credit facility, which matures on January 31, 2011, is not paid in full by another financing facility (new credit facility, debt and/or an equity securities, or capital contributions). The warrants are indexed to, and potentially settled in the Company's stock and will be recorded as a liability during the quarter ending August 2, 2009 and subsequently reported at their fair value. As a result of this amendment, $10 million has been reclassified on the May 3, 2009 balance sheet from current to long-term debt.

The most recently amended credit facility's financial covenants include, among other items as defined: a Senior Leverage Ratio, Total Leverage Ratio, Minimum Fixed Charge Ratio, Maximum Capital Expenditures limitation, and a six-month minimum EBITDA covenant. Cash received as a result of certain defined events is required to be used to pay down the outstanding loan balance and reduce the available credit facility by the same amount. In addition, the credit facility requires Minimum Unrestricted Cash Balances, as defined, at the end of each quarter. Substantially all of the Company's assets in the United States are pledged as collateral, as are a portion of the Company's stock in certain of its subsidiaries. As of May 3, 2009, $122.5 million was outstanding under the credit facility.

As of May 3, 2009, foreign loans in China consist of a term loan and revolving loan credit facility, which were fully outstanding, and amount to RMB 186 million ($27.3 million). The Company repaid the remaining balance of its short-term foreign loan of RMB 22.5 million ($3.3 million) in March 2009. As part of the credit facility amendment on May 15, 2009, the cash interest rate is the greater of LIBOR or two percent plus a spread, as defined. In addition, PIK interest accrues at fifty basis points, increasing fifty basis points per quarter (commencing with the quarter beginning August 3, 2009) to a maximum of two-and-one-half percent on the outstanding debt balance. The PIK interest can be paid during the life of the loan or at maturity.

In addition to the amended credit facility discussed above with an outstanding balance of $122.5 million at May 3, 2009, the Company also entered into another credit facility ("mirror credit facility") in the U.S. dated June 8, 2009 for an aggregate commitment of $27.2 million. The mirror credit facility has the same interest rate terms, maturity date and covenants as the amended credit facility. On June 9, 2009, the Company borrowed $27.2 million under the mirror credit facility. The Company intends to use the proceeds of this facility to repay the remaining outstanding balances of its foreign loans in China. Under the terms of the mirror credit facility, $9.1 million is due on January 31, 2010 and the remaining balance is due by January 31, 2011.

In January 2008, a capital lease agreement commenced for the U.S. Nanofab building. Quarterly lease payments, which bear interest at 8%, were $3.8 million through January 2013. As of May 3, 2009 total capital lease amounts payable for this property were $56.5 million of which $48.5 million represented principal and $8.0 million represented interest. This lease was cancelled on May 19, 2009, at which time the Company and Micron Technologies, Inc. (the lessor) agreed to enter into a new lease agreement for the US Nanofab building. Under the provisions of the new lease agreement, quarterly lease payments were reduced from $3.8 million to $2.0 million and the term of the lease was extended from December 31, 2012 to December 31, 2014. Under the new lease agreement, ownership of the property will not transfer to the Company at the end of the lease term. As a result of the new lease agreement, the Company will initially reduce its lease obligation and the carrying value of its assets under capital leases by approximately $28 million. The lease will continue to be accounted for as a capital lease until the end of its original lease term, which is the last scheduled installment principal payment date for the remaining capital lease obligation, at which point the remaining original lease obligation balance is scheduled to be fully paid. For the additional two years of the new lease term, the lease will be accounted for as an operating lease.

In October 2007, the Company entered into a capital lease agreement in the principal amount of $19.9 million associated with certain equipment. Under the capital lease agreement, the Company is required to maintain the equipment in good working condition, and is required to comply with certain nonfinancial covenants. Payments under the lease are $0.4 million per month over a 5-year term at a 5.6% interest rate.

The Company's liquidity is highly dependent on its ability to receive orders as it operates in a high fixed cost environment and the timing of capital expenditures, both of which can vary significantly from period to period. Depending on conditions in the IC semiconductor and FPD market, the Company's cash flows from operations and current holdings of cash and investments may not be adequate to meet the Company's current and long-term needs for capital expenditures and operations. Historically, in certain years the Company has used external financing to fund these needs. Due to conditions in the credit markets, some financing instruments used by the Company in the past are currently not available to the Company. The Company is evaluating alternatives to increase its capital, delaying capital expenditures and evaluating further cost reduction initiatives. However, the Company cannot assure that additional sources of financing would be available to the Company on commercially favorable terms should the Company's capital requirements exceed cash available from operations and existing cash, short-term investments and cash available under its credit facility.

NOTE 9 - JOINT VENTURE

On May 5, 2006, Photronics and Micron entered into the MP Mask joint venture, which develops and produces photomasks for leading-edge and advanced next generation semiconductors. As part of the formation of the joint venture, Micron contributed its existing photomask technology center located at its Boise, Idaho, headquarters to MP Mask and Photronics invested $135 million in exchange for a 49.99% interest in MP Mask (to which $64.2 million of the original investment was allocated), a license for photomask technology of Micron, and certain supply agreements. Of the total $135 million investment, $120 million was paid to Micron on May 6, 2006 and, as of that date, the remaining $15 million was a non-cash financing activity, which was subsequently paid in two installments of $7.5 million each in May 2007 and June 2008.

This joint venture is a variable interest entity as defined by Financial Accounting Standards Board Interpretation No. 46(R), "Consolidation of Variable Interest Entities" (FIN 46(R)) primarily because all costs of the joint venture will be passed on to the Company and Micron through purchase agreements they have entered into with the joint venture. The Company determined that, in regards to this variable interest entity ("VIE"), it and Micron are de facto agents as that term is defined in FIN 46(R) and that Micron is the primary beneficiary of the VIE as it is the de facto agent within the aggregated group of de facto agents (i.e. the Company and Micron) that is the most closely associated with the VIE. The primary reasons the Company concluded that Micron is the most closely associated of the de facto agents to the VIE are that Micron is both the ultimate purchaser of substantially all of the products produced by the VIE and that it is the holder of decision making authority in the ordinary course of business.

The Company has utilized MP Mask for both high-end IC photomask production and research and development purposes. MP Mask charges its variable interest holders based on their actual usage of its facility. MP Mask separately charges for any research and development activities it engages in at the requests of its owners. The Company recorded cost of sales of $0.9 million and $1.2 million and research and development expenses of $0.3 million and $0.8 million during the three and six month periods ended May 3, 2009. Cost of sales of $1.5 million and $3.0 million and research and development expenses of $0.5 million and $0.7 million were recorded during the three and six month periods ended April 27, 2008.

MP Mask is governed by a Board of Managers, appointed by Micron and the Company. Since MP Mask's inception, Micron, as a result of its majority ownership, has appointed the majority vote of the managers. The number of managers appointed by each party is subject to change as ownership interests change. Under the Operating Agreement relating to the MP Mask joint venture, through May 5, 2010, the Company may be required to make additional capital contributions to the joint venture up to the maximum amount defined in the operating agreement. However, should the Board of Managers determine that additional funding is required, the joint venture shall pursue its own financing. If the joint venture is unable to obtain its own financing, it may request additional capital contributions from the Company. Should the Company choose not to make a requested contribution to the joint venture, its ownership interest may be reduced. The Company received a distribution of $5 million from MP Mask in the three month period ended May 3, 2009 and made an additional investment in MP Mask of $2.6 million during the six month period ended April 27, 2008, which was used for working capital and capital expenditure purposes.

The Company's investment in the VIE, which represents its maximum exposure to loss, was $61.1 million and $65.7 million at May 3, 2009 and November 2, 2008, respectively. These amounts are reported in the Company's condensed consolidated balance sheets as "Investment in Joint Venture."

NOTE 10 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company utilizes derivative instruments to reduce its exposure to the effects of the variability of interest rates and foreign currencies on its financial performance when it believes such action is warranted. Historically, the Company has been a party to derivative instruments to hedge either the variability of cash flows of a prospective transaction or the fair value of a recorded asset or liability. In certain instances, the Company has designated these transactions as hedging instruments. However, whether or not a derivative was designated as being a hedging instrument, the Company's purpose for engaging in the derivative has always been for risk management (and not speculative) purposes. The Company has historically not been a party to a significant number of derivative instruments and does not expect its derivative activity to significantly increase in the foreseeable future.

In addition to the utilization of derivative instruments discussed above, the Company attempts to minimize its risk of foreign currency exchange rate variability by, whenever possible, procuring production materials within the same country that it will utilize the materials in manufacturing and, by selling to customers from manufacturing sites within the country in which the customers are located.

The Company was a party to two foreign currency forward contracts which expired during the six months ended May 3, 2009, both of which were not accounted for as hedges, as they were economic hedges of intercompany loans denominated in U.S. dollars that were remeasured at fair value and recognized immediately in earnings.

The table below presents the effect of derivative instruments on the Company's condensed statement of operations for the six months ended May 3, 2009.

Derivatives Not Designated as Hedging Instruments Under Statement 133	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivatives
Foreign exchange contracts	Investment and other income, net	$93

NOTE 11 - FAIR VALUE MEASUREMENTS

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157 "Fair Value Measurements"as of November 3, 2008 for all financial assets and liabilities measured on both a recurring and nonrecurring basis and for nonfinancial assets and liabilities measured on a recurring basis. SFAS No. 157 defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. It further prescribes that an orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities (i.e. it is not a forced transaction). The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability (an exit price) at the measurement date.

A fair value measurement further assumes that the hypothetical transaction occurs in the principal (or if no principal market exists, the most advantageous) market for the asset or liability. Further, a fair value measurement assumes a transaction involving the highest and best use of an asset and the consideration of assumptions that would be made by market participants when pricing an asset or liability, such as transfer restrictions or nonperformance risk.

SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted, quoted market prices in active markets for identical assets or liabilities while giving the lowest priority to unobservable inputs, which are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing assets or liabilities, based upon the best information available under existing circumstances. In cases when the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, including the consideration of factors specific to the asset or liability. The hierarchy consists of the following three levels:

Level 1 - Inputs are prices in active markets that are accessible at the measurement date. The Company's Level 1 assets consist of available for sale equity securities that are reported in other assets.

Level 2 - Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable inputs for the asset or liability. The Company's Level 3 assets consist of a foreign bond fund that is reported in short-term investments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying value of cash equivalents and short-term investments, which are highly liquid investments with short maturities, approximates their fair value. The table below presents assets and liabilities measured at fair value on a recurring basis.

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Available for sale equity securities	$39	$ -	$ -	$ 39
Foreign bond fund	-	-	145	145
Total assets	$39	$ -	$145	$184

Assets and Liabilities Measured on a Nonrecurring Basis

The Company did not have any financial assets or liabilities that were measured on a nonrecurring basis (at least annually) during the six months ended May 3, 2009. The Company, as allowed under FSP FAS 157-2, has elected to defer the effective date for applying SFAS No. 157 to nonfinancial assets and liabilities that are recognized or disclosed at fair value on a nonrecurring basis until its fiscal year ending October 31, 2010. This deferral applies to such items as nonfinancial assets initially measured at fair value in a business combination and nonfinancial long-lived asset groups measured at fair value for an impairment assessment that were not measured at fair value in subsequent periods. The Company does not anticipate that its adoption will have a material effect on its consolidated financial statements.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

As of May 3, 2009, the Company had commitments outstanding for capital expenditures of approximately $39 million.

The Company is subject to various claims that arise in the ordinary course of business. The Company believes such claims, individually or in the aggregate, will not have a material adverse effect on the business of the Company.

NOTE 13 - RECENT ACCOUNTING PRONOUNCEMENTS

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." FSP No. FAS 157-4 provides guidance for estimating fair value in accordance with FASB No. 157, "Fair Value Measurements," when the volume of activity for the asset or liability have significantly decreased, and also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP No. FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not anticipate that its adoption will have a material effect on its consolidated financial statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." FSP No. FAS 107-1 and APB 28-1 amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements, and also amends APB Opinion No. 28 "Interim Financial Reporting" to require those disclosures in summarized financial information at interim reporting periods. FSP No. FAS 107-1 and APB 28-1 is effective for interim and annual reporting periods ending after June 15, 2009, and for disclosures in the Company's financial statements for the three month period ending August 2, 2009.

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP No. APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP No. APB 14-1 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years, and is required to be retrospectively applied. The Company is evaluating the impact, if any, that the adoption of FSP No. APB 14-1 will have on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB No. 133." SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities by requiring entities to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The Company adopted SFAS No. 161 during the three month period ended May 3, 2009, and, in connection therewith, the Company has provided additional disclosures required by SFAS No. 161 in Note 10 to the condensed consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of Accounting Research Bulletin No. 51." SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and the deconsolidation of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim statements within those fiscal years. The Company is currently evaluating the impact, if any, SFAS No. 160 will have on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and, therefore is not expected to significantly impact the Company's consolidated financial statements upon adoption.

NOTE 14 - SUBSEQUENT EVENTS

On May 15, 2009, the Company amended its credit facility. Significant provisions of the amendment include an increase in the base interest rate on outstanding balances, the addition of payment-in-kind interest on outstanding borrowings, a reduction in the current amount available under the credit facility, an extension of the term of the credit facility, and the issuance of warrants to the lenders. See Note 8 to the condensed consolidated financial statements for further discussion of the amendment of the credit facility.

On May 19, 2009, the Company and Micron Technologies, Inc. (the lessor) cancelled the existing lease and entered into a new lease agreement for the U.S. Nanofab building. Significant changes in the new lease agreement include the term of the lease being extended to December 31, 2014, quarterly lease payments being reduced from $3.8 million to $2.0 million and ownership of the U.S. Nanofab facility no longer transferring to the Company at the end of the lease term. See Note 8 to the condensed consolidated financial statements for further discussion relating to the new lease agreement.

On June 8, 2009, the Company entered into a mirror credit facility in the U.S. for an aggregate commitment of $27.2 million. On June 9, 2009, the Company borrowed $27.2 million under the mirror credit facility. The Company intends to use the proceeds of this facility to repay the remaining outstanding balances of its foreign loans in China. Under the terms of the mirror credit facility, $9.1 million is due on January 31, 2010 and the remaining balance is due by January 31, 2011. See Note 8 to the condensed consolidated financial statements for further discussion relating to the mirror credit facility.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Overview

Management's discussion and analysis ("MD&A") of the Company's financial condition, business results and outlook should be read in conjunction with its condensed consolidated financial statements and related notes. Various segments of this MD&A contain forward-looking statements, all of which are presented based on current expectations and may be adversely affected by uncertainties and risk factors (presented throughout this filing and in the Company's Annual Report on Form 10-K for the fiscal 2008 year), that may cause actual results to materially differ from these expectations.

The Company sells substantially all of its photomasks to semiconductor designers and manufacturers, and manufacturers of flat panel displays ("FPD"). Photomask technology is also being applied to the fabrication of other higher performance electronic products such as photonics, micro-electronic mechanical systems and certain nanotechnology applications. The Company's selling cycle is tightly interwoven with the development and release of new semiconductor designs and flat panel applications, particularly as it relates to the semiconductor industry's migration to more advanced design methodologies and fabrication processes. The Company believes that the demand for photomasks primarily depends on design activity rather than sales volumes from products produced using photomask technologies. Consequently, an increase in semiconductor or FPD sales does not necessarily result in a corresponding increase in photomask sales. In addition, the reduced use of customized integrated circuits ("IC"), reductions in design complexity or other changes in the technology or methods of manufacturing semiconductors, or a slowdown in the introduction of new semiconductor or FPD designs could reduce demand for photomasks. Such a reduction in demand could occur even if demand for semiconductors and FPD increases. Advances in semiconductor and photomask design and semiconductor production methods could also reduce the demand for photomasks. Historically, the semiconductor industry has been volatile with sharp periodic downturns and slowdowns. These downturns have been characterized by, among other things, diminished product demand, excess production capacity, and accelerated erosion of selling prices.

The semiconductor industry is currently experiencing a severe downturn due to a significant oversupply of products, which has been further negatively impacted by worsening global economic conditions. These conditions have resulted in reduced average selling prices ("ASP") and gross margins for the Company and others in the semiconductor industry. In response to these market conditions, in January 2009 the Company ceased production of photomasks at its Manchester, U.K. facility. The Company has also undertaken additional cost saving measures to increase its competitiveness, including reductions in executive and employee salaries, continued hiring freezes, and reductions of other discretionary costs such as outside services, travel and overtime. Continued unfavorable changes in global economic conditions, including those in Asia, the U.S. or other geographic areas in which the Company does business, may have the effect of reducing the demand for photomasks and further reducing the Company's ASP and gross margin. For example, continued unfavorable

changes in global economic conditions may lead to a decrease in demand for end products whose manufacturing processes involve the use of photomasks. This may result in a reduction in new product design and development by semiconductor manufacturers, which could adversely affect the Company's operations and cash flows.

The effects of the worsening global economy and the tightening credit market are also making it increasingly difficult for the Company and others in the semiconductor industry to obtain external sources of financing to fund their operations. The Company is further pursuing alternatives to increase its capital, and is delaying capital expenditures and implementing further cost-cutting initiatives.

The Company's ability to comply with the financial and other covenants in its debt agreements may be affected by worsening economic or business conditions, or other events. Should the Company be unable to meet one or more of these covenants its lenders may require the Company to repay its outstanding balances prior to the expiration date of the agreements. The Company cannot assure that additional sources of financing would be available to the Company to pay off the Company's long-term borrowings to avoid default. Should the Company default on any of its long-term borrowings, a cross default would occur on its other long-term borrowings, unless amended or waived. As of May 3, 2009, the Company was in compliance with its debt covenants.

Material Changes in Results of Operations
Three and Six Months ended May 3, 2009 and April 27, 2008

The following table represents selected operating information expressed as a percentage of net sales.

	Three Months Ended		Six Months Ended	
	May 3, 2009	**April 27, 2008**	**May 3, 2009**	**April 27, 2008**
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	(86.3)	(81.6)	(87.2)	(80.9)
Gross margin	13.7	18.4	12.8	19.1
Selling, general and administrative expenses	(12.8)	(12.3)	(12.3)	(14.0)
Research and development expenses	(5.0)	(4.2)	(4.6)	(4.1)
Consolidation, restructuring and related charges	(0.5)	-	(1.2)	-
Impairment of long-lived assets	(1.7)	-	(0.8)	-
Operating (loss) income	(6.3)	1.9	(6.1)	1.0
Other income (expense), net	(6.0)	(2.9)	(5.0)	(1.8)
Loss before income taxes and minority interest	(12.3)	(1.0)	(11.1)	(0.8)
Income tax benefit (provision)	0.1	(0.9)	(0.7)	(1.3)
Minority interest in operations of consolidated subsidiaries	0.1	-	(0.1)	(0.4)
Net loss	(12.1)%	(1.9)%	(11.9)%	(2.5)%

All of the following tabular comparisons, unless otherwise indicated, are for the three months ended May 3, 2009 (Q2-09) and April 27, 2008 (Q2-08) and for the six months ended May 3, 2009 (YTD-09) and April 27, 2008 (YTD-08) in millions of dollars.

Net Sales

	Three Months Ended			Six Months Ended		
	Q2-09	Q2-08	Percent Change	YTD-09	YTD-08	Percent Change
IC	$63.8	$ 80.0	(20.3)%	$127.4	$160.4	(20.6)%
FPD	19.4	30.3	(36.0)%	43.9	53.1	(17.3)%
Total net sales	$83.2	$110.3	(24.6)%	$171.3	$213.5	(19.8)%

Net sales for Q2-09 decreased 24.6% to $83.2 million as compared to $110.3 million for Q2-08. Sales of IC photomasks decreased $16.2 million, primarily due to reduced units and average selling prices ("ASP") for mainstream photomasks. Sales of FPD photomasks decreased $10.9 million due to reduced ASP for both mainstream and high-end photomasks. Net sales in Q2-09 as compared to Q2-08 decreased also as a result of many of the Company's customers placing their fabs on extended shutdowns. Revenues attributable to high-end products were $15.9 million in Q2-09 and $23.5 million in Q2-08. High-end photomask applications, which typically have higher ASP, include mask sets for FPD products using G7 and above technologies and IC products using 65 nanometer and below technologies. By geographic area, net sales in Q2-09 as compared to Q2-08 decreased by $15.2 million or 23.0% in Asia, decreased by $3.2 million or 12.2% in North America, and decreased by $8.7 million or 48.3% in Europe.As a percent of total sales in Q2-09, net sales were 61% in Asia, 28% in North America, and 11% in Europe; and net sales in Q2-08 in Asia were 60%, North America 24%, and Europe 16%.

Net sales for YTD-09 decreased 19.8% to $171.3 million as compared to $213.5 million for YTD-08. The decrease was caused by lower sales of both IC and FPD photomasks. IC photomask sales decreased $33.0 million primarily due to reduced units and ASP for mainstream products. FPD photomask sales decreased $9.2 million, primarily as a result of lower ASP for both mainstream and high-end products. The Company's quarterly revenues can be affected by the seasonal purchasing of its customers. The Company is typically impacted during the first six months of its fiscal year by the North American, European and Asian holiday periods as some customers reduce their effective workdays and orders during this period. This seasonality was experienced to a greater than normal extent during YTD-09 as many of the Company's customers placed their fabs on extended shutdowns.

Gross Margin

	Three Months Ended			Six Months Ended		
	Q2-09	Q2-08	Percent Change	YTD-09	YTD-08	Percent Change
Gross margin	$11.4	$20.3	(43.8)%	$22.0	$40.9	(46.2)%
Percentage of net sales	13.7%	18.4%		12.8%	19.1%	

Gross margin decreased to 13.7% in Q2-09 from 18.4% in Q2-08 primarily due to reduced sales volume of 24.6% and increased manufacturing costs associated with the U.S. Nanofab which commenced operations in the second quarter of 2008. Gross margin decreased to 12.8% in YTD-09 from 19.1% in YTD-08 primarily due to reduced sales volume of 19.8% and increased manufacturing costs associated with the U.S. Nanofab. The Company operates in a high fixed cost environment and, to the extent that the Company's revenues and utilization increase or decrease, gross margin will generally be positively or negatively impacted.

Selling, General and Administrative Expenses

	Three Months Ended			Six Months Ended		
	Q2-09	Q2-08	Percent Change	YTD-09	YTD-08	Percent Change
Selling, general and administrative expenses	$10.6	$13.6	(21.7)%	$21.0	$29.9	(29.6)%
Percentage of net sales	12.8%	12.3%		12.3%	14.0%	

Selling, general and administrative expenses decreased $3.0 million to $10.6 million in Q2-09, compared with $13.6 million in Q2-08, primarily as a result of headcount and salary reductions and other cost reduction programs. Selling, general and administrative expenses were $21.0 million and $29.9 million in YTD-09 and YTD-08, respectively. The decrease was primarily related to certain U.S.

Naonfab costs reported in selling, general and administrative expenses (prior to it commencing production in Q2-08), reduced compensation costs due in part to reduced employee headcount, and cost reduction programs.

Research and Development

	Three Months Ended			Six Months Ended		
	Q2-09	Q2-08	Percent Change	YTD-09	YTD-08	Percent Change
Research and development	$4.2	$4.6	(9.5)%	$7.8	$8.9	(11.9)%
Percentage of net sales	5.0%	4.2%		4.6%	4.1%	

Research and development expenses consist primarily of global development efforts relating to high-end process technologies for advanced sub-wavelength reticle solutions for IC and FPD technologies. Research and development expenses decreased by $0.4 million to $4.2 million in Q2-09, as compared to $4.6 million in Q2-08. On a YTD basis, research and development expenses decreased $1.1 million to $7.8 million in YTD-09, as compared to $8.9 million in YTD-08. The reduction in research and development expenses in Q2-09 and YTD-09 as compared to the same periods in the prior year were primarily due to reduced expenditures in Asia.

Consolidation, Restructuring and Related Charges

	Three Months Ended		Six Months Ended	
	Q2-09	Q2-08	YTD-09	YTD-08
Employee terminations	$0.3	$ -	$1.4	$ -
Asset write-downs and other	0.1	-	0.7	-
Total consolidation, restructuring and related charges	$0.4	$ -	$2.1	$ -

During the three months ended February 1, 2009, the Company ceased the manufacture of photomasks at its Manchester U.K. facility. This initiative began with the recording of a $0.5 million charge for the impairment of certain long-lived assets at the facility in the fourth quarter of fiscal 2008, and included an additional $2.1 million incurred in the first six months of fiscal 2009, primarily for employee termination costs and asset write-downs. Approximately 85 employees are expected to be affected by this plan. The Company expects the total after tax cost of this restructure to range between $2 million to $3 million through its expected completion at the end of fiscal 2009.

Impairment of Long-Lived Assets

During the three months ended May 3, 2009, the Company recorded an impairment charge of $1.5 million to reduce the carrying value of the Manchester facility to its estimated fair value, which was determined by management using a market approach.

Other Income (expense), net

	Three Months Ended		Six Months Ended	
	Q2-09	Q2-08	YTD-09	YTD-08
Interest expense	$(4.4)	$(2.8)	$(9.1)	$(5.0)
Investment and other income (expense), net	(0.6)	(0.4)	0.5	1.2
Other income (expense), net	$(5.0)	$(3.2)	$(8.6)	$(3.8)

Interest expense in Q2-09 and YTD-09 increased as compared to the same periods in the prior year, primarily as a result of the higher interest rates on the Company's outstanding debt obligations. Investment and other income (expense), net, for Q2-09 decreased as compared to Q2-08 and for YTD-09 as compared to YTD-08, primarily due to decreased investment income associated with lower cash balances and increased foreign currency exchange losses.

Income Tax Benefit (Provision)

	Three Months Ended		Six Months Ended	
	Q2-09	Q2-08	YTD-09	YTD-08
Income tax benefit (provision)	$0.1	$(0.9)	$(1.1)	$(2.8)

The effective tax rates for the periods presented differ from the amounts computed by applying the U.S. statutory rate of 35% to the income before taxes primarily because income tax provisions in jurisdictions where the Company generated income were, due to valuation allowances, not significantly offset by income tax benefits in jurisdictions where the Company incurred losses before income taxes.

The Company's operations have followed the migration of semiconductor industry fabrication to Asia, where the Company operates in countries in which it is accorded favorable tax treatment. PKLT, the Company's FPD manufacturing facility in Taiwan, is accorded a tax holiday, which is expected to expire in 2012. In addition, the Company has been accorded a tax holiday in China which is expected to expire in 2011. These tax holidays had no dollar or per share effect in the three and six months ended May 3, 2009 and April 27, 2008. In Korea and Taiwan, various investment tax credits have been utilized to reduce the Company's effective income tax rate.

As of May 3, 2009 the gross unrecognized tax benefits for income taxes associated with uncertain tax positions totaled approximately $1.8 million. If recognized, the benefits would favorably affect the Company's effective rate in future periods. During the three months ended May 3, 2009, the Company recognized approximately $1.0 million of tax benefits related to settlements of uncertain tax positions in the U.K. and Germany. Though the Company expects these remaining items may result in a net reduction of its unrecognized tax benefits, an estimate of the expected reduction and related income tax benefit within the next twelve months cannot be made at this time.

Currently, the statutes of limitations remain open subsequent to and including 2004 in the U.S., 2006 in the U.K., 2008 in Germany and 2004 in Korea.

Minority Interest in Consolidated Subsidiaries

Minority interest was income of $0.1 million in Q2-09 primarily due to a net loss incurred in Q2-09 at the Company's non-wholly owned subsidiary in Taiwan, as compared to a minor amount of expense in Q2-08. The Company's ownership in its subsidiary in Taiwan was approximately 58% at May 3, 2009 and November 2, 2008, and its ownership in its subsidiary in Korea was approximately 99.7% at May 3, 2009 and November 2, 2008.

Liquidity and Capital Resources

The Company's working capital decreased $25.8 million to $40.7 million at May 3, 2009, as compared to $66.4 million at November 2, 2008, primarily as a result of an increase in the current portion of long-term borrowings related to its U.S. and China credit facilities that were previously reported as long-term. Cash, cash equivalents, and short-term investments decreased to $81.6 million at May 3, 2009 as compared to $85.1 million at November 2, 2008, primarily due to payments for capital expenditures and repayments of long-term borrowings. Cash provided by operating activities was $26.3 million for the six months ended May 3, 2009, as compared to $35.1 million for the same period last year, the decrease primarily due to the Company incurring a greater net loss as compared to the same prior year period. Cash used in investing activities for the six months ended May 3, 2009 was $14.4 million, which is comprised primarily of capital expenditure payments partially offset by a distribution received from the MP Mask joint venture. Cash used in financing activities of $13.1 million for the six months ended May 3, 2009 was primarily comprised of the repayments of long-term borrowings.

The Company's credit facility was most recently amended on May 15, 2009, and includes the following changes: the maturity date of the credit facility was extended from July 30, 2010 to January 31, 2011; the Company's borrowing limit was reduced from $135 million to $130 million and will be further reduced to $110 million on January 31, 2010 (as compared to $100 million in the prior agreement). As part of this amendment, and along with the amended foreign loans in China, the cash interest rate on the outstanding debt balance is the greater of LIBOR or two percent plus a spread, as defined. Effective with the amendment, payment-in-kind ("PIK") interest will also accrue on the following components of the outstanding debt balance: a) PIK interest of one-and-one-half percent, and increasing fifty basis points per quarter (commencing with the quarter beginning August 3, 2009), to a maximum of three-and-one-half percent on up to $50 million of the outstanding debt balance, and b) PIK interest of one-half percent increasing fifty basis points per quarter to a maximum of two-and-one-half percent on the remaining outstanding debt balance of the credit facility. The PIK interest can be paid

during the term of the credit facility or at maturity. As a result of this amendment, $10 million has been reclassified on the May 3, 2009 balance sheet from current to long-term debt.

On May 19, 2009, the Company entered into a new lease agreement with Micron Technologies, Inc. (the lessor) for the U.S. NanoFab. Under the provisions of the new lease agreement, quarterly lease payments were reduced and, as compared to the prior lease agreement, will result in cash savings for the Company of $6.5 million over the remainder of fiscal 2009.

At May 3, 2009, the Company had capital commitments outstanding of approximately $39 million. The Company believes that its currently available resources, together with its capacity for growth, and its access to equity and other sources, will be sufficient to satisfy its currently planned capital expenditures, as well as its anticipated working capital requirements for the remainder of its 2009 fiscal year. However, the Company cannot assure that additional sources of financing would be available to the Company on commercially favorable terms should the Company's capital requirements exceed cash available from operations and existing cash, short-term investments and cash available under its credit facility.

Cash Requirements

The Company's cash requirements in fiscal 2009 will be primarily to fund operations, including capital spending and debt service. The Company believes that its cash on hand, cash generated from operations and amounts available under its credit facility will be sufficient to meet its cash requirements for the remainder of the fiscal year. The Company regularly reviews the availability and terms on which it might issue additional equity or debt securities in the public or private markets. However, the Company cannot assure that additional sources of financing would be available to the Company on commercially favorable terms should the Company's capital requirements exceed cash available from operations and existing cash, and cash available under its credit facility.

Stock-Based Compensation

Total stock-based compensation expense for the three and six months ended May 3, 2009 was $0.6 million and $1.3 million, respectively, as compared to $0.7 million and $1.2 million, respectively, for the comparable prior year periods, substantially all of which is in selling, general and administrative expenses. No compensation cost was capitalized as part of inventory, and no income tax benefit has been recorded. As of May 3, 2009 total unrecognized compensation cost of $5.4 million is expected to be recognized over a weighted-average amortization period of 3.3 years.

Business Outlook

A majority of the Company's revenue growth is expected to come from the Asian region, as customers increase their use of manufacturing foundries located outside of North America and Europe. Additional revenue growth is also anticipated from North America as a result of utilizing technology licensed under the Company's technology license with Micron. The Company's Korean and Taiwanese operations are non-wholly owned subsidiaries, therefore, a portion of earnings generated at each of these locations will be allocated to the minority shareholders for the remainder of fiscal 2009.

The Company continues to assess its global manufacturing strategy and monitor its market capitalization, sales volume and related cash flows from operations. This ongoing assessment could result in future facilities closures, asset redeployments, additional impairments of intangible or long-lived assets, workforce reductions, or the addition of increased manufacturing facilities, all of which would be based on market conditions and customer requirements.

The Company's future results of operations and the other forward-looking statements contained in this filing involve a number of risks and uncertainties, which could cause actual results to differ materially from the Company's expectations.

Off-Balance Sheet Arrangements

Under the Operating Agreement relating to the MP Mask joint venture, through May 5, 2010, the Company may be required to make additional capital contributions to the joint venture of up to a maximum amount as defined in the Operating Agreement. Cumulatively, to date, as of May 3, 2009, the Company has contributed $6.1 million to the joint venture, and has received distributions from the joint venture totaling $10.0 million. During the six months ended May 3, 2009, there were no contributions made to the joint venture by the Company, and a distribution of $5.0 million was received by the Company from the joint venture.

The Company leases certain office facilities and equipment under operating leases. Certain of these leases contain renewal or purchase options exercisable at the end of the lease terms. On May 19, 2009, the Company and Micron Technologies, Inc. entered into a new lease agreement for the U.S. Nanofab building and cancelled its prior lease agreement. The new lease, among other changes discussed in Note 8 to the condensed consolidated financial statements, extends the lease term from December 31, 2012 to December 2014. The Company will continue to account for the lease as a capital lease for the remainder of its original term and account for it as an operating lease for the period of the lease extension. Rental payments due during the lease extension period total $13.9 million.

Application of Critical Accounting Policies

The Company's condensed consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. The Company believes that the following are some of the more critical judgment areas in the application of the Company's accounting policies that affect its financial condition and results of operations.

Estimates and Assumptions

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in them. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances. Significant accounting estimates include those used in the testing of long-lived assets for potential impairment, and those used in developing income tax provisions, allowances for uncollectible accounts receivable, inventory valuation allowances, and restructuring reserves. The Company's estimates are based on the facts and circumstances available at the time. Changes in accounting estimates used are likely to occur from period to period,

which may have a material impact on the presentation of the Company's financial condition and results of operations. Actual results reported by the Company may differ from such estimates. The Company reviews these estimates periodically and reflects the effect of revisions in the period in which they are determined.

Derivative Instruments and Hedging Activities

The Company records derivatives in the condensed consolidated balance sheets as assets or liabilities, measured at fair value. The Company does not engage in derivative instruments for speculative purposes. Gains or losses resulting from changes in the values of those derivatives are reported in the condensed consolidated statements of operations, or as accumulated other comprehensive income, a separate component of shareholders' equity, depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, among other criteria, the derivative must be a hedge of an interest rate, price, foreign currency exchange rate, or credit risk, expected to be highly effective at the inception of the hedge and be highly effective in achieving offsetting changes in the fair value or cash flows of the hedged item during the term of the hedge, and formally documented at the inception of the hedge. In general, the types of risks hedged are those relating to the variability of future cash flows caused by movements in foreign currency exchange and interest rates. The Company documents its risk management strategy and hedge effectiveness at the inception of, and during the term of each hedge.

Property, Plant and Equipment

Property, plant and equipment, except as explained below under "Impairment of Long-Lived Assets," are stated at cost less accumulated depreciation and amortization. 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 removed from the accounts, and any resulting gain or loss is reflected in operations.

Depreciation and amortization are computed on a straight-line basis 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. Judgment and assumptions are used in establishing estimated useful lives and depreciation periods. The Company also uses judgment and assumptions as it periodically reviews property, plant and equipment for any potential impairment in carrying values whenever events such as a significant industry downturn, plant closures, technological obsolescence or other changes in circumstances indicate that their carrying amount may not be recoverable.

Goodwill and Other Intangible Assets

Intangible assets consist primarily of a technology license agreement, a supply agreement, acquisition-related intangibles, and prior to July 27, 2008, goodwill. These assets, except as explained below, are stated at fair value as of the date acquired less accumulated amortization. Amortization is calculated on a straight-line basis or another method that better reflects the expected cash flows of the assets. The future economic benefit of the carrying values of intangible assets that are subject to amortization are tested for recoverability whenever events or changes in circumstances indicate the carrying value of an intangible asset may not be recoverable based on discounted cash flows or market factors, and an impairment loss would be recorded in the period so determined.

In accordance with SFAS No. 142, the Company tested goodwill for impairment annually and when an event occurred or circumstances changed that would more likely than not have reduced the fair value of a reporting unit below its carrying value. Goodwill was tested for impairment using a two-step process. In the first step, the fair value of the reporting unit was compared to its carrying value. For purposes of testing impairment under SFAS No. 142 "Goodwill and Other Intangible Assets," the Company was a single reporting unit. If the fair value of the reporting unit exceeded the carrying value of its net assets, goodwill was considered not impaired and no further testing was required. If the carrying value of the net assets exceeded the fair value of the reporting unit, a second step of the impairment test was performed in order to determine the implied fair value of a reporting unit's goodwill. Determining the implied fair value of goodwill required a valuation of the reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of the reporting unit's goodwill exceeded the implied fair value of its goodwill, goodwill was deemed impaired and was written down to the extent of the difference.

In connection with the Company's latest test, the Company wrote off all of its $138.5 million of goodwill in its third fiscal quarter of 2008.

Impairment of Long-Lived Assets

As required by SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on the Company's judgment and estimates of undiscounted future cash flows resulting from the use of the assets and their eventual disposition. Measurement of an impairment loss for long-lived assets and certain identifiable intangible assets that management expects to hold and use is based on the fair value of the asset.

The carrying values of the assets determined to be impaired are reduced to their estimated fair values. The fair values of the impaired assets are determined based on market conditions, the income approach which utilizes cash flow projections, and other factors.

Investment in Joint Venture

Investments in joint ventures over which the Company has the ability to exercise significant influence and that, in general, are at least 20 percent owned are stated at cost plus equity in undistributed net income (loss) of the joint venture. These investments are evaluated for impairment in accordance with the requirements of Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." An impairment loss would be recorded whenever a decline in the value of an equity investment below its carrying amount is determined to be other than temporary. In judging "other than temporary," the Company would consider the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the investee, and the Company's longer-term intent of retaining the investment in the investee.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires an asset and liability approach for the financial accounting and reporting of income taxes. Under this method, deferred income taxes are recognized for the expected future tax consequences of differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. These balances are measured using the enacted tax rates expected to apply in the year(s) in which these temporary differences are expected to reverse. The effect on deferred income taxes of a change in tax rates is recognized in income in the period when the change is enacted. The Company accounts for uncertain tax positions in accordance with Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Accordingly, the Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken in its tax returns.

Revenue Recognition

The Company recognizes revenue when there is persuasive evidence that an arrangement exists, delivery has occurred, the sales price is fixed or determinable, and collectibility is reasonably assured. The Company uses judgment when estimating the effect on revenue of discounts and product warranty obligations, both of which are accrued when the related revenue is recognized.

Product Returns- Customer returns have historically been insignificant. However, the Company does record a liability for the insignificant amount of estimated sales returns based upon historical experience.

Warranties and Other Post Shipment Obligations - The Company, for a 30-day period, warrants that items sold will conform to customer specifications. However, the Company's liability is limited to repair or replacement of the photomasks at its sole option. The Company inspects photomasks for conformity to customer specifications prior to shipment. Accordingly, customer returns of items under warranty have historically been insignificant. However, the Company records a liability for the insignificant amount of estimated warranty returns based on historical experience. The Company's specific return policies include accepting returns for products with defects, or products that have not been produced to precise customer specifications. At the time of revenue recognition, a liability is established for these items.

Sales Taxes - The Company presents it revenues in the consolidated statements of operations net of sales taxes, if any (excluded from revenues).

Effect of New Accounting Standards

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." FSP No. FAS 157-4 provides guidance for estimating fair value in accordance with FASB No. 157, Fair Value Measurements, when the volume of activity for the asset or liability have significantly decreased, and also includes guidance on identifying circumstances that indicate a transaction is not orderly. FSP No. FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not anticipate that its adoption will have a material effect on its consolidated financial statements. The Company, as allowed under FSP FAS 157-2, has elected to defer the effective date for applying SFAS No. 157 to nonfinancial assets and liabilities that are recognized or disclosed at fair value on a nonrecurring basis until its fiscal year ending October 31, 2010. This deferral applies to such items as nonfinancial assets

initially measured at fair value in a business combination and nonfinancial long-lived asset groups measured at fair value for an impairment assessment that were not measured at fair value in subsequent periods. The Company does not anticipate that its adoption will have a material effect on its consolidated financial statements.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." FSP No. FAS 107-1 and APB 28-1 amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements, and also amends APB Opinion No. 28 "Interim Financial Reporting" to require those disclosures in summarized financial information at interim reporting periods. FSP No. FAS 107-1 and APB 28-1 is effective for interim and annual reporting periods ending after June 15, 2009, and for disclosures in the Company's financial statements for the three month period ending August 2, 2009.

In May 2008, the FASB issued FSP No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." FSP No. APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash upon conversion separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP No. APB 14-1 is effective for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years, and is required to be retrospectively applied. The Company is evaluating the impact, if any, that the adoption of FSP No. APB 14-1 will have on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB No. 133." SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities by requiring entities to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The Company adopted SFAS No. 161 during the three month period ended May 3, 2009, and in connection therewith the Company has provided additional disclosures required by SFAS No. 161 in Note 10 to the condensed consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of Accounting Research Bulletin No. 51." SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim statements within those fiscal years. The Company is currently evaluating the impact, if any, SFAS No. 160 will have on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statement to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and, therefore is not expected to significantly impact the Company's consolidated financial statements upon adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company records derivatives on the balance sheets as assets or liabilities, measured at fair value. The Company does not engage in derivative instruments for speculative purposes. Gains or losses resulting from changes in the values of those derivatives are reported in the condensed consolidated statement of operations, or as accumulated other comprehensive income, a separate component of shareholders' equity, depending on the use of the derivatives and whether they qualify for hedge accounting. In order to qualify for hedge accounting, among other criteria, the derivative must be a hedge for an interest rate, price, foreign currency exchange rate, or credit risk, expected to be highly effective at the inception of the hedge and be highly effective in achieving offsetting changes in the fair value or cash flows of the hedged item during the term of the hedge, and formally documented at the inception of the hedge. In general, the types of risks hedged are those relating to the variability of future cash flows caused by movements in foreign currency exchange and interest rates. The Company documents its risk management strategy and hedge effectiveness at the inception of, and during the term of each hedge.

Foreign Currency Exchange Rate Risk

The Company conducts business in several major international currencies through its worldwide operations and is subject to changes in foreign exchange rates of such currencies. Changes in exchange rates can positively or negatively affect the Company's sales, operating margins, assets, liabilities and retained earnings. The functional currencies of the Company's Asian subsidiaries are the Korean won, New Taiwan dollar, Chinese renminbi, and Singapore dollar. The functional currencies of the Company's European subsidiaries are the British pound and the euro.

The Company attempts to minimize its risk of foreign currency transaction losses by producing its products in the same country in which the products are sold and thereby generating revenues and incurring expenses in the same currency, and by managing its working capital. In some instances, the Company may sell or purchase products in a currency other than the functional currency of the country where it was produced. There can be no assurance that this approach will continue to be successful, especially in the event of a

significant adverse movement in the value of any foreign currencies against the U.S. dollar. For the past several years the Company has not experienced a significant foreign exchange loss on these transactions in its statement of operations. The Company does not engage in purchasing forward exchange contracts for speculative purposes.

The Company's primary net foreign currency exposures as of May 3, 2009 included the Korean won, the Japanese yen, the Singapore dollar, the New Taiwan dollar, the Chinese renminbi, the British pound, and the euro. As of May 3, 2009, a 10% adverse movement in the value of these currencies against the U.S. dollar would have resulted in a net unrealized pre-tax loss of $4.8 million. The Company does not believe that a 10% change in the exchange rates of other non-U.S. dollar currencies would have a material effect on its consolidated financial position, results of operations, or cash flows.

In accordance with SFAS No. 133, "Accounting for Derivatives and Hedging Activities," derivatives used to hedge exposure to variable cash flows of forecasted transactions are designated and documented at their inception as cash flow hedges and are subsequently evaluated for effectiveness. The Company records these derivative instruments in either current assets, noncurrent assets, or accrued liabilities, depending on their net position, at fair value. Changes in the fair value of designated cash flow hedges are recognized in earnings for their ineffective portion, or in shareholders equity as a component of accumulated other comprehensive income or loss for the effective portion.

In April 2008, the Company's Korean and Taiwanese subsidiaries each entered into separate foreign currency exchange rate swap and forward contracts that effectively converted a $12 million interest bearing intercompany loan denominated in U.S. dollars into their respective local currencies. Both contracts expired in conjunction with the April 2009 payment of the intercompany loan. The Company did not elect to designate either contract as a fair value hedge.

Interest Rate Risk

The majority of the Company's borrowings at May 3, 2009 was in the form of borrowings under the Company's credit facility, last amended on May 15, 2009, and certain foreign loans payable with variable interest rates. At both May 3, 2009 and November 2, 2008, the Company had approximately $72 million in net variable rate financial instruments which were sensitive to interest rate risk. A 10% change in interest rates would have increased the Company's net loss for the three and six months ended May 3, 2009 by $0.3 million and $0.5 million, respectively.

Common Stock Market Price Risk

On May 15, 2009, in connection with its most recent amendment to its credit facility, the Company issued 2.1 million warrants, each exercisable for one share of the Company's common stock at an exercise price of $0.01 per share. Forty percent of the warrants were exercisable upon issuance, and the remaining balance becomes exercisable in twenty percent increments on October 31, 2009, April 30, 2010 and October 31, 2010. The warrants are indexed to, and potentially settled in the Company's common stock, and it was determined that they will be recorded as a liability in the Company's consolidated balance sheet during the three months ending August 2, 2009, and will be subsequently reported at fair value. Due to the warrants' exercise price of $0.01 per share, their fair value will approximate the market price of the Company's common stock. A 10% change in the market price of the Company's stock from the date of the warrants' issuance would not have a material effect on the Company's consolidated financial position, results of operation, or cash flows, however, the Company's stock may fluctuate more than ten percent. Any change in the fair value of the warrants resulting from changes in the market price of the Company's common stock would result in a non-cash charge or credit to the Company's operating results.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Act of 1934) as of May 3, 2009, the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of May 3, 2009, the end of the period covered by this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting during the Company's second quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISKS RELATING TO THE COMPANY'S BUSINESS

Other than the following, there have been no material changes to risks relating to the Company's business as disclosed in Part 1, Item 1A of the Company's Form 10-K for the year ended November 2, 2008**.**

The fair value of warrants issued on the Company's common stock is subject to fluctuating with the market price of the Company's common stock, and may have a material adverse effect on the Company's results of operations.

On May 15, 2009, in connection with the most recent amendment to its credit facility, the Company issued 2.1 million warrants on its common stock. The warrants are indexed to and potentially settled in the Company's common stock and, it was determined, that they are to be recorded as a liability during the three months ending August 2, 2009 and to be subsequently reported at fair value. The warrants are each exercisable for one share of common stock and have an exercise price of $0.01. Therefore, changes in the market price of the Company's common stock could result in a significant change in the fair value of the warrants, as charged or credited to other income (expense) in the Company's statements of operations. Changes in the market price of the Company's common stock may have a material adverse effect on the Company's results of operations on a non-cash basis.

Warrants issued by the Company include a put provision, giving the holders the option to sell the warrants to the Company at approximately the market price of the Company's common stock, which may have a material adverse effect on the Company's cash flows.

The warrants discussed above include a put provision which may be exercised from May 15, 2012 through their expiration. The put provision is only exercisable if the Company's common stock is not traded on a national exchange or if its credit facility, which matures on January 31, 2011, has not been paid in full by another financing facility (new credit facility, debt and/or an equity securities, or capital contributions). The purchase of a significant amount of its common stock by the Company may have a material adverse effect on its cash flows.

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

(a) The matters set forth in this Item 4 were submitted to a vote of security holders of the Company at an Annual Meeting of Shareholders held on April 3, 2009.

(b) The following directors, constituting the entire Board of Directors, were elected at the Annual Meeting of Shareholders held on April 3, 2009. Also indicated are the affirmative and authority withheld votes for each director.

	For	Authority Withheld
Walter M. Fiederowicz	34,932,487	1,724,937
Joseph A. Fiorita, Jr.	34,926,691	1,730,733
Constantine S. Macricostas	35,029,840	1,627,584
George C. Macricostas	35,127,388	1,530,036
Willem D. Maris	35,154,773	1,502,651
Mitchell G. Tyson	34,831,243	1,826,181

(c) Ratification of the selection of Deloitte & Touche LLP as registered independent public accounting firm for the fiscal year ending November 1, 2009.

For	Against	Abstain	Broker Non-Votes
36,326,556	308,586	22,282	-

Item 5. OTHER INFORMATION

On June 8, 2009, the Company entered into a Loan Agreement by and among Photronics, Inc., a Connecticut corporation, the financial institutions from time to time parties thereto as Lenders (the "Lenders") and JPMorgan Chase Bank, National Association, in its capacity as Administrative Agent for itself and the other Lenders and as Collateral Agent in an aggregate commitment amount of $27.2

million (the "Mirror Facility"). The Mirror Facility has the same interest rate terms, maturity date and financial covenants as the amended U.S. credit facility described elsewhere herein. On June 9, 2009, the Company borrowed $27.2 million under the Mirror Facility and transferred the $27.2 million to the administrative agent of its China credit facility on behalf of the Company's China lending banks. The Company intends to use the proceeds from the Mirror Facility to repay the remaining outstanding balances of its foreign loans in China. Under the terms of the Mirror Facility, $9.1 million is due on January 31, 2010 and the remaining balance is due by January 31, 2011.

On June 8, 2009, the Company entered into Amendment No. 6 to the Credit Agreement among Photronics, Inc., the financial institutions party thereto and JPMorgan Chase Bank, National Association, as Administrative Agent, dated as of June 6, 2007 by and among the Company, the Lenders and the Administrative Agent (as amended by that certain Amendment No. 1 thereto, dated as of April 25, 2008, that certain Amendment No. 2 thereto, dated as of October 31, 2008, that certain Amendment No. 3 thereto, dated as of December 3, 2008, that certain Amendment No. 4 thereto, dated as of December 12, 2008, and that certain Amendment No. 5 thereto, dated as of May 15, 2009.) Amendment No. 6 was entered into to effect conversion of the existing China credit facility to the Mirror Facility.

Item 6. EXHIBITS

(a) Exhibits

Exhibit Number	Description
10.38	Security Agreement dated as of December 12, 2008 among Photronics, Inc., its Subsidiaries and JPMorgan Chase Bank, National Association (as Collateral Agent).
10.39	Amendment No. 5 to the Credit Agreement dated May 15, 2009.
10.40	Amendment No. 1 dated as of May 15, 2009 to the Amended and Restated Agreement RMB 186,000,000 Credit Facility for Photronics Imaging Technologies (Shanghai) Co., Ltd. with JPMorgan Chase Bank (China) Company Limited, Shanghai Branch as Administrative Agent.
10.41	Warrant Agreement dated as of May 15, 2009 among Photronics, Inc. and JPMorgan Chase Bank, National Association, RBS Citizens, National Association, HSBC Bank USA, National Association, Citibank, N.A., Bank of America, N.A., UBS Loan Finance LLC.
10.42	Registration Rights Agreement dated as of May 15, 2009 among Photronics, Inc. and JPMorgan Chase Bank, National Association, RBS Citizens, National Association, HSBC Bank USA, National Association, Citibank, N.A., Bank of America, N.A., UBS Loan Finance LLC.
10.43	Loan Agreement dated June 8, 2009 among Photronics, Inc., the Lenders Party thereto, and JPMorgan Chase Bank, National Association as Administrative Agent and Collateral Agent.
10.44	Amendment No. 6 dated as of June 8, 2009 to the Credit Agreement.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 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 thereunto duly authorized.

Photronics, Inc.
(Registrant)

By: /s/ SEAN T. SMITH

Sean T. Smith
Senior Vice President
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: June 10, 2009

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Security Agreement") is entered into as of December 12, 2008 by and among PHOTRONICS, INC., a Connecticut corporation (the "Company"), the Subsidiaries of the Company listed on the signature pages hereto (together with the Company, the "Initial Grantors," and together with any additional Subsidiaries, whether now existing or hereafter formed or acquired which become parties to this Security Agreement from time to time by executing a Supplement hereto in substantially the form of Annex I, the "Grantors"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as contractual representative (the "Collateral Agent") for itself and for the Holders of Secured Obligations (as defined in the Credit Agreement identified below). Capitalized terms used herein (including, without limitation, Article I hereof) and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement.

PRELIMINARY STATEMENT

The Company, certain Subsidiaries of the Company from time to time parties thereto as borrowers (together with the Company, the "Borrowers"), the financial institutions from time to time party thereto as lenders (collectively, the "Lenders"), and JPMorgan Chase Bank, National Association, as administrative agent thereunder (the "Administrative Agent") have entered into that certain Credit Agreement dated as of June 6, 2007 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement" and the agreements, documents and instruments executed and/or delivered pursuant thereto or in connection therewith, including, without limitation, any guaranty delivered in connection therewith, the "Loan Documents"), which Credit Agreement provides, subject to the terms and conditions thereof, for extensions of credit and other financial accommodations to be made by the Lenders to or for the benefit of the Borrowers.

The Grantors wish to secure their obligations to the Holders of Secured Obligations pursuant to the terms of this Security Agreement.

ACCORDINGLY, the Grantors and the Collateral Agent, on behalf of the Holders of Secured Obligations, hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. Terms Defined in the Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2. Terms Defined in New York UCC. Terms defined in the New York UCC which are not otherwise defined in this Security Agreement are used herein as defined in the New York UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the Preliminary Statement, the following terms shall have the following meanings:

"Accounts" shall have the meaning set forth in Article 9 of the New York UCC.

"Article" means a numbered article of this Security Agreement, unless another document is specifically referenced.

"Chattel Paper" shall have the meaning set forth in Article 9 of the New York UCC.

"Collateral" means all Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Farm Products, Fixtures, General Intangibles, Goods, Instruments, Intellectual Property Collateral, Inventory, Investment Property, letters of credit, Letter-of-Credit Rights, Pledged Deposits, Supporting Obligations and Other Collateral, wherever located, in which any Grantor now has or hereafter acquires any right or interest, and the proceeds (including Stock Rights), insurance proceeds and products thereof, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto; provided that in no event shall "Collateral" include or the security interest granted under Article II hereof attach to (a) any lease, license, permit, contract, property rights or agreement to which any Grantor is a party, any of its rights or interests thereunder or any Trademark or other Intellectual Property, if and for so long as the grant of such security interest shall (i) give any other Person party to such lease, license, permit, contract, property rights or agreement the right to terminate its obligations thereunder, (ii) constitute or result in the abandonment, cancellation, invalidation or unenforceability of any material right, title or interest of any Grantor therein or (iii) result in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract property rights or agreement (other than, in the case of each of the foregoing clauses (i), (ii) and (iii), to the extent that any such right or term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity), provided, however, that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, cancellation, invalidation or unenforceability shall be remedied and to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights, agreement or Trademark that does not result in any of the consequences specified in (i), (ii) or (iii) above; (b) any license, permit or other governmental authorization that, under the terms and conditions of such governmental authorization or under applicable law, cannot be subjected to a Lien in favor of the Collateral Agent for the benefit of the Holders of Secured Obligations without the consent of the relevant governmental authority and such consent has not been obtained; (c) any of the capital stock of a Foreign Subsidiary; (d) those assets as to which the Collateral Agent reasonably determines (in consultation with, and with written notice to, the Company) that the cost of obtaining such a security interest or perfection thereof (including tax consequences) are excessive in relation to the benefit to the Secured Parties of the security to be afforded thereby; (e) any item of personal property, tangible or intangible, to the extent the grant by any Grantor of a security interest pursuant to this Security Agreement in its right, title and interest in such item of property is prohibited by any law or governmental rule or regulation or by effective and enforceable contractual provisions (including license restrictions) in any agreement to which the Grantor is a party (so long as no such agreement shall be entered into for the purposes of circumventing the security interest granted herein and excluding any such provision to the extent such provision would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity); (f) intellectual property in relation to which any law or governmental rule or regulation, or any agreement with a domain name registrar or any other Person entered into by the Grantor in the ordinary course of business and existing on the date hereof, prohibits the creation of a security interest therein or would otherwise invalidate such Grantor's right, title or interest therein (other than to the extent any such agreement would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity); (g) any Equipment owned by any Grantor that is subject to a purchase money Lien or a capital lease permitted by the Credit Agreement if the agreement in which such Lien is granted (or in the document providing for such capital lease) validly prohibits or requires the consent of any Person other than any Grantor as a condition to the creation of any other Lien on such equipment (other than to the extent any such agreement would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code of any relevant jurisdiction or any other applicable law (including the U.S. Bankruptcy Code) or principles of equity), but only, in each case, to the extent, and for so long as, the Indebtedness secured by the applicable Lien or capital lease has not been repaid in full or the applicable prohibition (or consent required) has not been otherwise removed or terminated; (h) motor vehicles and other assets subject to certificates of title or ownership; or (i) any real property held by a Grantor as a lessee under a lease; provided that the parties hereby agree, for the avoidance of doubt (without limitation with respect to any assets not so listed), that the assets listed in Schedule 1 to this Agreement are prohibited by contractual restrictions with third

parties from being included as "Collateral" hereunder except to the extent such restrictions would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code of any relevant jurisdiction.

"Commercial Tort Claims" means those certain currently existing commercial tort claims, as defined in the New York UCC of any Grantor, including each commercial tort claim specifically described in Exhibit "F".

"Control" shall have the meaning set forth in Article 8 or, if applicable, in Section 9-104, 9-105, 9-106 or 9-107 of Article 9 of the New York UCC.

"Copyrights" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all extensions of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

"Deposit Accounts" shall have the meaning set forth in Article 9 of the New York UCC.

"Documents" shall have the meaning set forth in Article 9 of the New York UCC.

"Equipment" shall have the meaning set forth in Article 9 of the New York UCC.

"Event of Default" shall have the meaning set forth in the Credit Agreement.

"Exhibit" refers to a specific exhibit to this Security Agreement, unless another document is specifically referenced.

"Farm Products" shall have the meaning set forth in Article 9 of the New York UCC.

"Fixtures" shall have the meaning set forth in Article 9 of the New York UCC.

"General Intangibles" shall have the meaning set forth in Article 9 of the New York UCC and, in any event, includes payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill (including the goodwill associated with any Grantor owned Trademark), Intellectual Property, URLs and domain names, other industrial or intellectual property or rights therein or applications therefor, whether under license or otherwise, programs, programming materials, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, including Licenses, infringement claims, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, pension plan refunds, pension plan refund claims, insurance premium rebates, tax refunds, and tax refund claims, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the Code, and any other personal property other than Commercial Tort Claims, money, Accounts, Chattel Paper, Deposit Accounts, Goods, Investment Property, negotiable Collateral, and oil, gas, or other minerals before extraction.

"Goods" shall have the meaning set forth in Article 9 of the New York UCC.

"Instruments" shall have the meaning set forth in Article 9 of the New York UCC.

"Intellectual Property" means all Patents, Trademarks and Copyrights as defined herein.

"Intellectual Property Collateral" means all domain names, Intellectual Property and Licenses.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of November 19, 2007, by and among the Collateral Agent, JPMorgan Chase Bank, National Association, in its capacity as administrative agent for the "Lenders" under the Credit Agreement and JPMorgan Chase Bank (China) Company Limited, Shanghai Branch, in its capacity as administrative agent for the "Lenders" under the Chinese Credit Facility, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Inventory" shall have the meaning set forth in Article 9 of the New York UCC.

"Investment Property" shall have the meaning set forth in Article 9 of the New York UCC.

"Letter of Credit Rights" shall have the meaning set forth in Article 9 of the New York UCC.

"Licenses" means, with respect to any Person, all of such Person's right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

"New York UCC" means the New York Uniform Commercial Code as in effect from time to time.

"Other Collateral" means any property of the Grantors, not included within the defined terms Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, Fixtures, Farm Products, General Intangibles, Goods, Instruments, Intellectual Property Collateral, Inventory, Investment Property, Letter-of-Credit Rights, Pledged Deposits and Supporting Obligations, including, without limitation, all cash on hand, letters of credit, Stock Rights or any other deposits (general or special, time or demand, provisional or final) with any bank or other financial institution, it being intended that the Collateral include all real and personal property of the Grantors.

"Patents" means, with respect to any Person, all of such Person's right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

"Pledged Deposits" means all time deposits of money (other than Deposit Accounts and Instruments), whether or not evidenced by certificates, which a Grantor may from time to time designate as pledged to the Collateral Agent or to any Holder of Secured Obligations as security for any Secured Obligations, and all rights to receive interest on said deposits.

"Receivables" means the Accounts, Chattel Paper, Documents, Investment Property, Instruments or Pledged Deposits, and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

"Registered" means issued by, registered with, renewed by or the subject of a pending application before any governmental authority or internet domain name registrar.

"Section" means a numbered section of this Security Agreement, unless another document is specifically referenced.

"Security" shall have the meaning set forth in Article 8 of the New York UCC.

"Stock Rights" means any securities, dividends or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral and any securities, any right to receive securities and any right to receive earnings, in which any Grantor now has or hereafter acquires any right, issued by an issuer of such securities.

"Supporting Obligation" shall have the meaning set forth in Article 9 of the New York UCC.

"Trademarks" means, with respect to any Person, all of such Person's right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

GRANT OF SECURITY INTEREST

Each of the Grantors hereby pledges, assigns and grants to the Collateral Agent, on behalf of and for the benefit of the Holders of Secured Obligations, a security interest in all of such Grantor's right, title and interest, whether now owned or hereafter acquired, in and to the Collateral to secure the prompt and complete payment and performance of the Secured Obligations. For the avoidance of doubt, the grant of a security interest herein shall not be deemed to be an assignment of intellectual property rights owned by the Grantors.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Initial Grantors represents and warrants to the Collateral Agent and the Holders of Secured Obligations, and each Grantor that becomes a party to this Security Agreement pursuant to the execution of a Security Agreement Supplement in substantially the form of Annex I represents and warrants (after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement), that, as of the date hereof or as of the date any additional Grantor becomes party to this Security Agreement pursuant to a Security Agreement Supplement:

3.1. Title, Authorization, Validity and Enforceability. Such Grantor has (other than the Intellectual Property Collateral, with respect to which Section 3.11 shall apply) (a) good and valid rights in or the power to transfer the Collateral owned by it and (b) title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1.6 hereof. Such Grantor has full corporate, limited liability company or partnership, as applicable, power and authority to grant to the Collateral Agent the security interest in the Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement have been duly authorized by proper corporate, limited liability company, limited partnership or partnership, as applicable, proceedings, and this Security Agreement constitutes a legal, valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, except as enforceability may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), and (iii) requirements of reasonableness, good faith and fair dealing. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed in Exhibit "E", the Collateral Agent will have a perfected first priority security interest in the Collateral owned by such Grantor in which a security interest may be perfected by filing of a financing statement under the New York UCC, subject only to Liens permitted under Section 4.1.6 hereof.

3.2. Conflicting Laws and Contracts. Neither the execution and delivery by such Grantor of this Security Agreement, the creation and perfection of the security interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate (i) any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Grantor, or (ii) such Grantor's charter, articles or certificate of incorporation, partnership agreement or by-laws (or similar constitutive documents), or (iii) the provisions of any indenture, instrument or agreement to which such Grantor is a party or is subject, or by which it, or its property may be bound or affected, or conflict with or constitute a default thereunder, or result in or require the creation or imposition of any Lien in, of or on the property of such Grantor pursuant to the terms of any such indenture, instrument or agreement (other than any Lien of the Collateral Agent on behalf of the Holders of Secured Obligations) except, in each case, which could not reasonably be expected to result in a Material Adverse Effect.

3.3. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), is disclosed in Exhibit "A".

3.4. Property Locations. The Inventory, Equipment and Fixtures of each Grantor are located solely at the locations of such Grantor described in Exhibit "A". All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Part B of Exhibit "A" and (ii) at which Inventory is held in a public warehouse or is otherwise held by a bailee or on consignment by such Grantor as designated in Part C of Exhibit "A".

3.5. No Other Names; Etc.. Within the five-year period ending as of the date such Person becomes a Grantor hereunder, such Grantor has not conducted business under any name, changed its jurisdiction of formation, merged with or into or consolidated with any other Person, except as disclosed in Exhibit "A". The name in which such Grantor has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization as of the date such Person becomes a Grantor hereunder.

3.6. Accounts and Chattel Paper. The names of the obligors, amounts owing, due dates and other information with respect to the Accounts and Chattel Paper owned by such Grantor are and will be correctly stated in all material respects in all material records of such Grantor relating thereto and in all material invoices and reports with respect thereto furnished to the Collateral Agent by such Grantor from time to time.

3.7. Filing Requirements. None of the Equipment owned by such Grantor is covered by any certificate of title. None of the Collateral owned by such Grantor is of a type for which security interests or liens may be perfected by filing under any federal statute except for Patents, Trademarks and Copyrights held by such Grantor and described in Exhibit "B". The legal description, county and street address of the property on which any Fixtures owned by such Grantor are located is set forth in Exhibit "C" together with the name and address of the record owner of each such property.

3.8. No Financing Statements. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed in any jurisdiction except financing statements (i) naming the Collateral Agent on behalf of the Holders of Secured Obligations as the secured party and (ii) in respect of Liens permitted by Section 6.02 of the Credit Agreement; provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Collateral Agent under the Loan Documents to any Liens otherwise permitted under Section 6.02 of the Credit Agreement.

3.9. Federal Employer Identification Number; State Organization Number; Jurisdiction of Organization. Such Grantor's federal employer identification number is, and if such Grantor is a registered organization, such Grantor's State of organization, type of organization and State of organization identification number are, listed in Exhibit "G".

3.10. Pledged Securities and Other Investment Property. Exhibit "D" sets forth a complete and accurate list of the Instruments, Securities and other Investment Property constituting Collateral and delivered to the Collateral Agent. Each Grantor is the direct and beneficial owner of each Instrument, Security and other type of Investment Property listed in Exhibit "D" as being owned by it, free and clear of any Liens, except for the security interest granted to the Collateral Agent for the benefit of the Holders of Secured Obligations hereunder or as permitted by Section 6.02 of the Credit Agreement.

3.11. Intellectual Property.

3.11.1 Exhibit "B" contains a complete and accurate listing as of the date hereof of all Registered U.S. Intellectual Property Collateral (other than intellectual property excluded from the definition of Collateral), including: (i) U.S. trademark registrations and U.S. applications for trademark registration, (ii) U.S. patents and U.S. patents applications, together with all U.S. reissuances, continuations, continuations in part, revisions, extensions and reexaminations thereof, (iii) U.S. copyright registrations and applications for registration and (iv) U.S. domain names. Grantor has all right, title and interest to the Intellectual Property Collateral listed in Exhibit "B".

3.11.2 Except as set forth on Exhibit "B", no Person other than the respective Grantor has any right or interest of any kind or nature in or to the Intellectual Property Collateral, including any right to sell, license, lease, transfer, distribute, use or otherwise exploit the Intellectual Property or any portion thereof outside of the ordinary course of the respective Grantor's business.

3.11.3 No Grantor has received any written notice that remains outstanding challenging the validity, enforceability, or ownership of any Intellectual Property Collateral except where those challenges could not reasonably be expected to result in a Material Adverse Effect.

3.11.4 Each Grantor has enforced and currently enforces reasonable quality control measures in connection with such Grantor's licensing of the trademarks listed on Exhibit "B" to third parties, except (i) with respect to trademarks not currently in use and (ii) where the failure to use such reasonable quality control measures could not reasonably be expected to result in a Material Adverse Effect.

3.11.5 The consummation of the transactions contemplated by the Loan Documents will not result in the termination or material impairment of any of the material Intellectual Property.

ARTICLE IV

COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated, each of the Initial Grantors agrees, and from and after the effective date of any Security Agreement Supplement applicable to any Grantor (and after giving effect to supplements to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Security Agreement Supplement) and thereafter until this Security Agreement is terminated each such subsequent Grantor agrees:

4.1. General.

4.1.1 Inspection. Each Grantor will permit the Collateral Agent or any Holder of Secured Obligations, by its representatives and agents (upon reasonable prior notice so long as no Event of Default has occurred and is continuing) (i) to inspect the Collateral, (ii) to examine and make copies of the records of such Grantor relating to the Collateral and (iii) to discuss the Collateral and the related records of such Grantor with such Grantor's officers and employees (so long as an Event of

Default has occurred and is continuing, in the case of any Receivable, with any person or entity which is or may be obligated thereon), all at such reasonable times and intervals as the Collateral Agent or such Holder of Secured Obligations may determine, and all at such Grantor's expense.

4.1.2 Taxes. Such Grantor will timely file or cause to be filed all tax returns and reports required to be filed and will pay or cause to be paid all taxes required to be paid by it with respect to the Collateral, except (i) those that are being contested in good faith by appropriate proceedings and for which such Grantor has set aside on its books adequate reserves or (ii) to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect.

4.1.3 Records and Reports; Notification of Default. Each Grantor shall keep and maintain complete, accurate and proper books and records with respect to the Collateral owned by such Grantor, and furnish to the Collateral Agent, with sufficient copies for each of the Holders of Secured Obligations, such reports relating to the Collateral as the Collateral Agent shall from time to time reasonably request. Each Grantor will give prompt notice in writing to the Collateral Agent of the occurrence of any development which could reasonably be expected to materially and adversely affect the Collateral, taken as a whole.

4.1.4 Financing Statements and Other Actions; Defense of Title. Each Grantor hereby authorizes the Collateral Agent to file, and if requested will execute and deliver to the Collateral Agent, all financing statements describing the Collateral owned by such Grantor and other documents and take such other actions as may from time to time reasonably be requested by the Collateral Agent in order to maintain a first priority, perfected security interest in and, if applicable, Control of, the Collateral owned by such Grantor, subject to Liens permitted under Section 6.02 of the Credit Agreement, provided that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Collateral Agent under the Loan Documents to any Liens otherwise permitted under Section 6.02 of the Credit Agreement. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its reasonable discretion, is necessary, advisable or prudent to ensure that the perfection of the security interest in the Collateral granted to the Collateral Agent herein, including, without limitation, describing such property as "all assets" or "all personal property, whether now owned or hereafter acquired." Each Grantor will use commercially reasonable efforts to defend title to the Collateral owned by such Grantor against all persons in a manner materially consistent with past practices and to defend the security interest of the Collateral Agent in such Collateral and the priority thereof against any Lien not expressly permitted hereunder, unless (i) such Collateral has a book value of less than $500,000 or (ii) the Collateral Agent shall have provided its written consent with respect thereto.

4.1.5 Disposition of Collateral. No Grantor will sell, lease or otherwise dispose of the Collateral owned by such Grantor except (i) dispositions specifically permitted pursuant to Section 6.03 of the Credit Agreement and (ii) until such time as such Grantor receives a notice from the Collateral Agent pursuant to Article VII, proceeds of Inventory and Accounts collected in the ordinary course of business.

4.1.6 Liens. No Grantor will create, incur, or suffer to exist any Lien on the Collateral owned by such Grantor except Liens permitted pursuant to Section 6.02 of the Credit Agreement, provided, that nothing herein shall be deemed to constitute an agreement to subordinate any of the Liens of the Collateral Agent under the Loan Documents to any Liens otherwise permitted under Section 6.02 of the Credit Agreement.

4.1.7 Change in Corporate Existence, Type or Jurisdiction of Organization, Location, Name. Each Grantor will:

(i) preserve its existence and corporate structure as in effect on the date hereof, except as otherwise permitted under Section 6.03 of the Credit Agreement;

(ii) not change its jurisdiction of organization;

(iii) not maintain its place of business (if it has only one) or its chief executive office (if it has more than one place of business) at a location other than a location specified in Exhibit "A"; and

(iv) not (i) have any Inventory, Equipment or Fixtures or proceeds or products thereof (other than Inventory and proceeds thereof disposed of as permitted by Section 4.1.5) at a location other than a location specified in Exhibit "A" or (ii) change its name or taxpayer identification number,

unless, in each such case, such Grantor shall have given the Collateral Agent not less than thirty (30) days' prior written notice of such event or occurrence and the Collateral Agent shall have either (x) determined that such event or occurrence will not adversely affect the validity, perfection or priority of the Collateral Agent's security interest in the Collateral, or (y) taken such steps (with the cooperation of such Grantor to the extent necessary or advisable) as are necessary or advisable to properly maintain the validity, perfection and priority of the Collateral Agent's security interest in the Collateral owned by such Grantor.

4.1.8 Other Financing Statements. No Grantor will suffer to exist or authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by such Grantor, except any financing statement authorized under Section 4.1.4 hereof.

4.2. Receivables.

4.2.1 Certain Agreements on Receivables. After written notice from the Collateral Agent during the occurrence and continuation of an Event of Default, no Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof (other than discounting of receivables owing from distressed customers in a manner consistent with prudent business practices).

4.2.2 Collection of Receivables. Except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by such Grantor; provided that each Grantor may adjust, settle, compromise or release the amount or payment of any Receivable or amount due on any contract relating thereto, or allow any credit or discount thereon, in the ordinary course of its business and consistent with its normal business practices.

4.2.3 Delivery of Invoices. Each Grantor will deliver to the Collateral Agent immediately upon its request after the occurrence of an Event of Default duplicate invoices with respect to each Account owned by such Grantor bearing such language of assignment as the Collateral Agent shall specify.

4.3. Maintenance of Goods. Each Grantor will do all things necessary to maintain, preserve, protect and keep the Inventory and the Equipment owned by such Grantor in good repair, working order and saleable condition (ordinary wear and tear excepted) and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

4.4. Instruments, Securities, Chattel Paper, Documents and Pledged Deposits. Each Grantor will (i) deliver to the Collateral Agent immediately upon execution of this Security Agreement, or upon acquisition by the Grantor thereafter, the originals of all Chattel Paper, Securities (to the extent certificated) and Instruments constituting Collateral (if any then exist), (ii) hold in trust for the Collateral Agent upon receipt and immediately thereafter deliver to the Collateral Agent any Chattel Paper, Securities and Instruments constituting Collateral, (iii) upon the designation of any Pledged Deposits (as set forth in the definition thereof), deliver to the Collateral Agent such Pledged Deposits which are evidenced by certificates included in the Collateral endorsed in blank, marked with such legends and assigned as the Collateral Agent shall specify, and (iv) upon the Collateral Agent's request, after the occurrence and during the continuance of an Event of Default, deliver to the Collateral Agent (and thereafter hold in trust for the Collateral Agent upon receipt and immediately deliver to the Collateral Agent) any Document evidencing or constituting Collateral.

4.5. Uncertificated Securities and Certain Other Investment Property. Each Grantor will permit the Collateral Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Investment Property not represented by certificates which are Collateral owned by such Grantor to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Investment Property not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Collateral Agent granted pursuant to this Security Agreement. Each Grantor will use all commercially reasonable efforts, with respect to Investment Property constituting Collateral owned by such Grantor held with a financial intermediary, to cause such financial intermediary to enter into a control agreement with the Collateral Agent in form and substance reasonably satisfactory to the Collateral Agent.

4.6. Stock and Other Ownership Interests.

4.6.1 Changes in Capital Structure of Issuers. Except as permitted in the Credit Agreement, no Grantor will (i) permit or suffer any issuer of privately held corporate securities or other ownership interests in a corporation, partnership, joint venture or limited liability company constituting Collateral owned by such Grantor to dissolve, liquidate, retire any of its capital stock or other Instruments or Securities evidencing ownership, reduce its capital or merge or consolidate with any other entity, or (ii) vote any of the Instruments, Securities or other Investment Property in favor of any of the foregoing except to the extent permitted under Section 6.03 of the Credit Agreement.

4.6.2 Issuance of Additional Securities. No Grantor will permit or suffer any Domestic Subsidiary to issue any such securities or other ownership interests, any right to receive the same or any right to receive earnings, except to such Grantor or another Grantor.

4.6.3 Registration of Pledged Securities and other Investment Property. Each Grantor will permit any registrable Collateral owned by such Grantor to be registered in the name of the Collateral Agent or its nominee at any time at the option of the Required Lenders following the occurrence and during the continuance of an Event of Default and without any further consent of such Grantor.

4.6.4 Exercise of Rights in Pledged Securities and other Investment Property. Each Grantor will permit the Collateral Agent or its nominee at any time during the continuance of an Event of Default, without notice, to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Collateral owned by such Grantor or any part thereof, and to receive all dividends and interest in respect of such Collateral.

4.7. Deposit Accounts. Each Grantor will (i) upon the Collateral Agent's reasonable request, use commercially reasonable efforts to cause each bank or other financial institution in which it maintains (a) a Deposit Account to enter into a control agreement with the Collateral Agent, in form and substance reasonably satisfactory to the Collateral Agent in order to give the Collateral Agent Control of the Deposit Account or (b) other deposits (general or special, time or demand, provisional or final) to be notified of the security interest granted to the Collateral Agent hereunder and cause each such bank or other financial institution to acknowledge such notification in writing and (ii) upon the Collateral Agent's request after the occurrence and during the continuance of an Event of Default, deliver to each such bank or other financial institution a letter, in form and substance reasonably acceptable to the Collateral Agent, transferring ownership of the Deposit Account to the Collateral Agent or transferring dominion and control over each such other deposit to the Collateral Agent until such time as no Event of Default exists. In the case of deposits maintained with Lenders, the terms of such letter shall be subject to the provisions of the Credit Agreement regarding setoffs.

4.8. Letter-of-Credit Rights. Each Grantor will, upon the Collateral Agent's request, use commercially reasonable efforts to cause each issuer of a letter of credit, to consent to the assignment of proceeds of any letter of credit with respect to which such Grantor is the beneficiary in an amount in excess of $1,000,000 in order to give the Collateral Agent Control of the letter-of-credit rights to such letter of credit.

4.9. Federal, State or Municipal Claims. Each Grantor will notify the Collateral Agent of any Collateral owned by such Grantor which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof in excess of $1,000,000, the assignment of which claim is restricted by federal, state or municipal law.

4.10. Intellectual Property.

4.10.1 If, after the date hereof, any Grantor obtains rights to, including, but not limited to filing and acceptance of a statement of use or an amendment to allege use with the United States Patent and Trademark Office, or applies for or seeks registration of, any new patentable invention, Trademark or Copyright in addition to the Intellectual Property described in Part C of Exhibit "B", which are all of such Grantor's Intellectual Property as of the date hereof, then such Grantor shall give the Collateral Agent notice thereof. Each Grantor agrees promptly upon request by the Collateral Agent to execute and deliver to the Collateral Agent any supplement to this Security Agreement or any other document reasonably requested by the Collateral Agent to evidence such security interest in a form appropriate for recording in the applicable federal office. Each Grantor also hereby authorizes the Collateral Agent to modify this Security Agreement unilaterally (i) by amending Part C of Exhibit "B" to include any future Intellectual Property of which the Collateral Agent receives notification from such Grantor pursuant hereto and (ii) by recording with the United States Patent and Trademark Office and/or the United States Copyright Office, in addition to and not in substitution for this Security Agreement, a duplicate original of this Security Agreement containing in Part C of Exhibit "B" a schedule of such future Patents, Trademarks and/or Copyrights.

4.11. Commercial Tort Claims. If, after the date hereof, any Grantor identifies the existence of a commercial tort claim in excess of $1,000,000 belonging to such Grantor that has arisen in the course of such Grantor's business in addition to the commercial tort claims described in Exhibit "F", which are all of such Grantor's commercial tort claims in excess of $1,000,000 as of the date hereof, then such Grantor shall give the Collateral Agent prompt notice thereof, but in any event not less frequently than quarterly. Each Grantor agrees promptly upon request by the Collateral Agent to execute and deliver to the Collateral Agent any supplement to this Security Agreement or any other document reasonably requested by the Collateral Agent to evidence the grant of a security interest therein in favor of the Collateral Agent.

4.12. Updating of Exhibits to Security Agreement. The Company will provide to the Collateral Agent, concurrently with the delivery of the financial statements required by Section 5.01(a) of the Credit Agreement, updated versions of the Exhibits to this Security Agreement (provided that if there have been no changes to any such Exhibits since the previous updating thereof required hereby, the Company shall indicate that there has been "no change" to the applicable Exhibit(s)).

ARTICLE V

REMEDIES

5.1. Remedies. Upon the occurrence and continuance of an Event of Default, the Collateral Agent may, in accordance with the terms of the Loan Documents, exercise any or all of the following rights and remedies:

5.1.1 Those rights and remedies provided in this Security Agreement, the Credit Agreement, any other Loan Document or Chinese Credit Facility Document, provided that this Section 5.1.1 shall not be understood to limit any rights or remedies available to the Collateral Agent and the Holders of Secured Obligations prior to an Event of Default.

5.1.2 Those rights and remedies available to a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien).

5.1.3 Without notice except as specifically provided in Section 8.1 hereof or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable.

The Collateral Agent, on behalf of the Holders of Secured Obligations, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and such compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

If, after the Credit Agreement and the Chinese Credit Facility have terminated by their terms and all of the Secured Obligations have been paid in full, there remain outstanding Swap Obligations or Banking Services Obligations, the Required Lenders may exercise the remedies provided in this Section 5.1 upon the occurrence of any event which would allow or require the termination or acceleration of any Swap Obligations or Banking Services Obligations.

5.2. Grantors' Obligations Upon an Event of Default. Upon the request of the Collateral Agent after the occurrence of an Event of Default, each Grantor will:

5.2.1 Assembly of Collateral. Assemble and make available to the Collateral Agent the Collateral and all records relating thereto at any place or places reasonably specified by the Collateral Agent.

5.2.2 Secured Party Access. Permit the Collateral Agent, by the Collateral Agent's representatives and agents, to enter any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral and to remove all or any part of the Collateral.

5.3. License. The Collateral Agent is hereby granted a license or other right to use, following the occurrence and during the continuance of an Event of Default, without charge, each Grantor's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, customer lists and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral, and, following the occurrence and during the continuance of an Event of Default, such Grantor's rights under all licenses and all franchise agreements shall inure to the Collateral Agent's benefit for such purpose. In addition, each Grantor hereby irrevocably agrees that the Collateral Agent may, following the occurrence and during the continuance of an Event of Default, sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased such Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Collateral Agent's rights under this Security Agreement, may sell Inventory which bears any trademark owned by or licensed to such Grantor and any Inventory that is covered by any copyright owned by or licensed to such Grantor and the Collateral Agent may finish any work in process and affix any trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI

WAIVERS, AMENDMENTS AND REMEDIES

No delay or omission of the Collateral Agent or any Holder of Secured Obligations to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Event of Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by (a) the Collateral Agent and (b) each Grantor, and then only to the extent in such writing specifically set forth, provided that the addition of any Subsidiary as a Grantor hereunder by execution of a Security Agreement Supplement in the form of Annex I (with such modifications as shall be reasonably acceptable to the Collateral Agent) shall not require receipt of any consent from or execution of any documentation by any other Grantor party hereto. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Collateral Agent and the Holders of Secured Obligations until the Secured Obligations have been paid in full.

ARTICLE VII

PROCEEDS; COLLECTION OF RECEIVABLES

7.1. Lockboxes. Upon request of the Collateral Agent after the occurrence of an Event of Default, each Grantor shall execute and deliver to the Collateral Agent irrevocable lockbox agreements in the form provided by or otherwise reasonably acceptable to the Collateral Agent, which agreements shall be accompanied by an acknowledgment by the bank where the lockbox is located of the Lien of the Collateral Agent granted hereunder and of irrevocable instructions to wire all amounts collected therein to a special collateral account at the Collateral Agent.

7.2. Collection of Receivables. The Collateral Agent may at any time after the occurrence of an Event of Default, by giving each Grantor written notice, elect to require that the Receivables be paid directly to the Collateral Agent for the benefit of the Holders of Secured Obligations. In such event, each Grantor shall, and shall permit the Collateral Agent to, promptly notify the account debtors or obligors under the Receivables owned by such Grantor of the Collateral Agent's interest therein and direct such account debtors or obligors to make payment of all amounts then or thereafter due under such Receivables directly to the Collateral Agent. Upon receipt of any such notice from the Collateral Agent, each Grantor shall thereafter hold in trust for the Collateral Agent, on behalf of the Holders of Secured Obligations, all amounts and proceeds received by it with respect to the Receivables and Other Collateral and immediately and at all times thereafter deliver to the Collateral Agent all such amounts and proceeds in the same form as so received, whether by cash, check, draft or otherwise, with any necessary endorsements. The Collateral Agent shall hold and apply funds so received as provided by the terms of Section 7.3 hereof.

7.3. Application of Proceeds. The proceeds of the Collateral received by the Collateral Agent hereunder shall be applied by the Collateral Agent to payment of the Secured Obligations pursuant to the terms of the Intercreditor Agreement.

ARTICLE VIII

GENERAL PROVISIONS

8.1. Notice of Disposition of Collateral; Condition of Collateral. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Company, addressed as set forth in Article IX, at least ten (10) days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. The Collateral Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale.

8.2. Compromises and Collection of Collateral. Each Grantor and the Collateral Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Collateral Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Collateral Agent in its reasonable discretion shall determine or abandon any Receivable, and any such action by the Collateral Agent shall be commercially reasonable so long as the Collateral Agent acts in good faith based on information known to it at the time it takes any such action.

8.3. Secured Party Performance of Grantor's Obligations. Without having any obligation to do so, the Collateral Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement if any Grantor fails to perform or pay such obligation and such Grantor shall reimburse the Collateral Agent for any reasonable amounts paid by the Collateral Agent pursuant to this Section 8.3. Each Grantor's obligation to reimburse the Collateral Agent pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.4. Authorization for Secured Party to Take Certain Action. Each Grantor irrevocably authorizes the Collateral Agent at any time and from time to time in the reasonable discretion of the Collateral Agent and appoints the Collateral Agent as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Collateral Agent's reasonable discretion to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (ii) to indorse and collect any cash proceeds of the Collateral during the continuance of an Event of Default, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Collateral Agent in its reasonable discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral, (iv) during the continuance of an Event of Default, to contact and enter into one or more agreements with the issuers of uncertificated securities which are Collateral owned by such Grantor and which are Securities or with financial intermediaries holding other Investment Property as may be necessary or advisable to give the Collateral Agent Control over such Securities or other Investment Property, (v) during the continuance of an Event of Default, to enforce payment of the Instruments, Accounts and Receivables in the name of the Collateral Agent or such Grantor, (vi) to apply the proceeds of any Collateral received by the Collateral Agent to the Secured Obligations as provided in Article VII and (vii) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder or under any other Loan Document), and each Grantor agrees to reimburse the Collateral Agent on demand for any reasonable payment made or any reasonable expense incurred by the Collateral Agent in connection therewith, provided that this authorization shall not relieve any Grantor of any of its obligations under this Security Agreement or under the Credit Agreement.

8.5. Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1.5, 4.1.6, 4.4, 5.2, or 8.7 or in Article VII hereof will cause irreparable injury to the Collateral Agent and the Holders of Secured Obligations, that the Collateral Agent and Holders of Secured Obligations have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Collateral Agent or the Holders of Secured Obligations to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 8.5 shall be specifically enforceable against the Grantors.

8.6. Use and Possession of Certain Premises. Upon the occurrence of an Event of Default, the Collateral Agent shall be entitled to occupy and use any premises owned or leased by the Grantors where any of the Collateral or any records relating to the Collateral are located until the Secured Obligations are paid or the Collateral is removed therefrom, whichever first occurs, without any obligation to pay any Grantor for such use and occupancy.

8.7. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1.5 hereof and notwithstanding any course of dealing between any Grantor and the Collateral Agent or other conduct of the Collateral Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1.5 hereof) shall be binding upon the Collateral Agent or the Holders of Secured Obligations unless such authorization is in writing signed by the Collateral Agent.

8.8. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Collateral Agent and the Holders of Secured Obligations and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that the Grantors shall not have the right to assign their rights or delegate their obligations under this Security Agreement or any interest herein, without the prior written consent of the Collateral Agent.

8.9. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.10. Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by a Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. The Grantors shall reimburse the Collateral Agent for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Collateral Agent) paid or incurred by the Collateral Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.11. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.12. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) any and all commitments to extend credit under the Loan Documents have terminated and (ii) all of the Secured Obligations (other than contingent indemnity obligations) have been indefeasibly paid in cash and performed in full and no commitments of the Collateral Agent or the Holders of Secured Obligations which would give rise to any Secured Obligations are outstanding.

8.13. Entire Agreement. This Security Agreement and the other Loan Documents embody the entire agreement and understanding between the Grantors and the Collateral Agent relating to the Collateral.

8.14. Governing Law; Jurisdiction; Waiver of Jury Trial.

8.14.1 **THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

8.14.2 Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Security Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each Grantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each Grantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Security Agreement or any other Loan Document shall affect any right that the Collateral Agent may otherwise have to bring any action or proceeding relating to this Security Agreement or any other Loan Document against any Grantor or its properties in the courts of any jurisdiction.

8.14.3 Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Security Agreement in any court referred to in Section 8.14.2. Each Grantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

8.14.4 Each party to this Security Agreement irrevocably consents to service of process in the manner provided for notices in Article IX of this Security Agreement, and each of the Grantors hereby appoints the Company as its agent for service of process. Nothing in this Security Agreement will affect the right of any party to this Security Agreement to serve process in any other manner permitted by law.

8.14.5 **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

8.15. Indemnity. Each Grantor hereby agrees, jointly with the other Grantors and severally, to indemnify the Collateral Agent and the Holders of Secured Obligations (collectively, the "Indemnitees"), and their respective successors, assigns, agents and employees, from and against any and all liabilities, damages, penalties, suits, costs and related expenses (including, without limitation, all reasonable expenses of litigation or preparation therefor whether or not the Collateral Agent or any Holder of Secured Obligations is a party thereto) imposed on, incurred by or asserted against the Collateral Agent or the Holders of Secured Obligations, or their respective successors, assigns, agents and employees, in any way relating to or arising out of this Security Agreement or any other Loan Document, or the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Collateral (including, without limitation, latent and other defects, whether or not discoverable by the Collateral Agent or the Holders of Secured Obligations or any Grantor, and any claim for patent, trademark or copyright infringement); provided that such indemnity shall not, as to any Indemnitee, and its successors, assigns, agents and employees, be available to the extent that such liabilities, damages, penalties, suits, costs, and related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee and its successors, assigns, agents and employees or from the material breach of such Indemnitee's obligations under the Loan Documents.

8.16. Subordination of Intercompany Indebtedness. Each Grantor agrees that any and all claims of such Grantor against any other Grantor (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), any endorser, obligor or any other guarantor of all or any part of the Secured Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Secured Obligations, provided that, and not in contravention of the foregoing, so long as no Event of Default has occurred and is continuing, such Grantor may make loans to and receive payments in the ordinary course of business with respect to such Intercompany Indebtedness from each such Obligor to the extent not prohibited by the terms of this Security Agreement and the other Loan Documents. Notwithstanding any right of any Grantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Grantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor shall be and are subordinated to the rights of the Holders of Secured Obligations and the Collateral Agent in those assets. No Grantor shall have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until this Security Agreement has terminated in accordance with Section 8.12 hereof. If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Obligor is dissolved or if substantially all of the assets of any such Obligor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Grantor ("Intercompany Indebtedness") shall be paid or delivered directly to the Collateral Agent for application on any of the Secured Obligations, due or to become due, until such Secured Obligations (other than contingent indemnity obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Grantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the termination of this Security Agreement in accordance with Section 8.12 hereof, such Grantor shall receive and hold the same in trust, as trustee, for the benefit of the Holders of Secured Obligations and shall forthwith deliver the same to the Collateral Agent, for the benefit of the Holders of Secured Obligations, in precisely the form received (except for the endorsement or assignment of the Grantor where necessary), for application to any of the Secured Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Grantor as the property of the Holders of Secured Obligations. If any such Grantor fails to make any such endorsement or assignment to the Collateral Agent, the Collateral Agent or any of its officers or employees is irrevocably authorized to make the same. Each Grantor agrees that until the termination of this Security Agreement in accordance with Section 8.12 hereof, no Grantor will assign or transfer to any Person (other than the Collateral Agent or the Company or another Grantor) any claim any such Grantor has or may have against any Obligor.

8.17. Severability. Any provision in this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.18. Counterparts. This Security Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Security Agreement.

ARTICLE IX

NOTICES

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be sent (and deemed received) in the manner and to the addresses set forth in Section 9.01 of the Credit Agreement. Any notice delivered to the Company shall be deemed to have been delivered to all of the Grantors.

9.2. Change in Address for Notices. Each of the Grantors, the Collateral Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE X

THE COLLATERAL AGENT

JPMorgan Chase Bank, National Association has been appointed Collateral Agent for the Holders of Secured Obligations hereunder pursuant to Article VIII of the Credit Agreement and the terms of the Intercreditor Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Collateral Agent hereunder is subject to the terms of the delegation of authority made by the Holders of Secured Obligations to the Collateral Agent pursuant to the Credit Agreement and the Intercreditor Agreement, and that the Collateral Agent has agreed to act (and any successor Collateral Agent shall act) as such hereunder only on the express conditions contained in such Article VIII. Any successor Collateral Agent appointed pursuant to Article VIII of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Collateral Agent hereunder.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the Grantors and the Collateral Agent have executed this Security Agreement as of the date first above written.

PHOTRONICS, INC.,
as a Grantor

By: _____
Name:
Title:

PHOTRONICS-TOPPAN TEXAS, INC.,
as a Grantor

By:

Name:
Title:

ALIGN-RITE INTERNATIONAL, INC.,
as a Grantor

By:
Name:
Title:

ALIGN-RITE, INC.,
as a Grantor

By:
Name:
Title:

PHOTRONICS ARIZONA, INC.,
as a Grantor

By:
Name:
Title:

PHOTRONICS CALIFORNIA, INC.,
as a Grantor

By:
Name:
Title:

PHOTRONICS TEXAS, INC.,
as a Grantor

By:
Name:
Title:

PHOTRONICS TEXAS I, LLC,
as a Grantor

By:
Name:
Title:

PHOTRONICS TEXAS I, LP,
as a Grantor

By:
Name:
Title:

PHOTRONICS TEXAS II, LLC,
as a Grantor

By:
Name:

Title:

PHOTRONICS TEXAS II, LP,
as a Grantor

By: _____
Name:
Title:

Signature Page to Security Agreement

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Collateral Agent

By: _____
Name:
Title:

Signature Page to Security Agreement

SCHEDULE 1
(See defined term "Collateral" in the Security Agreement)

Excluded Assets

[TO BE DISCUSSED]

EXHIBIT "A"
(See Sections 3.3, 3.4, 3.5 and 4.1.7 of Security Agreement)

Prior names, jurisdiction of formation, place of business (if Grantor has only one place of business), chief executive office (if Grantor has more than one place of business), mergers and mailing address:

_____
_____
_____
_____

Attention: _____

Locations of Real Property, Inventory, Equipment and Fixtures:

A. Owned Locations of Inventory, Equipment and Fixtures of the Grantors:

B. Leased Locations of Inventory, Equipment and Fixtures of the Grantors (Include Landlord's Name):

C. Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements (include name of warehouse operator or other bailee or consignee of

Inventory and Equipment of the Grantors):

EXHIBIT “B”
(See Sections 3.8 and 3.12 of Security Agreement)

Patents, copyrights and trademarks protected under federal law* and industrial designs:

* For (i) trademarks, show the trademark itself, the registration date and the registration number; (ii) trademark applications, show the trademark applied for, the application filing date and the serial number of the application; (iii) patents, show the patent number, issue date and a brief description of the subject matter of the patent; and (iv) patent applications, show the serial number of the application, the application filing date and a brief description of the subject matter of the patent applied for. Any licensing agreements for patents or trademarks should be described on a separate schedule.

EXHIBIT “C”
(See Section 3.8 of Security Agreement)

Legal description, county and street address of property on which
Fixtures are located:

Name and Address of Record Owner:

_____
_____
_____
_____

EXHIBIT “D”

List of Pledged Securities
(See Section 3.11 of Security Agreement)

A. STOCKS:

Issuer	Certificate Number	Number of Shares

B. BONDS:

Issuer	Number	Face Amount	Coupon Rate	Maturity

C. GOVERNMENT SECURITIES:

Issuer	Number	Type	Face Amount	Coupon Rate	Maturity

D. OTHER SECURITIES OR OTHER INVESTMENT PROPERTY
(CERTIFICATED AND UNCERTIFICATED):

Issuer	Description of Collateral	Percentage Ownership Interest

EXHIBIT “E”
(See Section 3.1 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

EXHIBIT “F”
(See Definition of “Commercial Tort Claims”)

COMMERCIAL TORT CLAIMS

[Describe parties, case number (if applicable), nature of dispute]

EXHIBIT "G"
(See Section 3.10 of Security Agreement)

FEDERAL EMPLOYER IDENTIFICATION NUMBER;
STATE ORGANIZATION NUMBER; JURISDICTION OF INCORPORATION

GRANTOR*	Federal Employer Identification Number	Type of Organization	State of Organization or Incorporation	State Organization Number
Photronics, Inc.	[_____]	Corporation	Connecticut	[_____]
Photronics-Toppan Texas, Inc.		Corporation	Texas	
Align-Rite International, Inc.	[_____]	[_____]	[_____]	[_____]
Align-Rite, Inc.	[_____]	[_____]	[_____]	[_____]
Photronics Arizona, Inc.	[_____]	[_____]	[_____]	[_____]
Photronics California, Inc.	[_____]	[_____]	[_____]	[_____]
Photronics Texas, Inc.	[_____]	[_____]	[_____]	[_____]
Photronics Texas I, LLC	[_____]	[_____]	[_____]	[_____]
Photronics Texas I, LP	[_____]	[_____]	[_____]	[_____]
Photronics Texas II, LLC	[_____]	[_____]	[_____]	[_____]
Photronics Texas II, LP	[_____]	[_____]	[_____]	[_____]

_____
* Borrower to confirm.

ANNEX I

to

SECURITY AGREEMENT

Reference is hereby made to the Security Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), dated as of December 12, 2008, made by each of PHOTRONICS, INC., a Connecticut corporation (the "Company") and the other Subsidiaries of the Company listed on the signature pages thereto (together with the Company, the "Initial Grantors", and together with any additional Subsidiaries, including the undersigned, which become parties thereto by executing a Supplement in substantially the form hereof, the "Grantors"), in favor of the Collateral Agent. Capitalized terms used herein and not defined herein shall have the meanings given to them in the Agreement. By its execution below, the undersigned, [NAME OF NEW GRANTOR], a [_____] [corporation/limited liability company/limited partnership] (the "New Grantor") agrees to become, and does hereby become, a Grantor under the Agreement and agrees to be bound by the Agreement as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in the Agreement are true and correct in all respects as of the date hereof. New Grantor represents and warrants that the supplements to the Exhibits to the Agreement attached hereto are true and correct in all respects and such supplements set forth all information required to be scheduled under the Agreement. New Grantor shall take all steps necessary and required under the Agreement to perfect, in favor of the Collateral Agent, a first-priority security interest in and lien against New Grantor's Collateral.

IN WITNESS WHEREOF, the New Grantor has executed and delivered this Annex I counterpart to the Agreement as of this _____ day of _____, 20___.

[NAME OF NEW GRANTOR]

By:_____
Title:_____

AMENDMENT NO. 5

Dated as of May 15, 2009

to

CREDIT AGREEMENT

Dated as of June 6, 2007

THIS AMENDMENT NO. 5 ("Amendment") is made as of May 15, 2009 by and among Photronics, Inc. (the "Company"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and as Collateral Agent (in such capacity, the "Collateral Agent"), under that certain Credit Agreement dated as of June 6, 2007 by and among the Company, the Lenders, the Administrative Agent and the Collateral Agent (as amended by that certain Amendment No. 1 thereto, dated as of April 25, 2008, that certain Amendment No. 2 thereto, dated as of October 31, 2008, that certain Amendment No. 3 thereto, dated as of December 3, 2008 and that certain Amendment No. 4 thereto, dated as of December 12, 2008, and as may be further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Company has requested that the Lenders, the Administrative Agent and the Collateral Agent agree to certain amendments to the Credit Agreement;

WHEREAS, the Lenders party hereto, the Administrative Agent and the Collateral Agent have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Lenders party hereto, the Administrative Agent and the Collateral Agent have agreed to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the date of satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) The definition of "Adjusted LIBO Rate" appearing in Article I of the Credit Agreement is amended to add the phrase "an interest rate per annum which is the greater of (1) 2.00% and (2)" immediately before the phrase "an interest rate per annum" appearing therein.

(b) Article I of the Credit Agreement is amended to add the following definitions thereto and, where applicable, to replace the corresponding previously existing definitions:

"Aggregate Commitment" means the aggregate of the Commitments of all of the Lenders, as reduced or increased from time to time pursuant to the terms and conditions hereof. As of the Amendment No. 5 Effective Date, the Aggregate Commitment is $130,000,000.

"Amendment No. 5 Effective Date" means May 15, 2009.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Revolving Loan, or any ABR Revolving Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread", "ABR Spread" or "Commitment F Rate", as the case may be:

Eurocurrency Spread	ABR Spread	Commitment Fee Rate
6.00%	5.00%	1.00%

"Chinese Credit Facility" means the RMB186,000,000 credit facility evidenced by that certain Amended and Restated Agreement by and among Photronics In Technologies (Shanghai) Co., Ltd., JPMorgan Chase Bank (China) Company Limited, Shanghai Branch, as original lender and as administrative agent and the oth financial institutions party thereto.

"Chinese Credit Facility Paydown" means any prepayment, or payment upon maturity, of the principal amount of loans outstanding under the Chinese Credit Facility (or replacement facility contemplated by Section 5.10) prior to the Maturity Date but excluding (i) prepayments or payments arising from the Chinese Fac Sale or from a casualty, condemnation or similar event in respect of the assets of Photronics China and (ii) a prepayment, to occur on or about January 31, 2010, o third (approximately $9,100,000 but subject to currency fluctuations) of the outstanding principal amount of the Chinese Credit Facility.

"Loans" means the loans made by the Lenders to the Borrowers, or otherwise incurred by the Borrowers, pursuant to this Agreement.

"Maturity Date" means January 31, 2011.

"Synthetic Lenders" means those Lenders with branches or Affiliates party to the Chinese Credit Facility.

"Synthetic Rate" means, at any time the same is to be determined, the difference (if positive) of (x) the rate applicable to the applicable Loans at such time pur to this Agreement *minus* (y) the rate applicable to the loans under the Chinese Credit Facility at such time, in each case as reasonably determined by the Administr Agent.

(c) Section 2.06(h) of the Credit Agreement is amended to delete the reference "Section 2.13(c)" appearing therein and to replace such reference with the reference "Section 2.13(e)".

(d) Section 2.09(c) of the Credit Agreement is amended and restated in its entirety to read as follows:

(c) Notwithstanding anything herein to the contrary, the Commitments shall, without any action by or notice to the Company, automatically and irrevocably be reduced (i) by $20,000,000 on January 31, 2010 with such reduction allocated ratably among the Lenders in proportion to their respective Applicable Percentages; provided that the amount of such reduction shall be reduced by any Commitment reduction and concurrent prepayment of the Loans made on account of Qualified Asset Sales pursuant to Section 2.11(c) and (ii) in the event of a Chinese Credit Facility Paydown, by a pro rata amount based on the Aggregate Commitment at the time of such Chinese Credit Facility Paydown and the aggregate outstanding principal amount of loans under the Chinese Credit Facility immediately prior to giving effect to such Chinese Credit Facility Paydown. Such reduction shall be accompanied by a prepayment of the Loans (excluding any PIK Interest capitalized and added to the principal amount of the Loans pursuant to Section 2.13(c)) by the Company on such date (or, if such day is not a Business Day, on the immediately succeeding Business Day) such that the Dollar Amount of the sum of the Revolving Credit Exposures does not exceed the Aggregate Commitment immediately after giving effect to such reduction.

(e) Section 2.11(b)(i) of the Credit Agreement is amended to add the phrase "excluding any PIK Interest capitalized and added to the principal amount of the Loans pursuant to Section 2.13(c) and" immediately before the phrase "calculated, with respect to" appearing therein.

(f) Section 2.13(d) of the Credit Agreement is amended to delete the phrase "paragraph (c) of this Section" appearing therein and to replace such phrase with the phrase "paragraph (e) of this Section".

(g) Section 2.13 of the Credit Agreement is amended to (i) change clauses (c), (d) and (e) thereof to new clauses (e), (f) and (g) thereof, respectively and (ii) add the following as a new clauses (c) and (d) thereof, respectively:

(c) In addition to the foregoing, (i) Loans in the outstanding principal amount of $50,000,000 shall, from and after the Amendment No. 5 Effective Date throug Maturity Date and thereafter until the Obligations are paid in full, bear additional interest on the unpaid principal amount thereof (i.e., the $50,000,000 or the adjus amount set forth in the last sentence of this clause (c)) at the rate of 1.5% per annum, such rate to increase to 2.0% per annum at the commencement of the Compa fiscal quarter ending on or about November 1, 2009, to 2.5% per annum at the commencement of the Company's fiscal quarter ending on or about January 31, 201 3.0% per annum at the commencement of the Company's fiscal quarter ending on or about May 2, 2010 and to 3.5% per annum at the commencement of the Com fiscal quarter ending on or about August 1, 2010 and (ii) the remaining balance of the Loans shall bear additional interest on the unpaid principal amount thereof (i net of the $50,000,000 set forth in clause (i) above or the adjusted amount set forth in the last sentence of this clause (c)) at the rate of 0.5% per annum, such rate t increase to 1.0% per annum at the commencement of the Company's fiscal quarter ending on or about November 1, 2009, to 1.5% per annum at the commenceme the Company's fiscal quarter ending on or about January 31, 2010, to 2.0% per annum at the commencement of the Company's fiscal quarter ending on or about M 2010 and to 2.5% per annum at the commencement of the Company's fiscal quarter ending on or about August 1, 2010 (the interest set forth in this Section 2.13(c being referred to herein as the "PIK Interest"). The Company shall have the option to pay all or part of the PIK Interest in cash on each Interest Payment Date.

Any PIK Interest not paid in cash on the applicable Interest Payment Date shall on such date be capitalized and added to the aggregate principal amount of the Loa Amounts representing any accrued but unpaid PIK Interest that has been capitalized and added to the aggregate principal amount of the Loans as set forth herein sl thereafter bear interest in accordance with this Section 2.13. In determining the PIK Interest rate to be applied, in the event the Company reduces the Commitment concurrently prepays the Loans, to reduce the amount thereof in excess of the amount required by Section 2.09(c), the amount of such excess will be deducted fro $50,000,000 set forth in clause (i) above in calculating the PIK Interest.

(d) In addition to the foregoing, Loans owing to the Synthetic Lenders in the outstanding principal amount of $27,200,000 shall, from and after the Amendmer 5 Effective Date through the date on which the Synthetic Lenders enter into the replacement of the Chinese Credit Facility as contemplated by Section 5.10, bear additional interest on the unpaid principal amount thereof at the Synthetic Rate (to be paid ratably in proportion to the Synthetic Lenders' branches and Affiliates p rata share of the loans outstanding under the Chinese Credit Facility).

(h) Section 5.01(b) of the Credit Agreement is amended to (i) add the phrase "(i)" immediately before the phrase "as soon as the same is available" appearing therein and (ii) to add the following to the end thereof:

(ii) as soon as available but in any event within ten (10) Business Days after the end of each fiscal month of the Company, a report (organized and detailed on jurisdiction basis) reflecting the amount of unrestricted cash balances and Permitted Investments maintained by the Company and its Subsidiaries in each such jurisdiction as of the end of such month and (iii) as soon as the same is available but in any event within forty five (45) days after the end of each fiscal quarter of fiscal year of the Company, projections of the cash flows for the following fiscal quarter of the Company, in a form reasonably satisfactory to the Administrative A

(i) Section 5.12 of the Credit Agreement is amended to (i) add the phrase "(i)" immediately before the phrase "provide a report" appearing therein and (ii) to add the phrase "and (ii) provide such services from time to time as are requested by the Administrative Agent" immediately after the date "March 31, 2009" appearing therein.

(j) Section 6.11(a) of the Credit Agreement is amended to delete the table appearing therein and to replace such table with the following table:

Fiscal Quarter Ending On or About	Maximum Senior Leverage Ratio
February 1, 2009	2.25 to 1.00
May 3, 2009	2.75 to 1.00
August 2, 2009	3.00 to 1.00
November 1, 2009	3.00 to 1.00
January 31, 2010	2.50 to 1.00
May 2, 2010	2.25 to 1.00
August 1, 2010	2.00 to 1.00
October 31, 2010	1.75 to 1.00
January 30, 2011 and each Fiscal Quarter ending thereafter	1.25 to 1.00

(k) Section 6.11(b) of the Credit Agreement is amended to delete the table appearing therein and to replace such table with the following table:

Fiscal Quarter Ending On or About	Maximum Total Leverage Ratio
February 1, 2009	2.50 to 1.00
May 3, 2009	3.00 to 1.00
August 2, 2009	3.25 to 1.00
November 1, 2009	3.25 to 1.00
January 31, 2010	2.75 to 1.00
May 2, 2010	2.50 to 1.00
August 1, 2010	2.25 to 1.00
October 31, 2010	2.00 to 1.00
January 30, 2011 and each Fiscal Quarter ending thereafter	1.50 to 1.00

(l) Section 6.11(c) of the Credit Agreement is amended and restated in its entirety to read as follows:

(c) Minimum Unrestricted Cash Balances. The Company will not permit the aggregate amount of unrestricted cash balances and Permitted Investments mainta by the Company and its Subsidiaries to be less than $50,000,000 (provided that, during the Company's fiscal quarter ending on or about January 31, 2010, such an shall not be less than $45,000,000). For the avoidance of doubt, any cash deposited with the Collateral Agent pursuant to the terms of the Collateral Documents sh deemed to be unrestricted cash.

(m) Section 6.11(d) of the Credit Agreement is amended and restated in its entirety to read as follows:

(d) Minimum Fixed Charge Coverage Ratio. The Company will not permit the ratio (the "Fixed Charge Coverage Ratio"), determined as of the end of each of fiscal quarters set forth below, of (i) Consolidated EBITDA to (ii) Consolidated Fixed Charges, in each case for the period of four (4) consecutive fiscal quarters e with the end of such fiscal quarter, all calculated for the Company and its Subsidiaries on a consolidated basis, to be less than the ratio set forth opposite such fisca quarter:

Fiscal Quarter Ending On or About	Minimum Fixed Charge Coverage Ratio
May 3, 2009	2.00 to 1.00
August 2, 2009	1.85 to 1.00
November 1, 2009	1.75 to 1.00
January 31, 2010	1.50 to 1.00
May 2, 2010	1.75 to 1.00
August 1, 2010	2.00 to 1.00
October 31, 2010 and each Fiscal Quarter ending thereafter	2.25 to 1.00

(n) Section 6.11(e) of the Credit Agreement is amended and restated in its entirety to read as follows:

(e) Minimum EBITDA. The Company will not permit Consolidated EBITDA for the period of six consecutive fiscal months ending at the end of each fiscal q on or about the dates set forth below to be less than the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Minimum Consolidated EBITDA (Trailing 6 Months)
February 1, 2009	$40,000,000
May 3, 2009	$27,500,000
August 2, 2009	$32,000,000
November 1, 2009	$40,000,000
January 31, 2010	$42,500,000
May 2, 2010	$45,000,000
August 1, 2010	$50,000,000
October 31, 2010 and each Fiscal Quarter ending thereafter	$55,000,000

(o) Section 6.11(f) of the Credit Agreement is amended and restated in its entirety to read as follows:

(f) Maximum Capital Expenditures. The Company will not, nor will it permit any Subsidiary to, make Capital Expenditures in an amount (in the aggregate for Company and its Subsidiaries) during the period of 4 consecutive fiscal quarters ending as of the end of each of its fiscal quarters set forth below in excess of the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Maximum Capital Expenditures
February 1, 2009	$65,000,000
May 3, 2009	$57,500,000
August 2, 2009	$55,000,000
November 1, 2009	$52,500,000
January 31, 2010	$52,500,000
May 2, 2010	$47,500,000
August 1, 2010	$47,500,000
October 31, 2010	$52,500,000
January 30, 2011 and each Fiscal Quarter ending thereafter	$65,000,000

(p) Article VIII of the Credit Agreement is amended to delete the reference "Section 9.02(c)" appearing in the ninth paragraph thereof and to replace such reference with the reference "Section 9.02(b)".

(q) Schedule 2.01 to the Credit Agreement is amended and restated in its entirety as set forth and attached as Annex I hereto. The Company hereby agrees to compensate each Lender for any and all losses, costs and expenses incurred by such Lender in connection with the prepayment of any Loans described in Section 2(a) below, in each case on the terms and in the manner set forth in Section 2.16 of the Credit Agreement.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Company shall have prepaid the Loans and/or cash collateralized the LC Exposure such that after giving effect thereto and to the reductions in the Commitments pursuant hereto, each Lender's Applicable Percentage of the Obligations is equal to such Lender's Applicable Percentage of the Aggregate Commitment (as reduced hereby), (b) the Administrative Agent shall have received (i) counterparts of this Amendment duly executed by the Company, the Lenders and the Administrative Agent and the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors and (ii) executed commitment letters from each Lender (if such Lender has a branch or affiliate party to the Chinese Credit Facility) in respect of a replacement of the Chinese Credit Facility with a maturity date that is the same as the Maturity Date (as extended hereby), (c) the Company shall have entered into such warrant-related documents as are requested by the Lenders (or their affiliates) and the Administrative Agent shall have received, for distribution to each Lender, the warrants contemplated by such warrant-related documents, (d) the Company and its Subsidiaries shall have delivered to the Administrative Agent and the Collateral Agent all instruments, documents and opinions of counsel requested by the Administrative Agent and the Collateral Agent in connection with this Amendment, (e) the Company shall have paid to the Administrative Agent, for the account of each Lender that executes and delivers its signature page hereto by such time as is requested by the Administrative Agent, an amendment fee equal to 0.50% of such Lender's Commitment (as reduced hereby on the date hereof) and (f) the Company shall have paid all of the fees of the Administrative Agent and its affiliates (including, to the extent invoiced, reasonable attorneys' fees and expenses of the Administrative Agent) in connection with this Amendment and the other Loan Documents.

3. Representations and Warranties of the Company and Acknowledgements and Confirmations. The Company hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Company set forth in the Credit Agreement, as amended hereby, are true and correct as of the date hereof.

(c) The Company (and by its execution of the Consent and Reaffirmation attached hereto, each Subsidiary Guarantor) hereby acknowledges and confirms that (i) it does not have any grounds, and hereby agrees not to challenge (or to allege or to pursue any matter, cause or claim arising under or with respect to) the effectiveness, genuineness, validity, collectibility or enforceability of the Credit Agreement or any of the other Loan Documents, the Secured Obligations, the Liens securing such Secured Obligations, or any of the terms or conditions of any Loan Document and (ii) it does not possess (and hereby forever waives, remises, releases, discharges and holds harmless the Lenders, the Agents and their respective affiliates, stockholders, directors, officers, employees, attorneys, agents and representatives and each of their respective heirs, executors, administrators, successors and assigns (collectively, the "Indemnified Parties") from and against, and agrees not to allege or pursue) any action, cause of action, suit, debt, claim, counterclaim, cross-claim, demand, defense, offset, opposition, demand and other right of action whatsoever, whether in law, equity or otherwise (which it, all those claiming by, through or under it, or its successors or assigns, have or may have) against the Indemnified Parties, or any of them, by reason of, any matter, cause or thing whatsoever, with respect to events or omissions occurring or arising on or prior to the date hereof and relating to the Credit Agreement or any of the other Loan Documents (including, without limitation, with respect to the payment, performance, validity or enforceability of the Secured Obligations, the Liens securing the Secured Obligations or any or all of the terms or conditions of any Loan Document) or any transaction relating thereto.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

PHOTRONICS, INC.,
as the Company

By: _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
individually as a Lender, as the Swingline Lender, as the Issuing Bank and as Administrative Agent

By: _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: _____
Name:
Title:

RBS CITIZENS, NATIONAL ASSOCIATION (successor by merger to Citizens Bank of Massachusetts), individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION, individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

CITIBANK, N.A., individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

Signature Page to Amendment No. 5
Photronics, Inc.
Credit Agreement dated as of June 6, 2007

BANK OF AMERICA, N.A., as a Lender

By: _____
Name:
Title:

Signature Page to Amendment No. 5
Photronics, Inc.
Credit Agreement dated as of June 6, 2007

UBS LOAN FINANCE LLC, as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

Signature Page to Amendment No. 5
Photronics, Inc.
Credit Agreement dated as of June 6, 2007

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 5 to the Credit Agreement dated as of June 6, 2007 (as amended by that certain Amendment No. 1 thereto, dated as of April 25, 2008, that certain Amendment No. 2 thereto, dated as of October 31, 2008, that certain Amendment No. 3 thereto, dated as of December 3, 2008, and that certain Amendment No. 4 thereto, dated as of December 12, 2008, and as may be further amended, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among Photronics, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (together with the Company, the "Borrowers"), the financial institutions from time to time party thereto (the "Lenders") and JPMorgan Chase Bank, National Association, as Administrative Agent and Collateral Agent (the "Administrative Agent"), which Amendment No. 5 is dated as of May 15, 2009 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Agent or any Lender, each of the undersigned consents to the Amendment and reaffirms the terms and conditions of the Subsidiary Guaranty and any other Loan Document executed by it and acknowledges and agrees that such agreements and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

Dated: May 15, 2009

[Signature Page Follows]

ALIGN-RITE, INC.

By: _____

ALIGN-RITE INTERNATIONAL, INC.

By: _____

Name:
Title:

Name:
Title:

PHOTRONICS ARIZONA, INC.

By: _____
Name:
Title:

PHOTRONICS CALIFORNIA, INC.

By: _____
Name:
Title:

PHOTRONICS TEXAS, INC.

By: _____
Name:
Title:

PHOTRONICS TEXAS ALLEN, INC. (formerly known as Photronics-Toppan Texas, Inc.)

By: _____
Name:
Title:

PHOTRONICS TEXAS I, LLC

By: Photronics Texas, Inc., its Sole Member

By: _____
Name:
Title:

PHOTRONICS TEXAS I, LP

By: Photronics Texas, Inc., its General Partner

By: _____
Name:
Title:

PHOTRONICS TEXAS II, LLC

By: Photronics-Toppan Texas, Inc., its Sole Member

By: _____
Name:
Title:

PHOTRONICS TEXAS II, LP

By: Photronics-Toppan Texas, Inc., its General Partner

By: _____
Name:
Title:

Signature Page to Consent and Reaffirmation to Amendment No. 5
Photronics, Inc.
Credit Agreement dated as of June 6, 2007

ANNEX I

SCHEDULE 2.01

COMMITMENTS

LENDER	COMMITMENT
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	$27,258,064.52
RBS CITIZENS, NATIONAL ASSOCIATION	$23,064,516.13
HSBC BANK USA, NATIONAL ASSOCIATION	$25,161,290.32
CITIBANK, N.A.	$25,161,290.32
BANK OF AMERICA, N.A.	$16,774,193.55
UBS LOAN FINANCE LLC	$12,580,645.16
AGGREGATE COMMITMENT	**$130,000,000**

AMENDMENT NO. 1

Dated as of May 15, 2009

to

SECOND AMENDED AND RESTATED GUARANTEE AGREEMENT

Dated as of March 23, 2009

THIS AMENDMENT NO. 1 (the **Amendment)** is made as of May 15, 2009 by and between Photronics, Inc. (the **Guarantor**) and JPMorgan Chase Bank (China) Company Limited, Shanghai Branch, as Administrative Agent (for and on behalf of itself and the Majority Lenders under the Restated Credit Agreement) (the **Administrative Agent**), under that certain Second Amended and Restated Guarantee Agreement dated as of March 23, 2009 by and between the Guarantor and the Administrative Agent (for and on behalf of itself and the other Finance Parties from time to time party to the Restated Credit Agreement) (the **Guarantee Agreement**). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Guarantee Agreement.

WHEREAS, the Guarantor has requested that the Administrative Agent and the Majority Lenders agree to certain amendments to the Guarantee Agreement;

WHEREAS, the Guarantor, the Administrative Agent and the Majority Lenders have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor and the Administrative Agent (for and on behalf of itself and the Majority Lenders under the Restated Credit Agreement) have agreed to enter into this Amendment.

1. Amendments to Guarantee Agreement. Effective as of the date of satisfaction of the conditions precedent set forth in Section 2 below, the Guarantee Agreement is hereby amended as follows:

(a) Section 7.11(a) of the Guarantee Agreement is amended to delete the table appearing therein and to replace such table with the following table:

Fiscal Quarter Ending On or About	Maximum Senior Leverage Ratio
February 1, 2009	2.25 to 1.00
May 3, 2009	2.75 to 1.00
August 2, 2009	3.00 to 1.00
November 1, 2009	3.00 to 1.00
January 31, 2010	2.50 to 1.00

(b) Section 7.11(b) of the Guarantee Agreement is amended to delete the table appearing therein and to replace such table with the following table:

Fiscal Quarter Ending On or About	Maximum Total Leverage Ratio
February 1, 2009	2.50 to 1.00
May 3, 2009	3.00 to 1.00
August 2, 2009	3.25 to 1.00
November 1, 2009	3.25 to 1.00
January 31, 2010	2.75 to 1.00

(c) Section 7.11(c) of the Guarantee Agreement is amended and restated in its entirety to read as follows:

(c) Minimum Unrestricted Cash Balances. The Guarantor will not permit the aggregate amount of unrestricted cash balances and Permitted Investments maintained by the Guarantor and its Subsidiaries to be less than $50,000,000 (provided that, during the Guarantor's fiscal quarter ending on or about January 31, 2010, such amount shall not be less than $45,000,000). For the avoidance of doubt, any cash deposited with the Collateral Agent pursuant to the terms of the Collateral Documents shall be deemed to be unrestricted cash.

(d) Section 7.11(d) of the Guarantee Agreement is amended and restated in its entirety to read as follows:

(d) Minimum Fixed Charge Coverage Ratio. The Guarantor will not permit the ratio (the **Fixed Charge Coverage Ratio**), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated EBITDA to (ii) Consolidated Fixed Charges, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Guarantor and its Subsidiaries on a consolidated basis, to be less than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Minimum Fixed Charge Coverage Ratio
May 3, 2009	2.00 to 1.00
August 2, 2009	1.85 to 1.00
November 1, 2009	1.75 to 1.00
January 31, 2010	1.50 to 1.00

(e) Section 7.11(e) of the Guarantee Agreement is amended and restated in its entirety to read as follows:

(e) Minimum EBITDA. The Guarantor will not permit Consolidated EBITDA for the period of six consecutive fiscal months ending at the end of each fiscal quarter on or about the dates set forth below to be less than the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Minimum Consolidated EBITDA (Trailing 6 Months)
February 1, 2009	$40,000,000
May 3, 2009	$27,500,000
August 2, 2009	$32,000,000
November 1, 2009	$40,000,000
January 31, 2010	$42,500,000

(f) Section 7.11(f) of the Guarantee Agreement is amended and restated in its entirety to read as follows:

(f) Maximum Capital Expenditures. The Guarantor will not, nor will it permit any Subsidiary to, make Capital Expenditures in an amount (in the aggregate for the Guarantor and its Subsidiaries) during the period of 4 consecutive fiscal quarters ending as of the end of each of its fiscal quarters set forth below in excess of the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Maximum Capital Expenditures
February 1, 2009	$65,000,000
May 3, 2009	$57,500,000
August 2, 2009	$55,000,000
November 1, 2009	$52,500,000
January 31, 2010	$52,500,000

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) Amendment No. 5 to the U.S. Facility Agreement shall have become effective in accordance with the terms set forth therein, (b) the Administrative Agent shall have received counterparts of this Amendment duly executed by the Guarantor and the Administrative Agent (for and on behalf of itself and the Majority Lenders under the Restated Credit Agreement), (c) the Guarantor shall have paid all of the fees of the Administrative Agent and its affiliates (including, to the extent invoiced, reasonable attorneys' fees and expenses of the Administrative Agent) in connection with this Amendment and the other Finance Documents.

3. Representations and Warranties of the Guarantor and Acknowledgements and Confirmations. The Guarantor hereby represents and warrants as follows:

(a) This Amendment and the Guarantee Agreement, as amended hereby, constitute legal, valid and binding obligations of the Guarantor and are enforceable against the Guarantor in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Guarantor set forth in the Guarantee Agreement, as amended hereby, are true and correct as of the date hereof, except for representations and warranties which expressly refer to an earlier date, in which case such representations and warranties were true and correct as of each such earlier date.

(c) The Guarantor further represents, warrants and confirms that no authorization, approval or consent of, and no filing or registration with, any governmental or regulatory authority or agency (including, without limitation, any registration of this Amendment with the State Administration of Foreign Exchange) is required on the part of the Guarantor for the Guarantor to make and give this Amendment and to perform its obligations under the Guarantee Agreement, as amended hereby, in respect of the transactions contemplated by Restated Credit Agreement.

(d) The Guarantor hereby acknowledges and confirms that (i) it does not have any grounds, and hereby agrees not to challenge (or to allege or to pursue any matter, cause or claim arising under or with respect to) the effectiveness, genuineness, validity, collectibility or enforceability of the Restated Credit Agreement or any of the other Finance Documents, the Secured Obligations, the Liens securing such Secured Obligations, or any of the terms or conditions of any Finance Document and (ii) it does not possess (and hereby forever waives, remises, releases, discharges and holds harmless the Lenders, the Agents and their respective affiliates, stockholders, directors, officers, employees, attorneys, agents and representatives and each of their respective heirs, executors, administrators, successors and assigns (collectively, the "Indemnified Parties") from and against, and agrees not to allege or pursue) any action, cause of action, suit, debt, claim, counterclaim, cross-claim, demand, defense, offset, opposition, demand and other right of action whatsoever, whether in law, equity or otherwise (which it, all those claiming by, through or under it, or its successors or assigns, have or may have) against the Indemnified Parties, or any of them, by reason of, any matter, cause or thing whatsoever, with respect to events or omissions occurring or arising on or prior to the date hereof and relating to the Restated Credit Agreement or any of the other Finance Documents (including, without limitation, with respect to the payment, performance, validity or enforceability of the Secured Obligations, the Liens securing the Secured Obligations or any or all of the terms or conditions of any Finance Document) or any transaction relating thereto.

4. Reference to and Effect on the Guarantee Agreement.

(a) Upon the effectiveness hereof, each reference to the Guarantee Agreement in the Guarantee Agreement or any other Finance Document shall mean and be a reference to the Guarantee Agreement as amended hereby.

(b) Except as specifically amended above, the Guarantee Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Guarantee Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

PHOTRONICS, INC.,
as the Guarantor

By:_____
Name:
Title:

JPMORGAN CHASE BANK (CHINA) COMPANY LIMITED, SHANGHAI BRANCH, as Administrative Agent (for and on behalf of itself and the Majority Lenders under the Restated Credit Agreement)

By:_____
Name:
Title:

WARRANT AGREEMENT

dated as of May 15, 2009

by and among

PHOTRONICS, INC.

and

THE PURCHASERS NAMED HEREIN

TABLE OF CONTENTS

THIS WARRANT AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "***Agreement***"), dated as of May 15, 2009, by and among Photronics, Inc., a Connecticut corporation (the "***Company***"), the Purchasers listed on the signature pages hereto (the "***Purchasers***") and each Person executing a Joinder Agreement as contemplated by Section 11(j).

W I T N E S S E T H:

WHEREAS, the Company and the Purchasers are each party to a Credit Agreement (as hereinafter defined); and

WHEREAS, in connection with an amendment of the Credit Agreement, the Company has agreed to issue warrants (the "***Warrants***") to purchase shares of common stock, par value $0.01, of the Company (the "***Common Stock***", and the Common Stock issuable on exercise of the Warrants being referred to herein as the "***Warrant Shares***").

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Definitions

(a) Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

"***Affiliate***" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. The term "control" (as used in the terms "controlling", "controlled by" or "under common control with") means holding the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity securities, contract or otherwise.

"***Agreed Rate***" shall mean ten percent (10%) per annum.

"***Aggregate Consideration***" means the Aggregate Option Consideration or the Aggregate Convertible Security Consideration, as applicable.

"***Appraised Value***" per share of Common Stock as of a date specified herein shall mean the value of such share as of such date as determined by an independent investment bank having experience in the valuation of companies similar to the Company, selected by the Company and reasonably acceptable to the Holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of outstanding Warrants. The Company shall select such investment bank within fifteen (15) days of notice from a Holder of the need to determine the Appraised Value. If the investment bank selected by the Company is not reasonably acceptable to such Holders, and the Company and such Holders cannot agree on a mutually acceptable investment bank within fifteen (15) days of its selection by the Company, then the Company and such Holders shall each choose one such investment bank within fifteen (15) days and the respective chosen firms (or, if only one firm is chosen because the other party fails to choose, then such one chosen firm) shall jointly select within fifteen (15) days of their selection a third investment bank, which shall make the determination within thirty (30) days of its selection.

The Company shall pay the costs and fees of each such investment bank (including any such investment bank selected by such Holders), and the decision of the investment bank making such determination of Appraised Value shall be final and binding on the Company and all affected Holders. Such Appraised Value shall be determined as a pro rata portion of the equity value of the Company taken as a whole, on a fully diluted basis based on the equity value of the Company as a going concern, as determined by such selected investment bank, as described above, using methodologies customary for valuations of companies similar to the Company. No discount shall be applied on account of (i) any Warrants or Warrant Stock representing a minority interest, (ii) any lack of liquidity of the Common Stock or the Warrants, (iii) the fact that the Warrants or Warrant Stock may constitute "restricted securities" for securities law purposes, (iv) the existence of any call option or (v) any other grounds.

"***Board***" means the board of directors of the Company or any duly authorized committee thereof.

"***Business Day***" means any day that is not a Saturday, Sunday or other day on which banking institutions are required or authorized by law to be closed in New York, New York.

"***Capital Stock***" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"***Charter***" means the Certificate of Incorporation of the Company, as amended and in effect on the Closing Date, and as such Charter may thereafter from time to time be amended in accordance with applicable law and such Charter.

"***Closing Date***" means the date hereof.

"***Commission***" means the United States Securities and Exchange Commission.

"***Common Deemed Outstanding***" means, at any given time, the number of shares of Common Stock actually outstanding at such time, plus the number of shares of Common Stock deemed to be outstanding pursuant to Sections 6(c)(i) and (ii) whether or not the Options or Convertible Securities are actually convertible or exercisable at such time.

"***Convertible Securities***" means any shares of stock or other securities that are, directly or indirectly, convertible into or exchangeable for shares of Common Stock.

"***Credit Agreement***" means the Credit Agreement dated as of June 6, 2007 (as the same may be amended, restated or modified from time to time) by and among the Company, as borrower, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent.

"***Current Market Price***" means, as of any specified date, the last sale price, regular way, on such day on the principal stock exchange or market system on which such Common Stock is then listed or admitted to trading, or, if no such sale takes place on such day, the average of the closing bid and asked prices for the Common Stock on such day as reported on such stock exchange or market system.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder and any successor statute.

"***Excluded Securities***" means shares of Common Stock issued by the Company to employees pursuant to restricted stock awards in an amount not to exceed 500,000 shares outstanding.

"***Exercise Price***" means the purchase price per Warrant Share to be paid upon the exercise of each Warrant in accordance with the terms hereof, which price shall be the Initial Exercise Price, as adjusted in accordance with the terms of this Agreement.

"***Expiration Time***" means 5:00 p.m., New York, New York time on May 15, 2014.

"***Fair Market Value***" means (i) with respect to cash, the amount of such cash and (ii) with respect to any other asset, the fair market value of such asset as determined in good faith by the Board and certified in a board resolution.

"***Governmental Authority***" means any foreign, federal, state or local court, administrative body or other governmental or quasi-governmental entity with competent jurisdiction.

"***Holder***" means a Person who is listed as a record owner of Warrants, Warrant Shares and any other securities issued or issuable with respect to the Warrants or the Warrant Shares by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization; it being understood that the Purchasers shall be Holders as of the Closing Date.

"***Initial Exercise Price***" means $0.01 per Warrant Share.

"***Joinder Agreement***" means a Joinder Agreement substantially in the form of Exhibit B.

"***Knowledge***" means, with respect to any Person other than an individual, the actual knowledge of the executive officers of such Person.

"***Legal Requirement***" means any law, statute, treaty, rule, regulation, determination of an arbitrator, a court or other Governmental Authority or a stock exchange.

"***Lien***" means any lien, claim, option, charge, encumbrance, security interest or other adverse claim of any kind.

"***Officer***" means, with respect to any Person, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"***Options***" means any agreements, rights, warrants or options to subscribe for or purchase Common Stock or Convertible Securities.

"***Original Warrant Share Amount***" means, with respect to a Warrant, the aggregate number of Warrant Shares for which such Warrant would be exercisable without giving effect to the provisions of Section 3(b). In the case of the Warrants being issued on the date hereof, the Original Warrant Share Amounts are the respective amounts shown as "Warrant Shares" on Schedule 2(a). In the event of a subsequent transfer in part of a Warrant issued on the date hereof or any subsequent Transfer (an "***Original Warrant***"), the Original Warrant Share Amount of such Original Warrant shall be allocated between the transferred Warrant and the retained Warrant based upon the number of Warrant Shares purchasable upon exercise of those Warrants (i) assuming no prior exercises of the Original Warrant and (ii) disregarding any reductions under Section 3(b) of this Agreement.

"***Paydown***" means a permanent reduction of $12,500,000 in the outstanding loan balance/commitments under the Credit Agreement in excess of all required commitments step-downs (and accompanying prepayments of the loans) under the Credit Agreement.

"***Person***" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind.

"***Refinancing Facility***" means a credit or loan facility, an issuance of debt or equity securities, or capital contribution, in each case that refinances and repays in full in cash the Company's and its subsidiaries senior credit and loan facilities existing on the date hereof (and any replacement facilities contemplated thereby).

"***Registration Rights Agreement***" means the Registration Rights Agreement to be executed on the Closing Date by the Company and the Purchasers, as the same may be amended from time to time in accordance with its terms.

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder and any successor statute.

"***Share Value***" per share of Common Stock as of any specified date shall mean (i) the fair market value per share of Common Stock, on a fully diluted basis, as determined in good faith by the Board of Directors of the Company and set forth in a written notice to each affected Holder or (ii) if any such Holder objects in writing to such price as determined by the Board of Directors within thirty (30) days after receiving notice of same, the Appraised Value per share as of such date.

"***Subsidiary***" means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other body performing similar functions are at any time directly or indirectly owned by such Person.

"***Transaction Documents***" means, collectively, this Agreement and the Registration Rights Agreement.

"***Transfer***" means any sale, transfer, assignment, hypothecation, pledge or other disposition of any Warrants or Warrant Shares. The exercise of any Warrant in accordance with its terms shall not constitute a Transfer.

(b) For purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires: (i) words using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other gender; (ii) references herein to "Articles," "Sections," "subsections" and other subdivisions, and to Exhibits and other attachments, without reference to a document are to the specified Articles, Sections, subsections and other subdivisions of, and Exhibits and other attachments to, this Agreement; (iii) references to "Schedules" are references to the schedules

delivered in connection with this Agreement; (iv) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to other subdivisions within a Section or subsection; (v) the words "herein," "hereof," "hereunder," "hereby" and other words of similar import refer to this Agreement as a whole and not to any particular provision; (vi) the words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation"; and (vii) any definition of, or reference to, any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein).

(c) The following capitalized terms are defined in the following Sections of this Agreement:

Term	Section
Adjustment Transaction	6(f)
Aggregate Convertible Security Consideration	6(c)(ii)
Aggregate Option Consideration	6(c)(i)
Agreement	Preamble
Common Stock	Preamble
Company	Preamble
Contractual Obligation	9(b)
Distribution	6(e)
Orders	9(b)
Purchasers	Preamble
Transfer Agent	5(b)
Warrant Certificates	2(a)
Warrant Registrar	2(c)
Warrant Shares	Preamble
Warrants	Preamble

Section 2. Issuance of Warrants; Warrant Certificates.

(a) Form and Dating; Issuance. The Warrants shall be substantially in the form of Exhibit A (the "***Warrant Certificates***"). The Warrants may have notations, legends or endorsements required by usage or any Legal Requirement. Each Warrant shall be dated the date of signature by an Officer. On the Closing Date, the Company shall issue to each Purchaser set forth on Schedule 2(a), Warrants to purchase the respective number of Warrant Shares set forth opposite its name therein.

The terms and provisions contained in the Warrants shall constitute, and are hereby expressly made, a part of this Agreement. The Company, by its execution and delivery of this Agreement, expressly agrees to such terms and provisions and to be bound thereby. However, to the extent any provision of any Warrant conflicts with the express provisions of this Agreement, the provisions of this Agreement shall govern and be controlling.

(b) Execution. An Officer shall sign the Warrants for the Company by manual or facsimile signature.

(c) Warrant Registrar. The Company shall maintain an office or agency where Warrants may be presented for registration of transfer or for exchange ("***Warrant Registrar***"). The Warrant Registrar shall keep a register of the Warrants and of their transfer and exchange. The Company may appoint one or more co-Warrant Registrars. The term "Warrant Registrar" includes any co-Warrant Registrar. The Company may change any Warrant Registrar; provided, however, that it shall provide written notice thereof to the Holders promptly following any such change. The Company or any of its Subsidiaries may act as Warrant Registrar. The Company will initially act as Warrant Registrar.

(d) Holder Lists. The Company shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders.

(e) Transaction Documents; Transfer and Exchange.

(i) Transfer and Exchange of Warrants. Upon written request by a Holder and such Holder's compliance with the provisions of this Section 2, the Warrant Registrar shall register the transfer or exchange of Warrants. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Warrant Registrar the Warrants duly endorsed or accompanied by a written instruction of transfer in form reasonably satisfactory to the Warrant Registrar duly executed by such Holder or by its attorney, duly authorized in writing. Prior to or concurrently with any Transfer of a Warrant, the transferee thereof shall execute and deliver to the Company a Joinder Agreement and thereby become a party to this Agreement.

(ii) Agreement Legend. The following legend, in substantially the following form, shall appear on the face of all Warrants (and all Warrants issued in exchange therefor or substitution thereof) issued under this Agreement:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A WARRANT AGREEMENT DATED AS OF MAY 15, 2009 BY AND AMONG THE ISSUER AND THE OTHER PERSONS NAMED THEREIN, AS SUCH AGREEMENT MAY BE AMENDED, RESTATED OR MODIFIED FROM TIME TO TIME, AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE PROVISIONS THEREOF, AND ANY TRANSFEREE OF THESE SECURITIES SHALL BE SUBJECT TO THE TERMS OF SUCH AGREEMENT. A COPY OF SUCH AGREEMENT IS MAINTAINED WITH THE CORPORATE RECORDS OF THE ISSUER AND IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICES OF THE ISSUER."

(iii) Private Placement Legend. The following legend, in substantially the following form, shall appear on the face of all Warrants and/or Warrant Shares as appropriate (and all Warrants and Warrant Shares issued in exchange therefor or substitution thereof) issued under this Agreement:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED EXCEPT PURSUANT TO (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (II) AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE ACT AND UNDER APPLICABLE STATE SECURITIES LAWS AND ONLY IF THE ISSUER RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH OFFER, SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT."

(iv) Removal of Private Placement Legend. When any Warrants or Warrant Shares shall have been registered under the Securities Act, and such Warrants or Warrant Shares have been sold pursuant to such registration or pursuant to Rule 144 under the Securities Act, the Holder of such Warrant or Warrant Shares shall be entitled to exchange, as the case may be, the Warrant Certificate representing such Warrants for a Warrant Certificate, or a certificate representing such Warrant Shares for a new certificate, in each case not bearing the legend required by Section 2(e)(iii).

(v) General Provisions Relating to Transfers and Exchanges. To permit registrations of transfers and exchanges, the Company shall execute Warrants upon the Warrant Registrar's request.

(A) No service charge shall be made to a holder of a Warrant for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

(B) All Warrants issued upon any registration of transfer or exchange of Warrants shall be duly authorized, executed and issued warrants for Common Stock, entitled to the same benefits under this Agreement as the Warrants surrendered upon such registration of transfer or exchange.

(C) Prior to due presentment for the registration of a transfer of any Warrant, the Company may deem and treat the Person in whose name any Warrant is registered as the absolute owner of such Warrant for all purposes and the Company shall not be affected by notice to the contrary.

(f) Replacement Warrants. If any mutilated Warrant is surrendered to the Company or the Company receives evidence to its reasonable satisfaction of the destruction, loss or theft of any Warrant, the Company shall issue a replacement Warrant. In connection with any such loss of a Warrant, the Company may request an indemnity reasonably satisfactory to it (it being understood that the written affidavit of loss of a Purchaser or any of its Affiliates shall be a sufficient indemnity) to protect the Company from any loss that it may suffer if a Warrant is replaced. The Company may charge for its expenses in replacing a Warrant. Every replacement Warrant is an additional warrant of the Company and shall be entitled to all of the benefits of this Agreement equally and proportionately with all other Warrants duly issued hereunder.

(g) Cancellation. The Company at any time may deliver Warrants to the Warrant Registrar for cancellation. The Company shall forward to the Warrant Registrar any Warrants surrendered to it for registration of transfer, exchange or exercise. The Warrant Registrar, and no one else, shall cancel all Warrants surrendered for registration of transfer, exchange, exercise, replacement or cancellation and shall destroy canceled Warrants (subject to any applicable record retention requirements of the Exchange Act). Certification of the destruction of all canceled Warrants shall be delivered to the Company. The Company may not issue new Warrants to replace Warrants that have been exercised or that have been delivered to the Warrant Registrar for cancellation.

Section 3. Terms of Warrants; Exercise of Warrants

(a) Subject to the terms of this Agreement, each Holder shall have the right, which may be exercised during the periods and to the extent set forth in Section 3(b), to receive from the Company the number of fully paid and nonassessable Warrant Shares that the Holder may at the time be entitled to receive on exercise of such Warrants and payment of the applicable Exercise Price. Such payment may be made (i) in cash, by wire transfer or by certified or official bank check payable to the order of the Company or (ii) by tendering Warrants as set forth in Section 3(c), in each case, equal to the Exercise Price for such Warrant Shares. Each Warrant not exercised prior to the Expiration Time shall become void and all rights thereunder and all rights in respect thereof under this Agreement shall cease as of such time.

(b) Each Warrant shall be exercisable as to the percentage of its Original Warrant Share Amount during the respective periods as follows:

(i) from the date hereof until the Expiration Time, up to 40% of the Original Warrant Share Amount;

(ii) after October 31, 2009 until the Expiration Time, up to an additional 20% of the Original Warrant Share Amount unless the Company has made Paydowns of at least $50,000,000 on or prior to October 31, 2009, in which case such additional percentage shall be reduced (but not below zero) by 10.0% for each Paydown in excess of $50,000,000;

(iii) after April 30, 2010 until the Expiration Time, up to an additional 20% of the Original Warrant Share Amount unless the Company has made Paydowns of at least $25,000,000 on or prior to April 30, 2010, in which case such additional percentage shall be reduced (but not below zero) by 10.0% for each Paydown in excess of $25,000,000; and

(iv) after October 31, 2010 until the Expiration Time, up to an additional 20% of the Original Warrant Share Amount unless the Company has made Paydowns of at least $12,500,000 on or prior to October 31, 2010, in which case such additional percentage shall be reduced (but not below zero) by 10.0% for each Paydown in excess of zero.

(c) At the option of the Holder, Warrant Shares to be acquired upon the exercise of the Warrant may be applied automatically to pay the Exercise Price in connection with a cashless exercise of the Warrant in whole or in part. Any Warrant Shares transferred to the Company as cashless payment of the Exercise Price under the Warrant shall be valued at the Current Market Price per share, as determined on the day immediately preceding the date the Warrant is presented for exercise.

(d) In order to exercise all or any of the Warrants represented by a Warrant Certificate, the Holder must deliver to the Company the Warrant Certificate and the form of election to purchase on the reverse thereof duly filled in and signed, and payment to the Company of the Exercise Price for the number of Warrant Shares, each as adjusted as herein provided, in respect of which such Warrants are then exercised.

(e) Subject to the provisions of Section 4, upon compliance with Sections 3(a) and 3(d), the Company shall deliver or cause to be delivered promptly, but in any event not later than five Business Days after such compliance, to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate or certificates for the number of whole Warrant Shares issuable upon the exercise of such Warrants, together with cash in lieu of fractional shares as provided in Section 7. Such certificate or certificates shall be deemed to have been issued and any Person so designated to be named therein, in accordance with this Agreement, shall be deemed to have become a Holder of record of such Warrant Shares as of the date of the surrender of such Warrants and payment of the Exercise Price, and from such date, regardless of when the Company actually mails such certificate, the Holder shall be deemed for all purposes to be the Holder of record of the Warrant Shares so deliverable by the Company.

(f) The Warrants shall be exercisable, at the election of the Holders thereof, either in full or from time to time in part. If less than all the Warrants represented by a Warrant are exercised, such Warrant shall be surrendered and a new Warrant of the same tenor and for the number of Warrants which were not exercised shall be executed by the Company and delivered to the Holder, registered in such name or names as may be directed in writing by the Holder in accordance with this Agreement.

(g) All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled by the Warrant Registrar. Such cancelled Warrant Certificates shall then be disposed of by the Warrant Registrar in a manner satisfactory to the Company.

(h) The Company shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the Holders upon reasonable advance written notice and during normal business hours at its office. The Company shall supply the Holders from time to time with such numbers of copies of this Agreement as the Holders may reasonably request.

Section 4. Tax Matters

The Company will pay all documentary stamp taxes attributable to the initial issuance of Warrant Shares upon the exercise of Warrants; provided, that the Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Warrant Certificates or any certificates for Warrant Shares in a name other than that of the Holder of a Warrant Certificate surrendered upon the exercise of a Warrant, and the Company shall not be required to issue or deliver such Warrant Certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 5. Reservation of Warrant Shares

(a) The Company will at all times reserve and keep available, out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants.

(b) The Company or, if appointed, the transfer agent for the Common Stock (the "***Transfer Agent***") and every subsequent transfer agent for any shares of the Company's Capital Stock issuable upon the exercise of any of the rights of purchase aforesaid will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company will keep a copy of this Agreement on file with the Transfer Agent and with every subsequent transfer agent for any shares of the Company's Capital Stock issuable upon the exercise of the rights of purchase represented by the Warrants. The Company will supply such Transfer Agent with duly executed certificates for such purposes and will provide or otherwise make available any cash which may be payable as provided in Section 7 hereof.

(c) The Company covenants that all Warrant Shares that may be issued upon exercise of Warrants will, upon issue, be fully paid, nonassessable, and free from all Liens, other than any Liens created by the recipient thereof or under this Agreement or any other Transaction Document or under applicable securities laws.

(d) The Company shall use its reasonable best efforts to ensure that there remains a sufficient number of shares of Common Stock that are authorized under the Charter and unissued to satisfy the Company's obligations under this Agreement.

Section 6. Adjustment of Number of Warrant Shares Issuable

The number of Warrant Shares that may be purchased upon the exercise of each Warrant and/or the Exercise Price, as applicable, will be subject to adjustment from time to time upon the occurrence of the events enumerated in this Section 6.

(a) Adjustments for Issuances. If, at any time or from time to time, after the issuance of the Warrants hereof but prior to the earlier of the exercise of the then-outstanding Warrants and the Expiration Time, the Company issues or sells or, in accordance with this Section 6, is deemed to have issued or sold, any shares of Common Stock (other than the Excluded Securities) for a consideration per share less than the Current Market Price per share of the Common Stock as of the date of such issuance or sale (or such deemed issuance or sale), then, immediately upon such issuance or deemed sale the Exercise Price shall be reduced to the Exercise Price determined by multiplying (x) the Exercise Price in effect immediately prior to such issuance or sale by (y) the quotient obtained by dividing (i) the sum of (A) the product derived by multiplying the Current Market Price per share of Common Stock by the number of shares of Common Deemed Outstanding immediately prior to such issuance or sale, plus (B) the Aggregate Consideration in respect of such issuance or sale (or such deemed issuance or sale), by (ii) the product determined by multiplying the Current Market Price per share of Common Stock by the number of shares of Common Deemed Outstanding immediately after such issuance or sale (determined without giving effect to the adjustment in this Section 6(a)).

(b) Notwithstanding the foregoing, there shall be no adjustment in the Exercise Price as a result of any issuance or sale (or deemed issuance or sale) of the Warrants (or shares of Common Stock upon the exercise of the Warrant).

(c) For purposes of determining any adjustments to the Exercise Price under this Section 6, the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells any Options and the price per share for which Common Stock is issuable upon the exercise of such Options, or upon conversion or exchange of any Convertible Securities issuable upon exercise of such Options, is less than the Current Market Price per share of Common Stock immediately prior to the time of the granting, issuance or sale of such Options, then the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Options shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting, issuance or sale of such Options for such

price per share. For purposes of this paragraph, the "price per share for which Common Stock is issuable" shall be determined by dividing (x) the sum of (1) the total amount, if any, received by the Company as consideration for the granting, issuance or sale of such Options, plus (2) the aggregate amount of additional consideration payable to the Company upon exercise of all such Options, plus (3) in the case of such Options which relate to Convertible Securities, the aggregate amount of additional consideration, if any, payable to the Company upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof (such sum, the "***Aggregate Option Consideration***"), by (y) the total maximum number of shares of Common Stock issuable upon the exercise of such Options or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Options. No further adjustment of the Exercise Price shall be made when Convertible Securities are actually issued upon the exercise of such Options or when Common Stock actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities. In the event any such Options are terminated or expire without exercise, then the Exercise Price shall be adjusted such that it is equal to the Exercise Price that would have been in effect if such terminated or expired Options had not been issued.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells any Convertible Securities and the price per share for which Common Stock is issuable upon conversion or exchange thereof is less than the Current Market Price per share of Common Stock immediately prior to the time of such issuance or sale, then the maximum number of shares of Common Stock issuable upon conversion or exchange of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this paragraph, the "price per share for which Common Stock is issuable" shall be determined by dividing (x) the sum of (1) the total amount received by the Company as consideration for the issue or sale of such Convertible Securities, plus (2) the aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange thereof (such sum, the "***Aggregate Convertible Security Consideration***"), by (y) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities. No further adjustment of the Exercise Price shall be made when Common Stock is actually issued upon the conversion or exchange of such Convertible Securities, and if any such issuance or sale of such Convertible Securities is made upon exercise of any Options for which adjustments of the Exercise Price had been or are to be made pursuant to other provisions of this Section 6, no further adjustment of the Exercise Price shall be made by reason of such issuance or sale. In the event any such Convertible Securities are terminated or expire without exercise, then the Exercise Price shall be adjusted such that it is equal to the Exercise Price that would have been in effect if such terminated or expired Convertible Securities had not been issued.

(iii) Change in Option Price or Conversion Rate. If the Aggregate Consideration or the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock changes at any time, the Exercise Price in effect at the time of such change shall be immediately adjusted to the Exercise Price that would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed Aggregate Consideration or conversion rate, as the case may be, at the time initially granted, issued or sold; provided, that, if such adjustment of the Exercise Price would result in an increase in the Exercise Price then in effect, the Company will promptly give all Holders written notice of such increase; provided, further, that no adjustment shall be made hereunder as a result of a change of any such conversion rate as a result of the issuance of securities for which an adjustment would otherwise be made under Section 6(a). For purposes of this Section 6(c)(iii), if the terms of any Option or Convertible Security that was outstanding as of the date hereof are changed in the manner described in the immediately preceding sentence, then such Option or Convertible Security and the Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such change; provided, that, no such change shall at any time cause the Exercise Price hereunder to be increased above the initial Exercise Price in effect upon issuance of Warrants on the date hereof.

(iv) Calculation of Consideration Received. If any Common Stock, Option or Convertible Security is issued or sold or deemed to have been issued or sold for cash, the consideration received therefor shall be deemed to be the amount received by the Company therefor (without giving effect to any discounts, commissions and related expenses). If any Common Stock, Option or Convertible Security is issued or sold for a consideration other than cash, the amount of the consideration other than cash received by the Company shall be the Fair Market Value of such consideration.

(v) Treasury Shares. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company or any wholly owned Subsidiary of the Company, and the disposition of any shares so owned or held shall other than to the Company or any wholly owned Subsidiary of the Company be considered an issuance or sale of such shares.

(vi) Record Date. If the Company takes a record of the holders of Common Stock for the purpose of entitling them (i) to receive a dividend or other distribution payable in Common Stock, Options or in Convertible Securities or (ii) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or upon the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be, and no further adjustment with respect to such issuance or sale shall be made on the actual date of issuance or sale or otherwise.

(d) Adjustments for Change in Common Stock. If the Company shall at any time or from time to time, after the issuance of the Warrants but prior to the earlier of the exercise of the then-outstanding Warrants and the Expiration Time, (w) make a dividend or distribution on the outstanding shares of Common Stock payable in Capital Stock, (x) subdivide the outstanding shares of Common Stock into a larger number of shares, (y) combine the outstanding shares of Common Stock into a smaller number of shares or (z) issue any shares of its Capital Stock in a reclassification of the Common Stock (other than any such event for which an adjustment is made pursuant to another clause of this Section 6), then, and in each such case, (A) the aggregate number of Warrant Shares for which this Warrant is exercisable immediately prior to such event shall be adjusted (and any other appropriate actions shall be taken by the Company) so that the Holder shall be entitled to receive upon exercise of this Warrant the number of shares of Common Stock or other securities of the Company that it would have owned or would have been entitled to receive upon or by reason of any of the events described above, had this Warrant been exercised immediately prior to the occurrence of such event and (B) the Exercise Price payable upon the exercise of this Warrant shall be adjusted by multiplying such Exercise Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to such adjustment, and the denominator of which shall be the number of Warrant Shares issuable immediately thereafter. An adjustment made pursuant to this Section 6(d) shall become effective retroactively (x) in the case of any such dividend or distribution, to a date immediately following the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution or (y) in the case of any such subdivision, combination or reclassification, to the close of business on the day upon which such corporate action becomes effective.

(e) Adjustments for Certain Distributions. If the Company shall at any time or from time to time, after the date hereof but prior to the Expiration Time, distribute to all holders of shares of Common Stock cash, evidences of indebtedness of the Company or another issuer or other assets (other than Capital Stock) (other than any such event for which an adjustment is made pursuant to another clause of this Section 6) (a "***Distribution***"), or become a party to any Adjustment Transaction (as defined below) in accordance with Section 6(f), then the Company shall give or shall cause to be given to each Holder, at least fifteen (15) days prior to any applicable record date, or fifteen (15) days prior to the date of the event in the case of events for which there is no record date, a written notice specifying (i) the Company's intent to

distribute a Distribution or enter into an Adjustment Transaction, as the case may be, (ii) the record date for such Distribution, if applicable, (iii) the amount and character of such Distribution, if applicable, and (iv) the date on which such Adjustment Transaction is expected to be consummated, if applicable.

(f) Consolidation, Merger, Reorganization or Recapitalization. If the Company shall at any time after the date hereof but prior to the Expiration Time become a party to any transaction (including a merger, consolidation, sale of all or substantially all of the Company's assets, liquidation or recapitalization of the Common Stock, not subject to adjustment under Section 6(a), 6(d) or 6(e)) in which the previously outstanding Common Stock shall be converted or changed into or exchanged for different securities of the Company or common stock or other securities of another corporation or interests in a non-corporate Person or other property, or any combination of the foregoing, but excluding a sale of the Company (each such transaction, being herein called an "***Adjustment Transaction***"), then the Company shall use commercially reasonable efforts to have lawful and adequate provision made so that each Holder of a Warrant, upon the exercise thereof at any time on or after the consummation of the Adjustment Transaction, shall be entitled to receive, and such Warrant shall thereafter represent the right to receive, in lieu of the Warrant Shares issuable upon such exercise prior to such consummation, the securities, cash or other property to which such Holder would have been entitled upon consummation of the Adjustment Transaction if such Holder had exercised such Warrant into Warrant Shares immediately prior thereto (subject to adjustments from and after the consummation date as nearly equivalent as possible to the adjustments provided for in this Section 6).

(g) Form of Warrants. Irrespective of any adjustments in the Exercise Price, the number of Warrant Shares for which each Warrant may be exercised or kind of shares or other assets purchasable upon the exercise of the Warrants, Warrants theretofore or thereafter issued may continue to express the same price and number and kind of shares or other assets as are stated in the Warrants initially issuable pursuant to this Agreement.

(h) No Dilution or Impairment. If, at any time or from time to time after the issuance of the Warrants but prior to the exercise thereof, (i) the Company shall take any action which (A) affects the Common Stock and (B) is similar to, or has an effect similar to, any of the actions described in any of Sections 6(a), 6(d) or 6(f) (but not including any action described in any such Section) and (ii) the Board in good faith determines that it would be equitable under such circumstances to adjust the Exercise Price and/or the number of Warrant Shares for which each Warrant may be exercised as a result of such action, then, and in each such case, the Exercise Price and/or such number of Warrant Shares shall be adjusted in such manner and at such time as the Board in good faith determines would be equitable under such circumstances, which determination shall be certified in a board resolution.

(i) Notice of Adjustments. Upon any adjustment pursuant to Section 6, the Company shall promptly thereafter cause to be sent to the Holders, a certificate setting forth the Exercise Price in effect and the kind and amount of Warrant Shares (or portion thereof) issuable after such adjustment, upon exercise of a Warrant and payment of the Exercise Price, which certificate shall be conclusive evidence of the correctness of the matters set forth therein absent manifest error.

(j) Certain Limitations. Notwithstanding anything herein to the contrary, the Company shall in no event be required to effect any adjustment contemplated under this Section 6 that would cause the Exercise Price to be less than the par value of the Common Stock.

Section 7. Fractional Interests

The Company shall not be required to issue fractional Warrant Shares on the exercise of Warrants, although it may do so in its sole discretion. If more than one Warrant shall be presented for exercise in full at the same time by the same Holder, the number of full Warrant Shares which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of the Warrants so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 7, be issuable on the exercise of any Warrants (or specified portion thereof), the Company shall pay an amount in cash equal to the Current Market Value per Warrant Share, as determined on the day immediately preceding the date the Warrant is presented for exercise, multiplied by such fraction, computed to the nearest whole United States cent.

Section 8. Repurchase by the Company of Warrants

(a) The provisions of this Section 8 shall not apply during any period of time that the Common Stock is traded upon the Nasdaq Stock Market or any other national securities exchange.

(b) Subject to Section 8(a), from time to time after May 15, 2012, the Company shall, upon written notice (a "***Put Notice***") from a Holder of Warrants, repurchase (subject to the provisions of Section 8(c)), on the date and in the manner set forth in Section 8(e), from such Holder, all or the portion of such Warrants designated in such Put Notice. The purchase price for such Warrants shall be equal to an amount (the "***Put Price"***) determined by multiplying (1) the number of Warrant Shares then issuable upon exercise of such Warrant (or the portion thereof designated by the Holder to be repurchased in such Put Notice) by (2) the difference between the Share Value per share of Common Stock as of the date of such Put Notice and the Exercise Price per share of Common Stock as of the date of such Put Notice.

(c) The Company shall not be obligated to repurchase any portion of a Warrant to the extent that either of the following conditions (a "***Disabling Condition***") would exist:

(i) if such repurchase would be unlawful under the corporation laws of the State of Connecticut and no steps can be reasonably taken by the Company (including, without limitation, a reduction in the stated capital of the Company, causing the Subsidiaries of the Company to pay dividends to the Company or other similar restructuring actions) that would permit such repurchase; or

(ii) if such repurchase would create a default or an event of default under the Credit Agreement (unless waived) or any Refinancing Facility.

In the event that, notwithstanding the Company's efforts, any Disabling Condition remains with respect to any repurchase requested pursuant to Section 8(b), the Company shall promptly give the Holder written notice thereof. If the Disabling Condition would not fully prohibit the Company from repurchasing the portion of the Warrant requested to be repurchased, such notice shall indicate the portion of the Warrant that may be repurchased by the Company without being subject to any such Disabling Condition. Within thirty (30) days after receipt of any such notice indicating that the Company is able to repurchase a portion but not all of such Warrant, the Holder may elect to require the Company to repurchase such portion, and the Holder's prior request pursuant to Section 8(b) shall be deemed to have been withdrawn with respect to any portion of such Warrant not covered by such an election. In any case in which the Company is released from its obligation to repurchase any portion of such Warrant under this Section 8(c) because of the existence of a Disabling Condition, the Company shall promptly notify the Holder of any subsequent abatement of such Disabling Condition that would permit the Company to make such repurchase in whole or in part. Within thirty (30) days of receipt of any such notice, and without limiting any other right of the Holder to cause the Company to repurchase all or any portion of such Warrant pursuant to Section 8(a), the Holder may reinstate its prior request for a repurchase of such Warrant in whole or in part to the extent then permitted, which repurchase, however, shall be for a consideration equal to the

sum of (x) the Put Price that would apply if a new request for repurchase had been made at the time of the reinstatement of such prior request plus (y) interest thereon at the Agreed Rate from the date of the Company's notice as to the existence of the Disabling Condition to the date of the actual repurchase.

(d) Subject to Section 8(a), from time to time after May 15, 2013, the Company shall have the right (the "***Call***"), upon written notice (the "***Call Notice***") to the Holders of all outstanding Warrants, to repurchase on the date and in the manner set forth in Section 8(e) from the Holders of such Warrants all (and not less than all) of such Warrants for an amount equal to the product determined by multiplying (1) the number of Warrant Shares then purchasable upon exercise of such Warrants by (2) the difference between the Share Value per share of Common Stock as of the date of such Call Notice and the Exercise Price per share of Common Stock as of the date of such Call Notice (the "***Call Price***").

(e) The Put Price for any repurchase of a Warrant pursuant to Section 8(b) or the Call Price for any repurchase of the Warrants pursuant to Section 8(d) shall be determined as promptly as practicable (and in any event within thirty (30) days) after the later of the date of (i) the Put Notice given to the Company pursuant to Section 8(b) or the Call Notice given by the Company pursuant to Section 8(d), and (ii) if determination of the Appraised Value becomes necessary as a result of an objection from a Holder, the retention of an investment bank to determine the Appraised Value of the Common Stock, and shall be payable in cash within thirty (30) days following the date of such determination. On the date of any repurchase of any portion of a Warrant or Warrants pursuant to this Section 8, the Holder of each such affected Warrant shall assign to the Company such Warrant or portion thereof being repurchased, as the case may be, without any representation or warranty (except as to title and authority), by the surrender of such Warrant at the office of the Company at the address specified in Section 11(b) against payment of the Put Price or the Call Price therefor. Payment of the Put Price or the Call Price shall be made, subject to Section 8(f), at the option of the Holder of such Warrant by (i) wire transfer to an account in a bank located in the United States designated by such Holder for such purpose or (ii) a certified or official bank check payable to the order of such Holder. If less than all of a Warrant is being repurchased, the Company shall cancel such Warrant and issue in the name of, and deliver to, the Holder a new Warrant for the portion not being repurchased.

(f) In the event of a delay or dispute relating to the determination of the amount of the Share Value per share of Common Stock, the Company shall nonetheless repurchase any Warrants to be repurchased pursuant to this Section 8 within the time period set forth in Section 8(e), calculating the Put Price or the Call Price on the basis of the Company's good faith determination of such Share Value. After the resolution of such delay or dispute, the Put Price or the Call Price shall be recalculated using the finally determined amount for such price, and, within ten (10) days of the resolution of such delay or dispute, (i) the Company shall pay to the Holders of the repurchased Warrants the amount, if any, by which such recalculated Put Price or Call Price exceeds the Put Price or Call Price previously paid by the Company, together with interest on such excess from the date of repurchase to the date of such payment at the Agreed Rate or (ii) each Holder of a repurchased Warrant shall pay to the Company the amount, if any, by which such recalculated Put Price or Call Price receivable by such Holder exceeds the Put Price or Call Price previously paid by the Company to such Holder, together with interest on such excess from the date of repurchase to the date of such payment at the Agreed Rate.

Section 9. Representations and Warranties of the Company

The Company hereby represents and warrants to the Purchasers as follows:

(a) Corporate Existence and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of State of Connecticut. The Company has the corporate power and authority to execute, deliver and perform its obligations under the Transaction Documents. The Company has, prior to the date hereof, provided to the Purchasers true and complete copies of the Company's Charter and bylaws, as in effect as of the date hereof.

(b) Authorization; No Contravention. The execution, delivery and performance by the Company of each Transaction Document and the transactions contemplated thereby (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Company's Charter or bylaws or any other governing or organizational documents of the Company; (iii) except as would not have a material adverse effect on the Company or the performance of the Company's obligations under the Transaction Documents, do not violate, conflict with or result in any breach, default or contravention of (or with due notice or lapse of time or both would result in any breach, default or contravention of), or the creation of any Lien under, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation (each a "***Contractual Obligation***") to which the Company is party or by which any of its assets are bound or any Legal Requirement applicable to the Company; and (iv) except as would not have a material adverse effect on the Company or the performance of the Company's obligations under the Transaction Documents, do not violate any judgment, injunction, writ, award, decree or order (collectively, "***Orders***") of any Governmental Authority against, or binding upon, the Company or any of its assets.

(c) Governmental Authorization; Third Party Consents. Except as would not have a material adverse effect on the Company or the performance of the Company's obligations under the Transaction Documents, and assuming the accuracy of the representations and warranties of the other parties hereto, no approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under a Legal Requirement, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Transaction Documents or the transactions contemplated thereby, except for any approvals, consents or authorizations that have been obtained, actions taken, notices given, or filings made, prior to the execution and delivery hereof, which are in full force and effect on the date hereof.

(d) Binding Effect. This Agreement has been and, when executed and delivered by the Company, the Registration Rights Agreement will have been, duly executed and delivered by the Company, and this Agreement constitutes and, when executed and delivered by the Company, the other Transaction Documents will constitute, the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

(e) Capitalization. The authorized capital stock of the Company, as of the date hereof, consists of (i) 2,000,000 shares of Preferred Stock, par value $0.01, of which no shares are presently issued or outstanding, and (ii) 150,000,000 shares of Common Stock, of which 42,078,718 were issued and outstanding as of February 12, 2009 and 1,452,152 shares are available for future issuance under the Company's current equity compensation plans as set forth in the Company's Definitive Proxy Statement filed with the Commission on February 26, 2009. Immediately following the Closing, 2,087,878 shares of Common Stock shall be reserved for issuance in respect of Warrants. All of the shares of Common Stock to be issued upon exercise of Warrants shall be, when so issued in accordance with such Warrants, validly issued, fully paid and non-assessable and free and clear of all Liens, other than any Liens created by the recipient thereof or under this Agreement or under applicable securities laws.

(f) No Other Representations. EXCEPT AS SET FORTH IN THIS SECTION 9, NONE OF THE COMPANY, OR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR REPRESENTATIVES MAKE OR HAVE MADE ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY.

Section 10. Representations and Warranties of the Purchasers

Each Purchaser, severally and not jointly, hereby represents and warrants to the Company as follows:

(a) Acquisition for Own Account. The Warrants being acquired by such Purchaser pursuant to this Agreement are being acquired for its own account and with no intention of distributing or reselling such Warrants or the Warrant Shares issuable upon exercise thereof or any part thereof in any transaction that would be in violation of the securities laws of the United States of America, any state of the United States or any foreign jurisdiction, without prejudice, however, to the rights of such Purchaser at all times to sell or otherwise dispose of all or any part of such Warrants or Warrant Shares in a transaction that does not violate the Securities Act under an effective registration statement under the Securities Act, or under an exemption from such registration available under the Securities Act. If such Purchaser should in the future decide to dispose of any of such Warrants or Warrant Shares, such Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state and foreign securities laws, as then applicable and in effect.

(b) Restricted Securities. Such Purchaser understands that (i) the Warrants and the Warrant Shares will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Agreement and upon exercise of Warrants is exempt pursuant to Section 4(2) of the Securities Act, (ii) the reliance of the Company on such exemption is predicated in part on such Purchaser's representations set forth herein, and (iii) such Warrants and Warrant Shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration.

(c) Accredited Investor. Such Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the transactions contemplated by this Agreement and the Registration Rights Agreement, has the ability to bear the economic risks of the investment and is an "accredited investor" as defined in Rule 501 of Regulation D, promulgated under the Securities Act.

Section 11. Miscellaneous

(a) Limitation of Liability; No Rights as Stockholders. Prior to any exercise of a Warrant by a Holder, no provision hereof and no enumeration herein of the rights or privileges of the Holders, shall give rise to any liability or right of any such Holder to pay the Exercise Price for any Common Stock or any liability as a stockholder of the Company, in each case other than pursuant to an exercise of a Warrant and in each case whether such liability is asserted by the Company or by creditors of the Company. Nothing contained in this Agreement or in any of the Warrant Certificates shall be construed as conferring upon the Holders the right to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Company or any other matter, or any rights whatsoever as stockholders of the Company.

(b) Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed by prepaid first class mail, return receipt requested, or mailed by overnight courier prepaid to the parties at the following addresses or facsimile numbers:

If to the Company, to:

Photronics, Inc.
15 Secor Road
Brookfield, Connecticut 06804
Facsimile: 203-775-5601
Attention: Richelle Burr
Vice President, Associate General Counsel and
Secretary

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Facsimile: 646-848-8902
Attention: Stephen M. Besen, Esq.

If to any Holder, to the address for such Person set forth in the books and records of the Company.

All such notices, requests and other communications will (w) if delivered personally to the address as provided in this Section 11(b), be deemed given upon delivery, (x) if delivered by facsimile transmission to the facsimile number as provided in this Section 11(b), be deemed given upon facsimile confirmation, (y) if delivered by mail in the manner described above to the address as provided in this Section 11(b), upon the earlier of the third Business Day following mailing or upon receipt and (z) if delivered by overnight courier to the address as provided in this Section 11(b), be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 11(b)). Any party from time to time may change such party's address, facsimile number or other information for the purpose of notices to that party by giving written notice specifying such change to the other parties hereto.

(c) Supplements and Amendments. This Agreement (together with the exhibits and schedules hereto, which are incorporated herein by reference and made a part hereof), together with the Registration Rights Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any

prior understandings, agreements or representations by or between the parties hereto, written or oral, with respect to such subject matter. This Agreement may be amended, modified or supplemented only by a written instrument duly executed by the Company and the Holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of outstanding Warrants, and any such amendment, modification or supplement shall be binding on the Company and all Holders; provided, that any amendment that alters the rights of any Holder in a discriminatory manner as compared to all other Holders shall require the prior written consent of such Holder; provided further, the Company may from time to time supplement or amend this Agreement without the approval of any Holders in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company may deem necessary or desirable and which shall not in any way adversely affect the interests of any Holder. This Agreement is for the benefit only of the parties hereto and is not intended to create any obligations to, or rights in respect of, any other persons other than the parties hereto.

(d) Governing Law; Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of New York, except with respect to the validity of this Agreement and the Warrants, the issuance of Common Stock upon exercise of the Warrants and the rights and duties of the Company with respect to registration of transfer, which shall be governed by the laws of the State of Connecticut.

(e) Consent to Jurisdiction; Service of Process. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any New York State or federal court located in New York County, in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 11(b) shall be deemed effective service of process on such party.

(f) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(g) Specific Performance. Each of the parties hereto, in addition to being entitled to exercise its rights granted by law, including recovery of damages, shall be entitled to specific performance of its rights provided under this Agreement. Each party hereto agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement, and hereby agrees, in an action for specific performance, to waive the defense that a remedy at law would be adequate.

(h) Waiver. No waiver by any party of any term or condition of this Agreement, in one or more instances, shall be valid unless in writing, and no such waiver shall be deemed to be construed as a waiver of any subsequent breach or default of the same or similar nature. Notwithstanding the foregoing, any waiver on behalf of the Holders may be granted by a written instrument executed by the Holders of Warrants representing a majority of the Warrant Shares issuable upon exercise of outstanding Warrants; provided, that any waiver that alters the rights of any Holder in a discriminatory manner as compared to all other Holders shall require the prior written consent of such Holder.

(i) Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

(j) Joinder Agreement. Each Holder severally agrees that it will not Transfer any Warrant to any third party unless such transferee has executed a Joinder Agreement by which such transferee becomes a party to this Agreement. Upon becoming a party to this Agreement, such transferee shall become entitled to the benefits, and subject to the obligations, of a Holder under this Agreement.

(k) Invalid Provisions. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(l) Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

(m) Further Assurances. Each party hereto shall cooperate and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

(n) Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart to this Agreement.

(o) Survival of Representations and Warranties. All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, regardless of any investigation made by the Company or any Purchaser or on behalf of any of them.

(p) Mutual Drafting. This Agreement is the result of the joint efforts of the parties hereto, and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of the parties and there will be no construction against any party based on any presumption of that party’s involvement in the drafting of this Agreement.

(q) Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by the Holders, including the reasonable fees, charges and disbursements of counsel for the Holders, in connection with the preparation and administration of this Agreement and the other Transaction Documents or any amendments, modifications or waivers of the provisions hereof or thereof and (ii) all reasonable out-of-pocket expenses incurred by the Holders, including the fees, charges and disbursements of counsel for the Holders, in connection with the enforcement or protection of their rights in connection with the Transaction Documents, including their rights under this Section 11(q). All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

(r) Investment Unit. Each of the Company and the Holders (by their acceptance of the Warrants) (i) acknowledges that the original Warrants are part of an "investment unit" within the meaning of Section 1273(c)(2) of the Internal Revenue Code of 1986, as amended, which investment unit includes the loans under the Credit Agreement, and (ii) agree to allocate zero fair market value to the original Warrants and prepare their respective federal income tax returns in a manner consistent with the foregoing.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

COMPANY:

PHOTRONICS, INC.

By: _____
Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By:_____
Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

RBS CITIZENS, NATIONAL ASSOCIATION

By:_____
Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

HSBC BANK USA, NATIONAL ASSOCIATION

By:_____

Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

CITIBANK, N.A.

By:_____
Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

BANK OF AMERICA, N.A.

By:_____
Name:
Title:

To approve this Agreement as a Purchaser:

Purchaser:

UBS LOAN FINANCE LLC

By:_____
Name:
Title:

By:_____
Name:
Title:

EXHIBIT A

FORM OF WARRANT CERTIFICATE

[Face]

Agreement Legend. Each Warrant issued under this Agreement shall bear the following legend on the face thereof:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A WARRANT AGREEMENT DATED AS OF MAY 15, 2009, BY AND AMONG THE ISSUER AND THE OTHER PERSONS NAMED THEREIN, AS SUCH AGREEMENT MAY BE AMENDED, RESTATED OR MODIFIED FROM TIME TO TIME, AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE PROVISIONS THEREOF, AND ANY TRANSFEREE OF THESE SECURITIES SHALL BE SUBJECT TO THE

TERMS OF SUCH AGREEMENT. A COPY OF SUCH AGREEMENT IS MAINTAINED WITH THE CORPORATE RECORDS OF THE ISSUER AND IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICES OF THE ISSUER."

Private Placement Legend. Each Warrant issued pursuant to an exemption from the registration requirements of the Securities Act shall bear the following legend on the face thereof:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED EXCEPT PURSUANT TO (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (II) AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE ACT AND UNDER APPLICABLE STATE SECURITIES LAWS AND ONLY IF THE ISSUER RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH OFFER, SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT."

Warrant No. [_____]
[_____] Warrant Shares

Warrant Certificate

PHOTRONICS, INC.

This Warrant Certificate certifies that [_____], or its registered assigns, is the registered holder of Warrants (the "***Warrants***") to purchase Common Stock, par value $0.01 per share (the "***Common Stock***"), of Photronics, Inc., a Connecticut corporation (the "***Company***"). This Warrant entitles the registered holder upon exercise at any time prior to the Expiration Time to receive from the Company up to [_____] fully paid and nonassessable shares of Common Stock, $0.01 par value (the "***Warrant Shares***") at the exercise price (the "***Exercise Price***") of $0.01 per share, subject to surrender of this Warrant Certificate and payment of the Exercise Price to the Company and to the conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof (the "***Warrant Agreement***"). The Exercise Price and number of Warrant Shares issuable upon exercise of the Warrants is subject to adjustment upon the occurrence of certain events set forth in the Warrant Agreement.

No Warrant may be exercised after 5:00 p.m., New York, New York time on May 15, 2014 (the "***Expiration Time***"), and to the extent not exercised by such time such Warrants shall become void.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall be governed by and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, Photronics, Inc. has caused this Warrant Certificate to be signed below.

Dated: [ ], 20[__]

PHOTRONICS, INC.

By: _____
Name:
Title:

[Reverse of Warrant Certificate]

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants expiring at the Expiration Time and are issued or to be issued pursuant to a Warrant Agreement, dated as of May 15, 2009 (the "***Warrant Agreement***"), by and among the Company and the Purchasers named therein, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the holder hereof upon written request to the Company.

Warrants may be exercised at any time on or before the Expiration Time. In order to exercise all or any of the Warrants represented by this Warrant Certificate, the holder must deliver to the Company at the address set forth in Section 11(b) of the Warrant Agreement this Warrant Certificate and the form of election to purchase on the reverse hereof duly filled in and signed, and upon payment to the Company of the Exercise Price, for the number of Warrant Shares, each as adjusted as provided in the Warrant Agreement, in respect of which such Warrants are then exercised.

The Warrant Agreement provides that upon the occurrence of certain events the Exercise Price and the number of Warrant Shares that may be purchased upon the exercise of each Warrant may, subject to certain conditions, be adjusted. The Company shall not be required to issue fractional shares of Common Stock but may do so in its discretion. If fractional shares are not so issued, the Company will pay the cash value thereof determined as provided in the Warrant Agreement.

Warrant Certificates, when surrendered to the Company by the holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Upon due presentation for registration of transfer of this Warrant Certificate to the Company, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company may deem and treat the holder(s) thereof as the absolute owner(s) of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone), for the purpose of any exercise hereof, of any distribution to the holder(s) hereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles any holder hereof to any rights of a stockholder of the Company.

[Form of Election to Purchase]

(To Be Executed Upon Exercise Of Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive _____shares of Common Stock, and herewith tenders payment for such shares [to the order of Photronics, Inc., in the amount of $_____] [by tendering Warrants as set forth in Section 3(c) of the Warrant Agreement, equal to the Exercise Price] in accordance with the terms hereof. The undersigned requests that a certificate for such shares be registered in the name of _____, whose address is _____and that such shares be delivered to _____, whose address is _____. If said number of shares is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares be registered in the name of _____, whose address is _____, and that such Warrant Certificate be delivered to _____, whose address is _____.

_____

Signature

Date: _____

[Form of Assignment Form]

FOR VALUE RECEIVED, the undersigned registered owner of the enclosed Warrant Certificate hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Warrant Certificate, with respect to the right to purchase the number of shares of Common Stock of the Company indicated below, and if such shares shall not include all of the shares of Common Stock purchasable upon the exercise of Warrants represented by the enclosed Warrant Certificate, the Company shall issue and deliver a new Warrant Certificate to the undersigned of like tenor for such remaining shares not transferred hereunder:

Name and Address of Assignee	Number of Shares

and does hereby irrevocably constitute and appoint _____attorney-in-fact to register such transfer onto the books of Photronics, Inc. maintained for the purpose, with full power of substitution in the premises.

If the Assignee is not already a party to the Registration Rights Agreement (as that term is defined in the Warrant Agreement), the undersigned registered owner of the enclosed Warrant Certificate has provided the Company with a fully executed joinder agreement pursuant to which the Assignee has become a party to the Registration Rights Agreement.

Dated:_____

Print Name:_____

Signature:_____

Witness:_____

NOTICE: The signature on this assignment must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF JOINDER TO WARRANT AGREEMENT

THIS JOINDER to Warrant Agreement (this "***Joinder***") is made as of ____ ___, ____ by _____, a _____(the "***Purchaser***") pursuant to the Warrant Agreement dated as of May 15, 2009 (as amended, supplemented or otherwise modified from time to time, the "***Warrant Agreement***"), by and among Photronics, Inc., a Connecticut corporation (the "***Company***") and the Purchasers and other Holders party thereto. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Warrant Agreement.

In consideration of the sale, issuance or transfer of Warrants to the Purchaser and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Purchaser hereby agrees as follows:

1. The Purchaser hereby joins in and agrees to be bound by, and shall be entitled to the benefits of, each and all of the provisions of the Warrant Agreement as a Holder thereunder. The Purchaser further agrees to execute and deliver all other documents and instruments and take all other actions required under or pursuant to the Warrant Agreement or as reasonably required by the Company in connection herewith.

2. For purposes of delivering any notice under the Warrant Agreement, the address of the Purchaser is as follows:

[Name]
[Address]
Facsimile Number:

3. This Joinder may be executed in counterparts each of which, taken together, shall constitute one and the same original.

4. This Joinder and the rights of the Purchaser hereunder shall be interpreted in accordance with the laws of the State of New York, and all rights and remedies shall be governed by such laws without regard to principles of conflicts of laws.

EXECUTED AND DATED this the ____ day of [_____], 20[__].

[PURCHASER]

By: _____

SCHEDULE 2(a)

WARRANT SHARE ALLOCATION

Name and Address of Purchaser	Warrant Shares
JPMorgan Chase Bank, National Association 277 Park Avenue, 22nd Floor New York, NY 10172 Attention: David Gibbs, Managing Director Telephone: 212-622-8612 Telecopier: 917-463-0260	470,411
RBS Citizens, National Association [address] Attention: [·] Telephone: [·] Telecopier: [·]	306,335
HSBC Bank USA, National Association [address] Attention: [·] Telephone: [·] Telecopier: [·]	442,562
Citibank, N.A. 388 Greenwich St., 7th Fl New York, NY 10013 Attention: Dina Garthwaite Telephone: 212-816-3730 Telecopier: 646-308-6550	406,436
Bank of America, N.A. 600 Montgomery Street, 15th Floor San Francisco, CA 94111 Attention: Gary M. Tsuyuki, Managing Director Telephone: 415-913-6079 Telecopier: 415-343-9489	295,042
UBS Loan Finance LLC [address] Attention: [·] Telephone: [·] Telecopier: [·]	167,092
Total	2,087,878

REGISTRATION RIGHTS AGREEMENT

Dated as of May 15, 2009

among

PHOTRONICS, INC.

and

THE HOLDERS NAMED HEREIN

TABLE OF CONTENTS

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "***Agreement***") is made as of May 15, 2009 by and among Photronics, Inc., a Connecticut corporation (the "***Company***"), the purchaser parties listed on Annex A hereto (the "***Purchasers***"), and each other Person made party to this Agreement in accordance with the terms hereof (together with the Purchasers, the "***Holders***").

RECITALS

WHEREAS, the Company wishes to grant to each of the Holders party or made party hereto the registration rights set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINED TERMS; CONSTRUCTION

Section 1.1 Defined Terms. The following capitalized terms, when used in this Agreement, have the respective meanings set forth below:

"***Affiliate***" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person. The term "control" (as used in the terms "controlling", "controlled by" or "under common control with") means holding the power to direct or cause the direction of the management and policies of a Person, whether by ownership of equity securities, contract or otherwise.

"***Board***" means the board of directors of the Company or any duly authorized committee thereof.

"***Business Day***" means any day that is not a Saturday, Sunday or other day on which banking institutions are required or authorized by law to be closed in New York, New York.

"Commission" means the United States Securities and Exchange Commission.

"***Common Stock***" means the Common Stock, par value $0.01, of the Company.

"***Free Writing Prospectus***" means a free-writing prospectus, as defined in Rule 405 of the Securities Act.

"***Person***" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind.

"***Registrable Securities***" means (a) any Common Stock held by any Holder and (b) any securities of the Company issued or issuable directly or indirectly with respect to the securities referred to in clause (a) above by way of dividend or split or in connection with a combination of securities, recapitalization, merger, consolidation, exchange, conversion or other reorganization, including a recapitalization or exchange. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities (i) when they have been distributed to the public pursuant to a offering registered under the Securities Act, (ii) when they have been sold to the public in compliance with Rule 144 under the Securities Act (or any similar rule then in force), (iii) when they have been repurchased by the Company or any subsidiary or (iv) when the entire amount of Registrable Securities held by a Holder may be sold in a single sale without limitation as to volume pursuant to Rule 144 under the Securities Act (or any similar rule then in force). For purposes of this Agreement, a Person shall be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise), whether or not such acquisition has actually been effected; provided that such right must be converted or exercised and the Registrable Securities acquired not later than immediately prior to the initial closing of an offering in which the Registrable Securities issuable upon exchange or conversion of such rights are to be included (although such conversion or exercise may be conditioned upon the occurrence of such closing).

"***Related Person***" means, with respect to a particular holder of Registrable Securities, each Affiliate thereof, their respective direct and indirect general and limited partners, advisory board members, directors, officers, trustees, managers, members, Affiliates and shareholders, and each Person who controls (within the meaning of Section 15 of the Securities Act) such holder.

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder and any successor statute.

"***Transfer***" means any sale, transfer, assignment, hypothecation, pledge or other disposition.

Section 1.2 Construction. For purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires: (a) words using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other gender; (b) references herein to "Articles," "Sections," "subsections" and other subdivisions, and to Exhibits and other attachments, without reference to a document are to the specified Articles, Sections, subsections and other subdivisions of, and Exhibits and other attachments to, this Agreement; (c) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to other subdivisions within a Section or subsection; (d) the words "herein," "hereof," "hereunder," "hereby" and other words of similar import refer to this Agreement as a whole and not to any particular provision; and (e) the words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation."

Section 1.3 Additional Definitions. The following capitalized terms are defined in the following Sections of this Agreement:

Term	Section
Agreement	Preamble
Company	Preamble
Following Holdback Period	4.1(a)
Holdback Extension	4.1(a)
Holders	Preamble
Inspector(s)	4.2(j)
Piggyback Registration	3.1
Purchasers	Preamble
Records	4.2(j)
Registration Expenses	4.4(a)
Shelf Registration	Article II
Shelf Registration Statement	Article II
Suspension Period	4.2(b)
Violation	4.5(a)

ARTICLE II
SHELF REGISTRATION

Subject to the terms and conditions of this Agreement, at any time after thirty (30) days after the date hereof, if the Holders of a majority of the Registrable Securities request, by written notice to the Company at its address specified in Section 5.8, the Company shall prepare and file, in accordance with the provisions of Section 4.2, a registration statement (the "***Shelf Registration Statement***") on an appropriate form under the Securities Act relating to the offer and sale of all of the Registrable Securities by the Holders thereof from time to time in accordance with the methods of distribution set forth in the Shelf Registration Statement and Rule 415 under the Securities Act (hereinafter, the "***Shelf Registration***").

ARTICLE III
PIGGYBACK REGISTRATIONS

Section 3.1 Right to Piggyback. Whenever the Company proposes to register any of its equity securities (including any proposed registration of the Company's securities by any third party) under the Securities Act (other than (i) pursuant to a Shelf Registration, which is governed by Article II, (ii) pursuant to a registration on Form S-4 or S-8 or any successor or similar forms or (iii) in connection with a rights offering), whether or not for sale for its own account, and the registration form to be used may be used for the registration of Registrable Securities (a "***Piggyback Registration***"), the Company shall give prompt written notice to all holders of Registrable Securities of its intention to effect such a registration (which notice shall be given at least 20 days prior to the date the applicable registration statement is to be filed) and, subject to Sections 3.3 and 3.4, shall include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 10 days after the receipt of the Company's notice. Any holder of Registrable Securities that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the 20th day prior to the planned effective date of such Piggyback Registration.

Section 3.2 Piggyback Expenses. Subject to the qualifications set forth in Section 4.4(b), the Registration Expenses of the holders of Registrable Securities shall be paid by the Company in all Piggyback Registrations.

Section 3.3 Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing (with a copy to each party hereto requesting registration of Registrable Securities) that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering without adversely affecting the marketability of such offering (including the price range acceptable to the Company), the Company shall include in such registration (i) first, the securities the Company proposes to sell, (ii) second, the securities, if any, requested to be included in such registration by Persons having registration rights granting such Persons priority over the Holders on the inclusion of securities to be registered, pro rata among those Persons on the basis of the amount of such securities owned and requested to be included by such Persons and (iii) third, the Registrable Securities requested to be included in such registration, pro rata among the holders of such Registrable Securities on the basis of the amount of such securities owned and requested to be included by each such holder.

Section 3.4 Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's securities other than the holders of Registrable Securities, and the managing underwriters advise the Company in writing (with a copy to each party hereto requesting registration of Registrable Securities) that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold without adversely affecting the marketability of the offering, the Company shall include in such registration (i) first, the securities requested to be included therein by the holders requesting such registration, pro rata among the holders of such securities on the basis of the amount of such securities owned and requested to be included by each such holder, and (ii) second, the Registrable Securities requested to be included in such registration, pro rata among the holders of such Registrable Securities on the basis of the amount of such securities owned and requested to be included by each such holder.

Section 3.5 Selection of Investment Bankers and Underwriters. If any Piggyback Registration is an underwritten offering, the Company shall have the right to select the investment banker(s) and manager(s) for the offering.

Section 3.6 Obligations of Seller. During such time as any holder of Registrable Securities may be engaged in a distribution of securities pursuant to an underwritten Piggyback Registration, such holder shall distribute such securities only under the registration statement and solely in the manner described in the registration statement. No holder of Registrable Securities shall use a Free Writing Prospectus that has not been approved or authorized by the Company.

Section 3.7 Right to Terminate Registration. Without limiting the obligations of the Company under Section 4.2, the Company shall have the right to terminate or withdraw any registration initiated by it under this Article III prior to the effectiveness of such registration, whether or not any holder of Registrable Securities has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 4.4.

ARTICLE IV
ADDITIONAL AGREEMENTS

Section 4.1 Holdback Agreements.

(a) At the request of the underwriter(s), each holder of Registrable Securities shall be subject to, and each will be released on an equal basis from, customary lock-ups in connection with underwritten offerings (90 days in the case of all underwritten Piggyback Registrations) (each a "***Following Holdback Period***")), except to the extent the underwriter(s) agree to a shorter lock-up period. If (i) the Company issues an earnings release or other material news or a material event relating to the Company and its subsidiaries occurs during the last 17 days of any Following Holdback Period (as applicable) or (ii) prior to the expiration of any Following Holdback Period (as applicable), the Company announces that it will release earnings results during the 16-day period beginning upon the expiration of such period, then to the extent necessary for a managing or co-managing underwriter of a registered offering required hereunder to comply with NASD Rule 2711(f)(4), the Following Holdback Period (as applicable) shall be extended until 18 days after the earnings release or the occurrence of the material news or event, as the case may be (such period referred to herein as the "***Holdback Extension***"). The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of such period, including any period of Holdback Extension.

(b) The Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and during such period of time (not to exceed 90 days in all cases (except as extended during the period of any Holdback Extension)), as may be determined by the underwriters managing such underwritten registration, following the effective date of any underwritten Piggyback Registration (except as part of such underwritten registration or pursuant to registrations on Form S-8 or any successor form), unless the underwriters managing the offering otherwise agree in writing.

Section 4.2 Registration Procedures. Whenever the holders of Registrable Securities have requested that any Registrable Securities be registered pursuant to this Agreement, the Company shall use its commercially reasonable efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder, prepare and file with the Commission a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective (provided that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company shall furnish to the counsel selected by the holders of a majority of the Registrable Securities covered by such registration statement, copies of all such documents proposed to be filed, which documents shall be subject to the review and comment of such counsel), and include in any such registration statement such additional information reasonably requested by the holders of a majority of the Registrable Securities registered under the applicable registration statement, or the underwriters, if any, for marketing purposes, whether or not required by applicable securities laws;

(b) notify each holder of Registrable Securities of the effectiveness of each registration statement filed hereunder and prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period (i) in the case of a Shelf Registration, ending on the earlier of the fifth anniversary of the date of this Agreement and the date upon which all Registrable Securities included therein have been sold or (ii) in the case of a Piggyback Registration, of not less than 270 days, and in all cases to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement; provided, however, that at any time, upon written notice to the participating holders of Registrable Securities and for a period not to exceed 60 days thereafter (the "***Suspension Period***"), the Company may delay the filing or effectiveness of any registration statement or suspend the use or effectiveness of any registration statement (and the holders of Registrable Securities hereby agree not to offer or sell any Registrable Securities pursuant to such registration statement during the Suspension Period) if the Company reasonably believes that there is or may be in existence material nonpublic information or events involving the Company, the failure of which to be disclosed in the prospectus included in the registration statement could result in a Violation (as defined below). During any such Suspension Period, and as may be extended hereunder, the Company shall use its reasonable best efforts to correct or update any disclosure causing the Company to provide notice of the Suspension Period and to file and cause to become effective or terminate the suspension of use or effectiveness, as the case may be, of the subject registration statement. In the event that the Company shall exercise its right to delay or suspend the filing or effectiveness of a registration hereunder, the applicable time period during which the registration statement is to remain effective shall be extended by a period of time equal to the duration of the Suspension Period. The Company may extend the Suspension Period for an additional consecutive 60 days with the consent of the holders of a majority of the Registrable Securities registered under the applicable registration statement, which consent shall not be unreasonably withheld. If so directed by the Company, all holders of Registrable Securities registering shares under such registration statement shall (i) not offer to sell any Registrable Securities pursuant to the registration statement during the period in which the delay or suspension is in effect after receiving notice of such delay or suspension, and (ii) use their reasonable best efforts to deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such holders' possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice;

(c) furnish to each seller of Registrable Securities thereunder such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), each Free Writing Prospectus and such other documents as such seller may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller;

(d) use its commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; provided that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subsection, (ii) consent to general service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction;

(e) notify each seller of such Registrable Securities, (i) promptly after it receives notice thereof, of the date and time when such registration statement and each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (ii) promptly after receipt thereof, of any request by the Commission for the amendment or supplementing of such registration statement or prospectus or for additional information, and (iii) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, at the request of any such seller, the Company shall prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading;

(f) prepare and file promptly with the Commission, and notify such holders of Registrable Securities prior to the filing of, such amendments or supplements to such registration statement or prospectus as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, when any event has occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and, in case any of such holders of Registrable Securities or any underwriter for any such holders is required to deliver a prospectus at a time when the prospectus then in circulation is not in compliance with the Securities Act or the rules and regulations promulgated thereunder, the Company shall use its reasonable best efforts to prepare promptly upon request of any such holder or underwriter such amendments or supplements to such registration statement and prospectus as may be necessary in order for such prospectus to comply with the requirements of the Securities Act and such rules and regulations;

(g) cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed;

(h) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(i) enter into and perform such customary agreements (including underwriting agreements in customary form) and take all such other actions as the holders of a majority of the Registrable Securities registered under the applicable registration statement, or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including participation in "road shows," investor presentations and marketing events and effecting a stock split or a combination of shares);

(j) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter (each, an "***Inspector***" and collectively, the "***Inspectors***"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "***Records***"), and cause the Company's officers, directors, employees and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement. Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (x) the disclosure of such Records is necessary, in the Company's reasonable judgment, to avoid or correct a misstatement or omission in the Registration Statement, (y) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (z) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public. Each seller of Registrable Securities agrees that it shall, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at the Company's expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential. In the event that the Company fails to prevent disclosure of such Records reasonably before the deadline by which seller is required to produce such Records, then such seller agrees that it shall furnish only the portion of those Records which it is advised by counsel is legally required and shall exercise all reasonable efforts to obtain reliable assurance that confidential treatment, if available, will be accorded to those Records;

(k) take all reasonable actions to ensure that any Free-Writing Prospectus prepared by (or on behalf of) the Company complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(m) use its commercially reasonable efforts to prevent the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Stock included in such registration statement for sale in any jurisdiction, and in the event of the issuance of any such stop order or other such order the Company shall advise such holders of Registrable Securities of such stop order or other such order promptly after it shall receive notice or obtain knowledge thereof and shall use its commercially reasonable efforts promptly to obtain the withdrawal of such order;

(n) use its commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities; and

(o) use its commercially reasonable efforts to obtain one or more cold comfort letters signed by the Company's independent public accountants as the holders of a majority of the Registrable Securities registered under the applicable registration statement reasonably request, which cold comfort letters shall be in customary form and cover such matters of the type customarily covered by cold comfort letters.

Section 4.3 Holder Information. Each holder of Registrable Securities as to which any registration is being effected shall promptly furnish the Company with (i) such information regarding such holder, the intended method of distribution of its Registrable Securities and pertinent to the disclosure requirements relating to the registration and the distribution of such securities as the Company may from time to time reasonably request in writing and (ii) all information required to be disclosed in order to make any information previously furnished to the Company by such holder not contain a material misstatement of fact or necessary to cause any registration statement or related prospectus (or amendment or supplement thereto) filed in connection with such registration not to omit a material fact with respect to such holder necessary in order to make the statements therein not misleading.

Section 4.4 Registration Expenses.

(a) All expenses incident to the Company's performance of or compliance with this Agreement, including all registration, qualification and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, fees and disbursements of custodians, and fees and disbursements of counsel for the Company and all independent certified public accountants, underwriters (excluding underwriting discounts and commissions) and other Persons retained by the Company (all such expenses being herein called "***Registration Expenses***"), shall be borne as provided in this Agreement, except that the Company shall, in any event, pay its internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit or quarterly review, the expense of any liability insurance and the expenses and fees for listing the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed. Each Person that sells securities pursuant to a Shelf Registration or Piggyback Registration hereunder shall bear and pay all underwriting discounts and commissions applicable to the securities sold for such Person's account.

(b) In connection with a Shelf Registration and each Piggyback Registration, the Company shall reimburse the holders of Registrable Securities included in such registration for the reasonable fees and out-of-pocket disbursements of one counsel chosen by the holders of a majority of the Registrable Securities registered under the applicable registration statement.

Section 4.5 Indemnification.

(a) The Company agrees to indemnify and hold harmless each holder of Registrable Securities and each such holder's Related Persons against and for all losses, claims, actions, damages, liabilities and expenses, joint or several, suffered by any such holder of Registrable Securities or such holder's Related Persons and arising out of or caused by any of the following statements, omissions or violations (each a "***Violation***"): (i) any untrue or alleged untrue statement of material fact contained or incorporated by reference in any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus of the Company or any amendment thereof or supplement thereto or any document incorporated by reference therein, or in any other such disclosure document of the Company (including reports and other documents filed under the Exchange Act and any document incorporated by reference therein) or other document or report of the Company furnished by or on behalf of the Company in connection with any registration hereunder, except to the extent that the Violation is a result of information supplied to the Company by such holder of Registrable Securities and/or any of such holder's Related Persons (excluding the Company and its subsidiaries) expressly for inclusion therein, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent that the Violation is a result of information supplied to the Company by such holder of Registrable Securities and/or any of such holder's Related Persons (excluding the Company and its subsidiaries) expressly for inclusion therein, or (iii) any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance. The Company shall pay to each holder of Registrable Securities and such holder's Related Persons, as incurred, any legal and any other expenses reasonably incurred by such Person in connection with investigating, preparing, defending or settling any such claim, loss, damage, liability or action, except insofar as the same are caused by or contained in any information furnished in writing to the Company by such holder expressly for use therein. In connection with an underwritten offering, the Company shall indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of Section 15 of the Securities Act) to the same extent as provided above with respect to the indemnification of holders of Registrable Securities and their Related Persons.

(b) In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder shall furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and shall indemnify and hold harmless the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act) against any losses, claims, damages, liabilities and expenses (i) resulting from any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus, preliminary prospectus or Free Writing Prospectus of the Company or any amendment thereof or supplement thereto or other document or report furnished in connection with the offering or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information so furnished in writing by such holder expressly for inclusion therein or (ii) caused by such holder's failure to deliver to such holder's immediate purchaser a copy of the registration statement, related prospectus or any amendments or supplements thereto (if the same was required by applicable law to be so delivered) after the Company has furnished such holder with a sufficient number of copies of the same reasonably requested by such holder; provided that the obligation to indemnify shall be individual, not joint and several, for each holder and shall be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any Person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent shall not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim (in addition to local counsel), unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicting indemnified parties shall have a right to retain one separate counsel (in addition to local counsel), chosen by the holders of a majority of the Registrable Securities included in the registration, at the expense of the indemnifying party.

(d) If the indemnification provided for in this Section 4.5 is held by a court of competent jurisdiction to be unavailable to an indemnified party or is otherwise unenforceable with respect to any loss, claim, damage, liability or action referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amounts paid or payable by such indemnified party as a result of such loss, claim, damage, liability or action in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, claim, damage, liability or action as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution shall be limited, in the case of each seller of Registrable Securities, to an amount equal to the net proceeds actually received by

such seller from the sale of Registrable Securities effected pursuant to such registration (less the aggregate amount of any damages which such seller has otherwise been required to pay in respect of such loss, claim, damage, liability or action or any substantially similar loss, claim, damage, liability or action arising from the sale of Registrable Securities pursuant to such registration).

The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 4.5(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to herein shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) The indemnification and contribution provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and shall survive the transfer of securities.

(f) No indemnifying party shall, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the release of such indemnified party by the claimant or plaintiff from all liability in respect of such claim or litigation.

Section 4.6 Participation in Underwritten Registrations. No Person may participate in any registration hereunder which is underwritten unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including pursuant to any over-allotment or "green shoe" option requested by the underwriters; provided that no holder of Registrable Securities shall be required to sell more than the number of Registrable Securities such holder has requested to include) and (ii) completes and executes all questionnaires, powers of attorney, custody agreements, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements; provided that in no event shall any holder of Registrable Securities be required to indemnify any underwriter or other Person in any manner other than that which is specifically set forth in Section 4.5(b) with respect to its indemnification obligations to the Company and other holders of Registrable Securities. Each holder of Registrable Securities agrees to execute and deliver such other agreements as may be reasonably requested by the Company and the lead managing underwriter(s) that are consistent with such holder's obligations under Section 4.1 or that are necessary to give further effect thereto.

ARTICLE V
MISCELLANEOUS

Section 5.1 Remedies. Any Person having rights under any provision of this Agreement shall be entitled to enforce such rights specifically, to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that, in addition to any other rights and remedies existing in its favor, any party shall be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

Section 5.2 Amendment and Waiver. This Agreement may be amended or modified, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and the Holders of a majority of the Registrable Securities; provided that any amendment to this Agreement that is adverse in any material respect to a Holder in a manner disproportionate to the effect on the consenting Holders shall require the consent of such other Holder. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms. The parties hereto agree that the addition of new parties to this Agreement shall not constitute a modification, amendment or waiver of this Agreement.

Section 5.3 Successors and Assigns; Transferees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Registrable Securities shall continue to be Registrable Securities after any Transfer thereof (except if such Transfer was effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them or if such securities were sold pursuant to Rule 144 under the Securities Act). Any transferee receiving Registrable Securities in a Transfer effected in compliance with the terms of the Warrants shall become a Holder, party to this Agreement and subject to the terms and conditions of, and be entitled to enforce, this Agreement to the same extent, and in the same capacity, as the Person that Transferred such Registrable Securities to such transferee. Prior to the Transfer of any Registrable Securities to any transferee, and as a condition to such transferee having rights under this Agreement, each Holder effecting such Transfer shall cause such transferee to deliver to the Company an instrument in the form attached as Exhibit A and, upon such execution and delivery, such transferee shall be bound by, and entitled to the benefits of, the provisions of this Agreement, as described in this Section 5.3.

Section 5.4 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 5.5 Entire Agreement. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

Section 5.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart to this Agreement.

Section 5.7 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

Section 5.8 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission or mailed by prepaid first class mail, return receipt requested, or mailed by overnight courier prepaid to the parties at the following addresses or facsimile numbers:

(a) If to the Company, to:

Photronics, Inc.
15 Secor Road
Brookfield, Connecticut 06804
Attention: Richelle Burr
Vice President, Associate General Counsel and Secretary

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Facsimile: 646-848-8902
Attention: Stephen M. Besen, Esq.

(b) If to any other Stockholder, to the last address (or facsimile number) for such Person set forth in the records of the Company.

All such notices, requests and other communications will (w) if delivered personally to the address as provided in this Section 5.8, be deemed given upon delivery, (x) if delivered by facsimile transmission to the facsimile number as provided in this Section 5.8, be deemed given upon facsimile confirmation, (y) if delivered by mail in the manner described above to the address as provided in this Section 5.8, upon the earlier of the third Business Day following mailing or upon receipt and (z) if delivered by overnight courier to the address as provided in this Section 5.8, be deemed given on the earlier of the first Business Day following the date sent by such overnight courier or upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 5.8). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving written notice specifying such change to the other parties hereto.

Section 5.9 Governing Law; Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of New York.

Section 5.10 Consent to Jurisdiction; Service of Process. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in any New York State or federal court located in New York County, in the State of New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 5.8 shall be deemed effective service of process on such party.

Section 5.11 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.12 Mutual Drafting. This Agreement is the result of the joint efforts of the parties hereto, and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of the parties and there will be no construction against any party based on any presumption of that party's involvement in the drafting of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement as of the date first above written.

PHOTRONICS, INC.

By:_____
Name:
Title:

Purchaser:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By:_____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

Purchaser:

RBS CITIZENS, NATIONAL ASSOCIATION

By:_____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

Purchaser:

HSBC BANK USA, NATIONAL ASSOCIATION

By:_____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

Purchaser:

CITIBANK, N.A.

By: _____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

Purchaser:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

Purchaser:

UBS LOAN FINANCE LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page to Photronics, Inc. Registration Rights Agreement]

EXHIBIT A

FORM OF JOINDER TO REGISTRATION RIGHTS AGREEMENT

THIS JOINDER to Registration Rights Agreement (this "***Joinder***") is made as of ____ ___, ____ by _____, a _____ (the "***Transferee***") pursuant to the Registration Rights Agreement, dated as of May 15, 2009 (as amended, supplemented or otherwise modified from time to time, the "***Registration Rights Agreement***"), by and among Photronics, Inc., a Connecticut corporation (the "***Company***"), and the other Persons party thereto. Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Registration Rights Agreement.

In consideration of the sale, issuance or transfer of Warrants to the Transferee and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Transferee hereby agrees as follows:

1. The Transferee hereby joins in and agrees to be bound by, and shall be entitled to the benefits of, each and all of the provisions of the Registration Rights Agreement as, and in each case to the extent applicable to, a Holder thereunder. The Transferee further agrees to execute and deliver all other documents and instruments and take all other actions required under or pursuant to the Registration Rights Agreement or as reasonably required by the Company in connection herewith.

2. For purposes of delivering any notice under the Registration Rights Agreement, the address of the Transferee is as follows:

[Name]
[Address]
Facsimile Number:

3. This Joinder may be executed in counterparts each of which, taken together, shall constitute one and the same original.

4. This Joinder and the rights of the Transferee hereunder shall be interpreted in accordance with the laws of the State of New York, and all rights and remedies shall be governed by such laws without regard to principles of conflicts of laws.

EXECUTED AND DATED this the ____ day of [_____], 20[__].

[TRANSFEREE]

By:_____

ANNEX A

PURCHASERS

1. JPMorgan Chase Bank, National Association
2. RBS Citizens, National Association
3. HSBC Bank USA, National Association
4. Citibank, N.A.
5. Bank of America, N.A.
6. UBS Loan Finance, LLC

LOAN AGREEMENT

dated as of

June 8, 2009

among

PHOTRONICS, INC.

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
as Administrative Agent and Collateral Agent

J.P. MORGAN SECURITIES INC.,
as Sole Bookrunner and Sole Lead Arranger

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(continued)

LOAN AGREEMENT dated as of June 8, 2009 among PHOTRONICS, INC., the LENDERS from time to time party hereto and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent and Collateral Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum which is the greater of (1) 2.00% and (2) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means JPMorgan Chase Bank, National Association, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Foreign Subsidiary" means any Foreign Subsidiary to the extent such Foreign Subsidiary acting as a Subsidiary Guarantor would cause a Deemed Dividend Problem.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means the Administrative Agent and the Collateral Agent.

"Aggregate Commitment" means the aggregate of the Commitments of all of the Lenders. As of the Effective Date, the Aggregate Commitment is $27,204,119.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus a percentage per annum equal to the then applicable "Eurodollar Spread" on such day as set forth in the definition of "Applicable Rate";

provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"Applicable Pledge Percentage" means 100% but 65% in the case of a pledge by the Borrower or any Domestic Subsidiary of its Equity Interests in an Affected Foreign Subsidiary.

"Applicable Percentage" means, with respect to any Lender, the percentage of the Aggregate Commitment represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the percentage obtained by dividing such Lender's outstanding Loans by the aggregate outstanding principal amount of all of the Loans at such time.

"Applicable Rate" means, for any day, with respect to any Eurodollar Loan or any ABR Loan, the applicable rate per annum set forth below under the caption "Eurodollar Spread" or "ABR Spread":

Eurodollar Spread	ABR Spread
6.00%	5.00%

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"Banking Services" means each and any of the following bank services provided to the Borrower or any Subsidiary by any Lender or any of its Affiliates: (a) commercial credit cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Agreement" means any agreement entered into by the Borrower or any Subsidiary in connection with Banking Services.

"Banking Services Obligations" means any and all obligations of the Borrower or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Photronics, Inc., a Connecticut corporation.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"Capital Expenditures" means, without duplication, any cash expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (i) nominated by the board of directors of the Borrower nor (ii) appointed by directors so nominated; or (c) the acquisition of direct or indirect Control of the Borrower by any Person or group; or (d) the occurrence of a change in control, or other similar provision, as defined in any agreement or instrument evidencing any Material Indebtedness (triggering a default or mandatory prepayment, which default or mandatory prepayment has not been waived in writing).

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Chinese Credit Facility" means the RMB186,000,000 credit facility evidenced by that certain Amended and Restated Agreement by and among Photronics Imaging Technologies (Shanghai) Co., Ltd., JPMorgan Chase Bank (China) Company Limited Shanghai Branch, as original lender and as administrative agent and the other financial institutions party thereto.

"Chinese Facility Sale" means any sale of the Borrower's direct or indirect Equity Interests in Photronics China or all or a portion of the assets of Photronics China (excluding equipment returned by Photronics China to the Borrower or any Subsidiary).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all Pledged Equity, all "Collateral" as defined in the Security Agreement and all other property pledged in favor of the Collateral Agent, on behalf of itself and the Holders of Secured Obligations, pursuant to the Mortgages and any other Collateral Document from time to time.

"Collateral Agent" means JPMorgan Chase Bank, National Association in its capacity as Collateral Agent for the Holders of Secured Obligations and any successor Collateral Agent appointed pursuant to the terms of the Intercreditor Agreement.

"Collateral Documents" means, collectively, the Security Agreement, the Pledge Agreements, the Mortgages and all other agreements, instruments and documents executed in connection with this Agreement that are intended to create, evidence or perfect Liens to secure the Secured Obligations.

"Commitment" means, with respect to each Lender, the commitment of such Lender to make Loans on the Effective Date, expressed as an amount representing the maximum aggregate amount of such Lender's Loans hereunder. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

"Consolidated EBITDA" means, for any period, Consolidated Net Income for such period, minus the aggregate amount of extraordinary, unusual or non-recurring income or gains for such period to the extent required to be separately stated in the Borrower's financial statements in accordance with GAAP, plus, without duplication and to the extent deducted from revenues in determining Consolidated Net Income for such period, the sum of (a) the aggregate amount of Consolidated Interest Expense for such period, plus (b) the aggregate amount of income tax expense for such period, plus (c) the aggregate amount of depreciation and amortization for such period, plus (d) non-cash expenses related to stock-based compensation, plus (e) any extraordinary or non-recurring non-cash expenses, write-downs, write-offs, or losses including impairment or restructuring charges, all as determined on a consolidated basis with respect to the Borrower and its consolidated Subsidiaries in accordance with GAAP, minus, to the extent included in determining Consolidated Net Income for such period, any cash payments made during such period in respect of items described in clauses (d) and (e) above subsequent to the fiscal quarter in which the relevant non-cash expense or loss was reflected in a statement of Consolidated Net Income. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period"), (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period, and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes (i) assets comprising all or substantially all or any significant portion of a business or operating unit of a business, or (ii) all or substantially all of the common stock or other Equity Interests of a Person, and (b) involves the payment of consideration by the Borrower and its Subsidiaries in excess of $10,000,000; and "Material Disposition" means any sale, transfer or disposition of property or series of related sales, transfers, or dispositions of property that yields gross proceeds to the Borrower or any of its Subsidiaries in excess of $10,000,000.

"Consolidated Fixed Charges" means, with reference to any period, without duplication, interest payments in cash and scheduled principal payments on Indebtedness made in cash during such period, plus Taxes paid in cash, all calculated for the Borrower and its Subsidiaries on a consolidated basis.

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Borrower and its Subsidiaries calculated on a consolidated basis for such period with respect to (a) all outstanding Indebtedness of the Borrower and its Subsidiaries allocable to such period in accordance with GAAP and (b) Swap Agreements (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under interest rate Swap Agreements to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis (without duplication) for such period; provided that there shall be excluded (a) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (b) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation (other than under any Loan Document) or any organizational or governing documents, any law, treaty, rule or regulation or any determination of an arbitrator or other Governmental Authority, in each case applicable to such Subsidiary. An example of the calculation of Consolidated EBITDA and Consolidated Net Income for the fiscal year ending October 29, 2006 and for the first two (2) fiscal quarters of 2007 is attached hereto as Schedule 1.01.

"Consolidated Senior Indebtedness" means at any time Consolidated Total Indebtedness minus the aggregate principal amount of Subordinated Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP.

"Consolidated Total Assets" means, as of the date of any determination thereof, total assets of the Borrower and its Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Total Indebtedness" means at any time the sum, without duplication, of (a) the aggregate Indebtedness of the Borrower and its Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP, (b) the aggregate amount of Indebtedness of the Borrower and its Subsidiaries relating to the maximum drawing amount of all letters of credit outstanding and bankers acceptances and (c) Indebtedness of the type referred to in clauses (a) or (b) hereof of another Person guaranteed by the Borrower or any of its Subsidiaries.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Convertible Subordinated Note Indenture" means (i) the Indenture dated as of April 15, 2003 from the Borrower to The Bank of New York, as Trustee, as in effect on the Effective Date and (ii) any replacement or additional indenture, in each case as the same may from time to time be issued, amended, restated or otherwise

modified as permitted herein and pursuant to the which the Borrower issued the Convertible Subordinated Notes.

"Convertible Subordinated Notes" means (i) the $150,000,000 2 1/4% Convertible Subordinated Notes due 2008, as in effect on the Effective Date and (ii) any other promissory notes issued pursuant to the Convertible Subordinated Note Indenture, in each case as the same may from time to time be issued, amended, restated or otherwise modified as permitted herein and as issued pursuant to the terms of the Convertible Subordinated Note Indenture.

"Deemed Dividend Problem" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary's accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary under Section 956 of the Code or any successor or similar law and the effect of such repatriation causing or expected to cause adverse tax consequences in excess of $1,000,000 in the aggregate to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower or any of its ERISA Affiliates of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EU" means the European Union.

"euro" and/or "EUR" means the single currency of the participating member states of the EU.

"Eurodollar", when used in reference to any Loan or Borrowing, mean that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.17(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a).

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal

Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the chief financial officer, any vice president of finance, principal accounting officer, treasurer or controller of the Borrower.

"First Tier Foreign Subsidiary" means each Foreign Subsidiary and with respect to which any one or more of the Borrower and its Domestic Subsidiaries directly owns or controls more than 50% of such Foreign Subsidiary's Equity Interests.

"Fixed Charge Coverage Ratio" has the meaning assigned to such term in Section 6.12(d).

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Holders of Secured Obligations" means the Secured Parties and the Revolving Facility Secured Parties.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable and accrued expenses incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) all obligations of such Person under any Swap Agreement or under any similar type of agreement and (l) obligations of such Person under Sale and Leaseback Transactions. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Intercreditor Agreement" means that certain Amended and Restated Intercreditor Agreement substantially in the form of Exhibit I and entered into by the Administrative Agent, the Collateral Agent and JPMorgan Chase Bank, National Association, as administrative agent under the Revolving Facility in connection with this Agreement and the Revolving Facility Documents, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made.

"Joint Venture" means any corporation, partnership, limited liability company or other legal entity or arrangement in which the Borrower or any Subsidiary has an equity investment and direct or indirect Control.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in Dollars in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in Dollars with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which deposits in Dollars of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loans" means the loans made by the Lenders to the Borrower, or otherwise incurred by the Borrower, pursuant to this Agreement.

"Loan Documents" means this Agreement, the Subsidiary Guaranty, the Collateral Documents (including, without limitation, the Pledge Agreements), any promissory notes executed and delivered pursuant to Section 2.10(e), the Intercreditor Agreement and any and all other instruments and documents executed and delivered in connection with any of the foregoing.

"Loan Parties" means, collectively, the Borrower and the Subsidiary Guarantors.

"Manchester Facility" means the real property and buildings owned by the Borrower or any Subsidiary located in Manchester, England.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or condition (financial or otherwise) of the Borrower and the Subsidiaries taken as a whole or (b) the ability of the Borrower or any other Loan Party to perform any of its obligations under this Agreement or any other Loan Document or (c) the rights of or remedies available to the Lenders under this Agreement or any other Loan Document.

"Material Indebtedness" means (i) the Indebtedness under any Convertible Subordinated Note and (ii) any other Indebtedness (other than the Loans), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount exceeding $5,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Material Subsidiary" means each Subsidiary (i) which, as of the most recent fiscal year of the Borrower, for the period of four consecutive fiscal quarters then ended, for which financial statements have been delivered pursuant to Section 5.01, contributed greater than ten percent (10%) of the Borrower's Consolidated EBITDA for such period or (ii) which contributed greater than ten percent (10%) of the Borrower's Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of the Borrower's Consolidated EBITDA or Borrower's Consolidated Total Assets attributable to Subsidiaries (other than Affected Foreign Subsidiaries) that are not Subsidiary Guarantors exceeds twenty percent (20%) of the Borrower's Consolidated EBITDA for any such period or twenty percent (20%) of the Borrower's Consolidated Total Assets as of the end of any such fiscal year, the Borrower (or, in the event the Borrower has failed to do so within ten days, the Administrative Agent) shall designate sufficient Subsidiaries (other than Affected Foreign Subsidiaries) as "Material Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Subsidiaries; provided, that, in the case of a Person becoming a Subsidiary pursuant to an acquisition, the foregoing financial tests shall be applied on a Pro Forma Basis immediately upon consummation of such acquisition and, assuming such Subsidiary would constitute a Material Subsidiary on a Pro Forma Basis, the Borrower shall comply with Section 5.09.

"Maturity Date" means January 31, 2011.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each mortgage, deed of trust or other agreement which conveys or evidences a Lien in favor of the Collateral Agent, for the benefit of the Collateral Agent and the Holders of Secured Obligations, on real property of a Loan Party, including any amendment, restatement, modification or supplement thereto, each in form and substance reasonably acceptable to the Collateral Agent and the Borrower.

"Mortgage Instruments" means such title reports, title insurance, flood certifications and flood insurance, opinions of counsel, surveys, appraisals and environmental reports and other similar information and related certifications as are reasonably requested by, and in form and substance reasonably acceptable to, the Collateral Agent from time to time.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means (a) the cash proceeds actually received in respect of the Chinese Facility Sale or arising from a casualty, condemnation or similar event in respect of the assets of Photronics China including any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, net of (b) the sum of (i) all reasonable attorneys' fees, accountants' fees, investment banking fees, survey costs, title policy premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, required payments of other obligations relating to the applicable event on such asset, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith and (ii) the amount of all taxes paid (or

reasonably estimated to be payable) and the amount of any reserves established against any adjustment to the sale price or to fund contingent liabilities reasonably estimated to be payable, in each case during the year that such event occurred or the next succeeding year and that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

"New Mask Shop Obligations" means all obligations of the Borrower to pay rent, additional rent and other payments under, or in connection with, the Build to Suit Lease dated May 5, 2006 by and between the Borrower and Micron Technology, Inc., including any, extension, amendment, modification, replacement, substitution or refinancing of such obligations whether with Micron Technology, Inc. or a third party lender so long as the principal amount of such obligations is not increased.

"Obligations" means all indebtedness (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Borrower and its Subsidiaries to any of the Lenders and the Administrative Agent, individually or collectively, existing on the Effective Date or arising thereafter, under this Loan Agreement or any of the other Loan Documents or to the Lenders or any of their Affiliates under any Swap Agreement or any Banking Services Agreement or in respect of any of the Loans made or other instruments at any time evidencing any thereof, whether direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participant" has the meaning set forth in Section 9.04.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04, or as to which the grace period, if any, related thereto has not expired;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than thirty (30) days or are not in excess of $3,000,000 individually, or $5,000,000 in the aggregate, or are being contested in compliance with Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, the credit rating of A1 from S&P or P1 from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(e) investments in taxable or tax exempt obligations of any state of the United States of America or any municipality thereof maturing within three years of the date of acquisition thereof and which is rated "A1" or higher by Moody's or "AA" or higher by S&P;

(f) investments in auction rate securities maturing within one year of the date of acquisition thereof and which is rated "Aa3" or higher by Moody's or "AA-" or higher by S&P;

(g) investments in fixed income securities maturing within one year of the date of acquisition thereof and which are rated "A" or higher by Moody's or S&P;

(h) to the extent the aggregate amount of such investments does not exceed 10% of Permitted Investments, investments in fixed income securities maturing within two years of the date of acquisition thereof and which are rated between "BBB-" and "BBB+" by S&P;

(i) investments in money market mutual funds having assets in excess of $1,000,000,000 whose sole investments are securities described in clauses (a) through (i) above; and

(j) in the case of any Foreign Subsidiary, investments of comparable tenure and credit quality to those described in the foregoing clauses (a) through (i) or other high quality short term investments, in each case, customarily utilized in countries in which such Foreign Subsidiary operates for short term cash management purposes.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Photronics China" means Photronics Imaging Technologies (Shanghai) Co., Ltd., a Chinese corporation.

"PKL" means PKL, Ltd., a Korean corporation.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements" means that certain Pledge Agreement substantially in the form of Exhibit H (including any and all supplements thereto) and executed by the relevant Loan Parties, and, in the case of any pledge of Equity Interests of a Foreign Subsidiary, any other pledge agreements, share mortgages, charges and comparable instruments and documents from time to time executed pursuant to the terms of Section 5.09 in favor of the Collateral Agent for the benefit of the Holders of Secured Obligations as amended, restated, supplemented or otherwise modified from time to time.

"Pledge Subsidiary" means (i) each Domestic Subsidiary and (ii) each First Tier Foreign Subsidiary that is a Material Subsidiary.

"Pledged Equity" means all pledged Equity Interests in or upon which a security interest or Lien is from time to time granted to the Collateral Agent, for the benefit of the Holders of Secured Obligations, under the Pledge Agreements.

"Prepayment Event" means (a) the Chinese Facility Sale and (b) a casualty, condemnation or similar event in respect of the assets of Photronics China.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, National Association as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Pro Forma Basis" means on a basis in accordance with GAAP and Regulation S-X and otherwise reasonably satisfactory to the Administrative Agent.

"PSMC" means Photronics Semiconductor Mask Corporation, a Republic of China corporation.

"Qualified Asset Sales" means (i) the Chinese Facility Sale and (ii) the sale, transfer or disposition by the Borrower or any Subsidiary of all or a portion of the Manchester Facility (in each case excluding sales, transfers or dispositions from the Borrower or any Subsidiary to the Borrower, any Subsidiary or any Affiliate thereof).

"Qualified Unsecured Indebtedness" of the Borrower or any Subsidiary means unsecured Indebtedness of such Person in an aggregate outstanding principal amount not in excess of $25,000,000 and on terms and conditions satisfactory to the Administrative Agent (it being understood and agreed that the limitations applicable to Subordinated Indebtedness pursuant to Section 6.10 shall also be applicable, *mutatis mutandis*, to Qualified Unsecured Indebtedness).

"Register" has the meaning set forth in Section 9.04.

"Regulation S-X" means Regulation S-X under the Securities Act of 1933, as amended.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Lenders" means, at any time, Lenders having Loans representing more than 50% of the sum of the aggregate outstanding principal amount of all of the Loans at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any option, warrant or other right to acquire any such Equity Interests in the Borrower.

"Revolving Facility" means the revolving credit facility evidenced by the Revolving Facility Agreement.

"Revolving Facility Agreement" means that certain Credit Agreement dated as of June 6, 2007 by and among the Borrower, certain foreign subsidiary borrowers which may from time to time be party thereto, certain lenders party thereto and JPMorgan Chase Bank, National Association, as administrative agent, as such agreement may be amended, modified or replaced from time to time.

"Revolving Facility Documents" means the Revolving Facility Agreement and the other instruments and documents related thereto.

"Revolving Facility Obligations" means the Indebtedness and other obligations of the "Borrowers" under the Revolving Facility Agreement, and includes without limitation the "Obligations" as defined in the Revolving Facility Agreement.

"Revolving Facility Secured Parties" means the holders of the Revolving Facility Obligations from time to time and shall include their respective successors, transferees and assigns.

"S&P" means Standard & Poor's.

"SAFE" means the State Administration of Foreign Exchange of the People's Republic of China.

"Sale and Leaseback Transaction" means any sale or other transfer of property by any Person with the intent to lease such property as lessee.

"Secured Obligations" means the Obligations and the Revolving Facility Obligations.

"Secured Parties" means the holders of the Obligations from time to time and shall include (i) each Lender, (ii) the Administrative Agent and the Lenders in respect of all other present and future obligations and liabilities of the Borrower and each Subsidiary of every type and description arising under or in connection with the Loan Agreement or any other Loan Document, (iii) each Lender and affiliate of such Lender in respect of Swap Agreements and Banking Services entered into with such Person by the the Borrower or any Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of the Borrower to such Person hereunder and under the other Loan Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

"Security Agreement" means that certain Security Agreement (including any and all supplements thereto), dated as of December 12, 2008, between the Loan Parties and the Collateral Agent, for the benefit of the Collateral Agent and the other Holders of Secured Obligations, as the same may be amended, restated or otherwise modified from time to time.

"Senior Leverage Ratio" has the meaning assigned to such term in Section 6.11(a).

"Specified Chinese Assets" means the site or any buildings located at No. 158, Jin Qiu Road, Shanghai (including, for the avoidance of doubt, both allocated land and granted land) and any other property (whether real, personal, tangible, intangible, or mixed) of Photronics China reasonably requested by the Collateral Agent.

"Specified Intercompany Note" means the intercompany note and related loan agreement (in each case in form and substance acceptable to the Collateral Agent) payable by Photronics China to the Borrower and evidencing the intercompany loan from the Borrower (with the proceeds of the Loans hereunder) to Photronics China to effect the repayment in full of the Chinese Credit Facility.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject, with respect to the Adjusted LIBO Rate, for eurodollar funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurodollar funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Indebtedness" of the Borrower or any Subsidiary means the Indebtedness under the Convertible Subordinated Notes outstanding on the Effective Date and any other Indebtedness of such Person the payment of which is subordinated to payment of the obligations under the Loan Documents to the written satisfaction of, and the terms and conditions of which are otherwise satisfactory to, the Administrative Agent.

"Subordinated Indebtedness Documents" means any document, agreement or instrument evidencing any Subordinated Indebtedness or entered into in connection with any Subordinated Indebtedness.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guarantor" means each Subsidiary (other than Affected Foreign Subsidiaries). The Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.01 hereto.

"Subsidiary Guaranty" means that certain Guaranty dated as of the Effective Date in the form of Exhibit G (including any and all supplements thereto) and executed by each Subsidiary Guarantor party thereto, and, in the case of any guaranty by a Foreign Subsidiary, any other guaranty agreements as are requested by the Administrative Agent and its counsel, in each case as amended, restated, supplemented or otherwise modified from time to time.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Swap Agreement.

"Swap Obligations" means any and all obligations of the Borrower or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swap Agreements permitted hereunder with a Lender or an affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any such Swap Agreement transaction.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Total Leverage Ratio" has the meaning assigned to such term in Section 6.11(b).

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing of Loans and the use of the proceeds thereof.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a "Eurodollar Loan") and Borrowings may also be classified and referred to by Type (e.g., a "Eurodollar Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrower in Dollars on the Effective Date in an aggregate principal amount that will not result in (a) the principal amount of such Lender's Loans exceeding such Lender's Commitment, (b) the sum of the aggregate principal amount of the Loans exceeding the Aggregate Commitment.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $3,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five (5) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Loans other than the initial Loans on the Effective Date and shall not be entitled to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m. New York City time, three (3) Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one (1) Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form

approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. [Intentionally Omitted].

SECTION 2.05. [Intentionally Omitted].

SECTION 2.06. [Intentionally Omitted].

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make the Loan to be made by it hereunder on the Effective Date by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to elect an Interest Period for Eurodollar Loans that does not comply with Section 2.02(d).

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination of Commitments. The Commitments shall terminate on the Effective Date upon the funding of the Loans in accordance with Section 4.01.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower shall repay the Loans as follows: (i) $9,068,039.67 of the unpaid principal amount of the Loans shall be paid in cash on January 31, 2010 and (ii) to the extent not previously prepaid, all unpaid Loans shall be paid in full in cash by the Borrower on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it to the Borrower be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11(a). The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment and (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof.

(b) Each prepayment of a Borrowing pursuant to Section 2.11(a) shall be applied to prepay the Loans ratably in accordance with the then outstanding amounts thereof. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

(c) In the event and on each occasion that any Net Proceeds are received by or on behalf of the Borrower or any of its Subsidiaries in respect of any Prepayment Event, the Borrower shall, within three (3) Business Days after such Net Proceeds are received by the Borrower or any Subsidiary, prepay the Loans in an aggregate amount equal to 100% of such Net Proceeds received by the Borrower or any Subsidiary; provided that the Net Proceeds in respect of the Chinese Facility Sale (and Net Proceeds arising from a casualty, condemnation or similar event in respect of the assets of Photronics China) shall be applied to prepay the Loans, as described above.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(b) All fees payable hereunder shall be paid on the dates due, in Dollars and immediately available funds, to the Administrative Agent and shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) In addition to the foregoing, the Loans shall bear additional interest on the unpaid principal amount thereof at the rate of 0.5% per annum, such rate to increase to 1.0% per annum at the commencement of the Borrower's fiscal quarter ending on or about November 1, 2009, to 1.5% per annum at the commencement of the Borrower's fiscal quarter ending on or about January 31, 2010, to 2.0% per annum at the commencement of the Borrower's fiscal quarter ending on or about May 2, 2010 and to 2.5% per annum at the commencement of the Borrower's fiscal quarter ending on or about August 1, 2010 (the interest set forth in this Section 2.13(c) being referred to herein as the "PIK Interest"). The Borrower shall have the option to pay all or part of the PIK Interest in cash on each Interest Payment Date. Any PIK Interest not paid in cash on the applicable Interest Payment Date shall on such date be capitalized and added to the aggregate principal amount of the Loans. Amounts representing any accrued but unpaid PIK Interest that has been capitalized and added to the aggregate principal amount of the Loans as set forth herein shall thereafter bear interest in accordance with this Section 2.13.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid

shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or of maintaining its obligation to make any such Loan or to reduce the amount of any sum received or receivable by such Lender hereunder, whether of principal, interest or otherwise, then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith) or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

SECTION 2.17. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes related to the Borrower and imposed on or incurred by the Administrative Agent or a Lender to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate.

(f) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.17, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.17 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, New York City time on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York 10017, except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied, subject to the terms of the Intercreditor Agreement, (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender’s obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. Each of the Borrower and its Subsidiaries is duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (to the extent such concept is applicable) in, every jurisdiction where such qualification is required. Schedule 3.01 hereto (as supplemented from time to time) identifies each Subsidiary, if such Subsidiary is a Material Subsidiary, the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the Borrower and the other Subsidiaries and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of each Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests indicated on Schedule 3.01 as owned by the Borrower or another Subsidiary are owned, beneficially and of record, by the Borrower or any Subsidiary free and clear of all Liens, other than Liens created under the Loan Documents. Except as set forth in Schedule 3.01, there are no outstanding commitments or other obligations of the Borrower or any Subsidiary to issue, and no options, warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of the Borrower or any Subsidiary.

SECTION 3.02. Authorization; Enforceability. The Transactions are within each Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, shareholder action. The Loan Documents to which each Loan Party is a party have been duly executed and delivered by such Loan Party and constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, and except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any order of any Governmental Authority, except for violations, individually or in the aggregate, which could not reasonably be expected to result in a Material Adverse Effect, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, except for violations or defaults, individually or in the aggregate, which could not reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, other than Liens created under the Loan Documents.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended November 2, 2008 reported on by Deloitte & Touche LLP, independent public accountants and (ii) as of and for the fiscal quarter ended February 1, 2009, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since November 2, 2008, there has been no material adverse change in the business, assets, operations or condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Each of the Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes. There are no Liens on any of the real or personal properties of the Borrower or any Subsidiary except for Liens permitted by Section 6.02.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation and Environmental Matters. (a) There are no actions, suits, proceedings or investigations by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a

reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement or the Transactions. There are no labor controversies pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) Neither the Borrower nor any Subsidiary is party or subject to any law, regulation, rule or order, or any obligation under any agreement or instrument, that has a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes. Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other informationn furnished by or on behalf of the Borrower or any Subsidiary to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Federal Reserve Regulations. No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.13. Liens. There are no Liens on any of the real or personal properties of the Borrower or any Subsidiary except for Liens permitted by Section 6.02.

SECTION 3.14. No Default. The Borrower is in full compliance with this Agreement and no Default or Event of Default has occurred and is continuing.

SECTION 3.15. Senior Indebtedness. The Obligations constitute "Senior Indebtedness" under and as defined in the Convertible Subordinated Note Indenture.

SECTION 3.16. Security Interest in Collateral. The provisions of this Agreement and the other Loan Documents create legal and valid Liens on all the Collateral covered thereby in favor of the Collateral Agent, for the benefit of the Holders of Secured Obligations, and (i) when all appropriate filings, recordings, registrations, stampings or notifications are made and (ii) upon the taking of possession or control by the Collateral Agent of such Collateral with respect to which a security interest may be perfected only by possession or control, such Liens shall constitute perfected and continuing Liens on the Collateral, securing the Secured Obligations, and having priority over all other Liens on the Collateral except in the case of (a) Permitted Encumbrances, to the extent any such Permitted Encumbrances would have priority over the Liens in favor of the Collateral Agent pursuant to any applicable law and (b) Liens perfected only by possession (including possession of any certificate of title) to the extent the Collateral Agent has not obtained or does not maintain possession of such Collateral.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received the favorable written opinions (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Shearman & Sterling LLP and Richelle E. Burr, counsels for the initial Loan Parties, substantially in the form of Exhibit B, and covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinions.

(c) (i) The Administrative Agent shall have received evidence of approval from SAFE, in a form satisfactory to the Administrative Agent, permitting the prepayment of loans and related obligations under the Chinese Credit Facility or (ii) the Borrower shall have received a written demand for payment from the

Administrative Agent under the Chinese Credit Facility in accordance with Section 2.1 of the Second Amended and Restated Guarantee Agreement under the Chinese Credit Facility and the Borrower shall have requested the Lenders to make the Loans hereunder in order to pay or prepay the loans and related obligations under the Chinese Credit Facility.

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the initial Loan Parties, the authorization of the Transactions and any other legal matters relating to such Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(e) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(g) The Administrative Agent shall have received evidence reasonably satisfactory to it that all governmental and third party approvals necessary or, in the discretion of the Administrative Agent, advisable in connection with the Transactions have been obtained and are in full force and effect.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make the Loan on the Effective Date is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of such Loan.

(b) At the time of and immediately after giving effect to such Loan, no Default shall have occurred and be continuing.

(c) No law or regulation shall prohibit, and no order, judgment or decree of any Governmental Authority shall enjoin, prohibit or restrain, any Lender from making the requested Loan.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent for distribution to each Lender:

(a) as soon as the same is available but in any event within ninety (90) days after the end of each fiscal year of the Borrower, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) (i) as soon as the same is available but in any event within forty five (45) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) as soon as available but in any event within ten (10) Business Days after the end of each fiscal month of the Borrower, a report (organized and detailed on a per jurisdiction basis) reflecting the amount of unrestricted cash balances and Permitted Investments maintained by the Borrower and its Subsidiaries in each such jurisdiction as of the end of such month and (iii) as soon as the same is available but in any event within forty five (45) days after the end of each fiscal quarter of each fiscal year of the Borrower, projections of the cash flows for the following fiscal quarter of the Borrower, in a form reasonably satisfactory to the Administrative Agent;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.11 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) within 90 days of the commencement of each fiscal year of the Borrower, projected consolidated balance sheets, income statements and cash flow statements of the Borrower and its consolidated Subsidiaries for such fiscal year;

(e) promptly after the same become publicly available, copies of all 10-Ks, 10-Qs and 8-Ks filed by the Borrower or any Subsidiary with the U.S. Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Documents required to be delivered pursuant to clauses (a), (b), (d) or (e) of this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address <www.photronics.com>; (ii) on which such documents are posted on the Borrower's behalf on IntraLinks™ or a substantially similar electronic platform, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); or (iii) on which such documents are filed for public availability on the U.S. Securities and Exchange Commission's Electronic Data Gathering and Retrieval System; provided that the Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the compliance certificates required by clause (c) of this Section 5.01 to the Administrative Agent.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including Tax liabilities, that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties; Insurance.

(a) The Borrower will, and will cause each of its Subsidiaries to, (i) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (ii) maintain with financially sound and reputable carriers (1) insurance in such amounts (with no greater risk retention) and against such risks (including loss or damage by fire and loss in transit; theft, burglary, pilferage, larceny, embezzlement, and other criminal activities; business interruption; and general liability) and such other hazards, as is customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (2) all insurance required pursuant to the Collateral Documents. The Borrower will furnish to the Lenders, upon request of the Collateral Agent, information in reasonable detail as to the insurance so maintained.

(b) The Borrower shall deliver to the Collateral Agent endorsements (x) to all "All Risk" physical damage insurance policies on the Loan Parties' tangible personal property and assets located in the United States of America and business interruption insurance policies naming the Collateral Agent as lender loss payee, and (y) to all general liability and other liability policies naming the Collateral Agent an additional insured. Each policy for liability insurance shall provide for all losses to be paid on behalf of the Collateral Agent and the Borrower or its Subsidiaries as their interests may appear. In the event the Borrower or any of its Subsidiaries at any time or times hereafter shall fail to obtain or maintain any of the policies or insurance required herein or to pay any premium in whole or in part relating thereto, then the Collateral Agent, without waiving or releasing any obligations or resulting Default hereunder, may at any time or times thereafter (but shall be under no obligation to do so) obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto which the Collateral Agent deems advisable. All sums so disbursed by the Collateral Agent shall constitute part of the Obligations, payable as provided in this Agreement. The Borrower will furnish to the Collateral Agent prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any material portion of the Collateral or interest therein under power of eminent domain or by condemnation or similar proceeding.

(c) So long as no Event of Default shall have occurred and be continuing, all insurance payments received by the Collateral Agent in connection with any loss, damage or destruction of any property of the Borrower or any of its Subsidiaries will be released by the Collateral Agent to the Borrower or such Subsidiary for the repair, replacement or restoration thereof, subject to the prepayment requirements under Section 2.11(c) and subject to such other terms and conditions with respect to the release thereof as the Collateral Agent may reasonably require.

SECTION 5.06. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which entries that are full, true and correct in all material respects are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its relevant books and records, including environmental assessment reports and Phase I or Phase II studies, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. The Borrower acknowledges that the Administrative Agent, after exercising its rights of inspection, may prepare and distribute to the Lenders certain reports pertaining to the Borrower and its Subsidiaries' assets for internal use by the Administrative Agent and the Lenders.

SECTION 5.07. Compliance with Laws and Material Contractual Obligations. The Borrower will, and will cause each of its Subsidiaries to, (i) comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including without limitation Environmental Laws) and (ii) perform in all material respects its obligations under material agreements to which it is a party, in each case except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.08. Use of Proceeds. The proceeds of the Loans will be used only to repay Indebtedness, and prepay the obligations, under the Chinese Credit Facility on the Effective Date. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 5.09. Subsidiary Guarantors; Pledges; Additional Collateral; Further Assurances

(a) As promptly as possible but in any event within thirty (30) days (or such later date as may be agreed upon by the Administrative Agent) after any Person becomes a Subsidiary or any Subsidiary qualifies independently as, or is designated by the Borrower or the Administrative Agent as, a Subsidiary Guarantor pursuant to the definition of "Subsidiary Guarantor", the Borrower shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the earnings and material assets of such Person and shall cause each such Subsidiary which also qualifies as a Subsidiary Guarantor to deliver to the Administrative Agent a joinder to the Subsidiary Guaranty and the Security Agreement (in each case in the form contemplated thereby) pursuant to which such Subsidiary agrees to be bound by the terms and provisions of thereof, such Subsidiary Guaranty to be accompanied by appropriate corporate resolutions, other corporate documentation and legal and joinder opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(b) The Borrower will cause, and will cause each other Subsidiary qualifying as a Loan Party to cause, within the time periods set forth below with respect to real property, all of its owned property (whether real, personal, tangible, intangible, or mixed) to be subject at all times to first priority and perfected (subject in each case to the qualifications specified in Section 3.16 with respect to priority and perfection) Liens in favor of the Collateral Agent for the benefit of the Holders of Secured Obligations to secure the Secured Obligations in accordance with the terms and conditions of the Collateral Documents, subject in any case to Liens permitted by Section 6.02. Without limiting the generality of the foregoing, the Borrower (i) will cause the Applicable Pledge Percentage of the issued and outstanding Equity Interests of each Pledge Subsidiary directly owned by the Borrower or any other Subsidiary qualifying as a Loan Party to be subject at all times to a first priority and perfected (subject in each case to the qualifications specified in Section 3.16 with respect to priority and perfection) Lien in favor of the Collateral Agent to secure the Secured Obligations in accordance with the terms and conditions of the Collateral Documents; provided that no such pledge of the Equity Interests of a Foreign Subsidiary shall be required hereunder to the extent such pledge is prohibited by applicable law or the Collateral Agent and its counsel reasonably determine that, in light of the cost and expense associated therewith, such pledge would be unduly burdensome or not provide material Pledged Equity for the benefit of the Holders of Secured Obligations pursuant to legally binding, valid and enforceable Pledge Agreements, (ii) will, and will cause each other Subsidiary qualifying as a Loan Party to, deliver Mortgages and Mortgage Instruments with respect to real property owned by the Borrower or such Subsidiary to the extent, and within such time period as is, reasonably required by the Collateral Agent and (iii) will (A) cause the intercompany note under the Specified Intercompany Note (and accompanying allonge in form and substance satisfactory to the Collateral Agent) to be delivered to the Collateral Agent by no later than five (5) days after the repayment of the Chinese Credit Facility (or such later date as the Collateral Agent may agree in the exercise of its reasonable discretion with respect thereto), (B) cause the Specified Intercompany Note to be secured, pursuant to such documentation as is reasonably acceptable to the Collateral Agent, by the Specified Chinese Assets by no later than the date that is sixty (60) days following the Effective Date (or such later date as the Collateral Agent may agree in the exercise of its reasonable discretion with respect thereto) and will not permit such security (and the indebtedness and obligations evidenced by the Specified Intercompany Note) to be released or otherwise terminated without the prior written consent of the Collateral Agent, (C) duly complete the foreign debt registration with SAFE in respect of the Specified Intercompany Note, duly register the security documentation in respect of the Specified Intercompany Note as first ranking mortgages on the Specified Chinese Assets in favor of the Borrower with the relevant government agency or authority, duly complete the external security registration with SAFE, in each case to the extent, and within such time period, as is reasonably required by the Collateral Agent and (D) obtain all approvals and take all actions that are necessary for the creation, registration and perfection of the security granted to secure the obligations under the Specified Intercompany Note, in each case to the extent, and within such time period, as is reasonably required by the Collateral Agent.

(c) Without limiting the foregoing, the Borrower will, and will cause each Subsidiary to, execute and deliver, or cause to be executed and delivered, to the Collateral Agent such documents, agreements and instruments, and will take or cause to be taken such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by Section 4.01, as applicable), which may be required by law or which the Collateral Agent may, from time to time, reasonably request to carry out the terms and conditions of this Agreement and the other Loan Documents and to ensure perfection and priority of the Liens created or intended to be created by the Collateral Documents, all at the expense of the Borrower.

(d) If any real property or improvements thereto or any interests therein are acquired by a Loan Party after December 12, 2008 (other than assets already constituting Collateral under the Security Agreement or any Mortgage), the Borrower will notify the Collateral Agent thereof, and, if requested by the Collateral Agent, the Borrower will cause such assets to be subjected to a Lien securing the Secured Obligations and will take, and cause the other Loan Parties to take, such actions as shall be necessary or reasonably requested by the Collateral Agent to grant and perfect such Liens, including actions described in paragraph (c) of this Section, all at the expense of the Borrower.

SECTION 5.10. [Intentionally Omitted].

SECTION 5.11. Depository Banks. The Borrower and each Subsidiary will, by no later than January 12, 2009, maintain one or more of the Lenders (or their subsidiaries or affiliates) as its principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity, and other deposit accounts for the conduct of its business. In the event that any Lender ceases to be a Lender hereunder, the Borrower and its applicable Subsidiaries shall have 30 days, or such longer period as may be agreed by the Collateral Agent in its reasonable discretion, to move its accounts to one or more of the other Lenders (or their subsidiaries or affiliates).

SECTION 5.12. Financial Consultant. The Borrower shall retain the services of a financial consultant selected by the Borrower from a list of consultants provided to the Borrower by the Administrative Agent (the "Financial Consultant") on terms (including scope of engagement) reasonably acceptable to the Administrative Agent by no later than January 15, 2009. The Borrower shall cause the Financial Consultant to (i) provide a report (in form and scope reasonably acceptable to the Administrative Agent) to the Administrative Agent and the Lenders covering the 2009 business plan, cash flow projections and liquidity, capital expenditures and foreign activities, in each case in respect of the Borrower and its Subsidiaries, by no later than March 31, 2009 and (ii) provide such services from time to time as are requested by the Administrative Agent. It is understood and agreed that the Financial Consultant shall be and remain the agent of the Borrower and not of the Agents or the Lenders and shall not have any authority to act for, or on behalf of, the Agents or the Lenders in any matter whatsoever; provided that the Financial Consultant will be permitted to hold direct conversations with the Agents and the Lenders.

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(a) (i) the Obligations and any other Indebtedness created under the Loan Documents, (ii) Indebtedness created under the Revolving Facility and (iii) the Specified Intercompany Note;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and, other than with respect to the Chinese Credit Facility, extensions, renewals and replacements of any such Indebtedness with Indebtedness of a similar type that does not increase the outstanding principal amount thereof;

(c) Indebtedness of (i) any Loan Party to any other Loan Party, (ii) any Subsidiary to any Loan Party and (iii) any Subsidiary that is not a Loan Party to any other Subsidiary that is not a Loan Party;

(d) Guarantees by the Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this clause (e) shall not exceed $5,000,000 at any time outstanding;

(f) Subordinated Indebtedness and Qualified Unsecured Indebtedness, in each case so long as, after giving effect to the incurrence thereof, no Default shall have occurred and be continuing and the Borrower shall be in compliance, on a pro forma basis after giving effect to such incurrence, with the covenants contained in Section 6.11 recomputed as if such incurrence had occurred on the first day of the period for testing such compliance;

(g) Indebtedness of the Borrower or any Subsidiary as an account party in respect of trade letters of credit;

(h) (i) Indebtedness of the Borrower or any Subsidiary under any Swap Agreement otherwise permitted under Section 6.05, (ii) the Guarantee of any Loan Party of any such Indebtedness and (iii) the Guarantee of any Loan Party of the obligations of PSMC, PKL or any of their respective subsidiaries under any Swap Agreement entered into in the ordinary course of business;

(i) the New Mask Shop Obligations; and

(j) unsecured Indebtedness in an aggregate principal amount not exceeding $1,000,000 at any time outstanding.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances, Liens created under any Loan Document and Liens on the Specified Chinese Assets securing the Specified Intercompany Note;

(b) any Lien on any property or asset of the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Subsidiary; provided that (i) such security interests secure Indebtedness permitted by clause (e) of Section 6.01, (ii) such security interests and the Indebtedness secured thereby are incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement, (iii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iv) such security interests shall not apply to any other property or assets of the Borrower or any Subsidiary; and

(e) customary bankers' Liens and rights of setoff arising by operation of law and incurred on deposits made in the ordinary course of business;

(f) Liens on certain real property located in Boise, Idaho securing the New Mask Shop Obligations; and

(g) attachments, appeal bonds, judgments and other similar Liens, for sums not exceeding $1,000,000 in the aggregate arising in connection with court proceedings; provided, that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being contested in good faith and by appropriate proceedings and adequate reserves in respect thereof have been established on the books of the Borrower to the extent required by GAAP.

SECTION 6.03. Fundamental Changes and Asset Sales. (a) The Borrower will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) any of its assets, (including pursuant to a Sale and Leaseback Transaction), or all or any of the Equity Interests of any of its Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be

continuing (i) any Person may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Subsidiary may merge into a Loan Party in a transaction in which the surviving entity is such Loan Party (provided that any such merger involving the Borrower must result in the Borrower as the surviving entity), (iii) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to, or otherwise dissolve into, a Loan Party and (iv) the Borrower and its Subsidiaries may (A) sell inventory, used or surplus equipment and Permitted Investments in the ordinary course of business and real estate located in Dresden, Germany not currently used in the operation of the Borrower's business, (B) effect sales, trade-ins or dispositions of used equipment for value in the ordinary course of business consistent with past practice, (C) enter into licenses of technology in the ordinary course of business, (D) enter into Qualified Asset Sales so long as the Net Proceeds resulting thereof are applied in accordance with Section 2.11(c) and in accordance with the Revolving Facility Agreement and (E) make any other sales, transfers, leases or dispositions of assets with an aggregate book value that, together with the aggregate book value of all other assets of the Borrower and its Subsidiaries previously leased, sold or disposed of as permitted by this clause (E) during any fiscal year of the Borrower, does not exceed 1% of Consolidated Total Assets (as reflected in the most recent consolidated balance sheet of the Borrower delivered to the Lenders) or as otherwise approved in writing by the Administrative Agent and (v) any Subsidiary (other than a Material Subsidiary) may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.04.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date of execution of this Agreement and businesses reasonably related thereto, including semi-conductor application processes.

(c) The Borrower will not change its fiscal year from the annual period which ends on the Sunday closest to October 29 or its fiscal quarters which, during the term of this Agreement, consist of four equal 13 week periods.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any Person or any assets of any other Person constituting a business unit, except

(a) Permitted Investments;

(b) with respect to any Foreign Subsidiary, direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the government of the country in which such Foreign Subsidiary is organized or has its principal place of business, in each case maturing within one year from the date of acquisition thereof, so long as the aggregate amount of all such obligations for all Foreign Subsidiaries does not exceed $5,000,000 in the aggregate at any time outstanding;

(c) loans, advances or investments existing on the date hereof by the Borrower and the Subsidiaries to or in their respective subsidiaries;

(d) investments, loans or advances made by the Borrower in or to any Subsidiary and made by any Subsidiary to the Borrower or any other Subsidiary (provided that not more than $1,000,000 in investments, loans or advances or capital contributions may be made and remain outstanding, during the term of this Agreement, by any Loan Party to a Subsidiary which is not a Loan Party but provided further that investments, loans, advances or capital contributions made to (i) prepay the obligations under the Chinese Credit Facility on the Effective Date with the proceeds of the Loans and (ii) fund the operating expenses of Photronics China in the ordinary course of business consistent with past practice, in each case shall not be subject to the foregoing proviso);

(e) Guarantees constituting Indebtedness permitted by Section 6.01 and Guarantees by the Borrower of rental obligations or accounts payable of any Subsidiary;

(f) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) investments made in connection with a sale of assets permitted by Section 6.03 to the extent of the non-cash consideration received by the Borrower or a Subsidiary;

(h) [intentionally omitted];

(i) investments, loans and advances by the Borrower or any Subsidiary existing on the date hereof and set forth in Schedule 6.04;

(j) [intentionally omitted]; and

(k) any other investment (other than acquisitions), loan or advance (including investments made to meet minimum capital requirements of foreign jurisdictions) so long as the aggregate amount of all such investments does not exceed $1,000,000 during the term of this Agreement.

SECTION 6.05. Swap Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Equity Interests of the Borrower or any of its Subsidiaries), and (b) Swap Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

SECTION 6.06. Restricted Payments. (a) The Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except (i) the Borrower may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its common stock, (ii) Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests, (iii) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries, and (iv) PSMC may make dividends to its shareholders.

(b) The Borrower will not, and will not permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Indebtedness, except: (i) payment of Indebtedness created under the Loan Documents; (ii) payment of regularly scheduled interest and principal payments as and when due in respect of any Indebtedness (subject to any subordination provisions thereof); (iii) payments in respect of the Revolving Facility, and in respect of the Chinese Credit Facility on the Effective Date; (iv) prepayment, purchase, redemption, retirement or other acquisition of the Convertible Subordinated Notes by exchange for or out of the proceeds received from a substantially concurrent issue of new shares of its non-mandatorily redeemable Equity Interests or from a substantially concurrent incurrence of Subordinated Indebtedness (including mandatorily redeemable Equity Interests of the Borrower) within 90 days of such issuance or incurrence (provided that the foregoing 90 day requirement shall not apply to any prepayment, purchase, redemption, retirement or other acquisition of the Convertible Subordinated Notes outstanding on the Effective Date); (v) so long as at the time thereof and immediately after giving effect (including pro forma effect) thereto no Default shall have occurred and be continuing, prepayment, purchase, redemption, retirement or other acquisition in cash of the Convertible Subordinated Notes outstanding on the Effective Date; and (vi) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness.

SECTION 6.07. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Borrower and its wholly owned Subsidiaries not involving any other Affiliate, (c) in addition to transactions set forth in Schedule 6.07, transactions with Related Parties not exceeding $6,000,000 in the aggregate, (d) Indebtedness permitted by Sections 6.01(b) and 6.01(c), investments permitted by Section 6.04 and fundamental changes permitted by Section 6.03 so long as each such transaction is at a price and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (e) any Restricted Payment permitted by Section 6.06, (f) transactions existing on the date hereof and set forth in Schedule 6.07 and (g) any Affiliate who is an individual may serve as a director, officer or employee of the Borrower or such Subsidiary and receive compensation (including stock options) for his or her services in such capacity.

SECTION 6.08. Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to holders of its Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement or by the Revolving Facility Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.08 (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (v) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof and (vi) clause (b) of the foregoing shall not apply to restrictions or conditions imposed by the organizational documents of any Joint Venture to the extent that an investment in such Joint Venture is permitted by Section 6.04(j).

SECTION 6.09. Issuances of Equity Interests by Subsidiaries. The Borrower will not permit any Subsidiary to issue any additional shares of its Equity Interests other than (a) to the Borrower or a wholly-owned Subsidiary, (b) any such issuance that does not change the Borrower's direct or indirect percentage ownership interest in such Subsidiary, (c) any such issuance that is permitted pursuant to Section 6.03 or 6.04 and (d) any such issuance by PKL, PSMC, Photronics China or PKLT Co., Ltd., a Taiwanese corporation, so long as the Borrower continues to own and control more than 50% of the voting and economic power of such Subsidiary.

SECTION 6.10. Amendment of Material Documents. The Borrower will not, and will not permit any Subsidiary to, amend, modify or waive (a) any of its rights under its certificate of incorporation, by-laws or other organizational documents, in each case in any respect adverse to the Lenders or (b) any of the terms of any Subordinated Indebtedness (including, without limitation, the terms contained in any Convertible Subordinated Note Indenture and any Convertible Subordinated Notes), in each case in any respect adverse to the Lenders (for the purposes of this Section 6.10(b) and without limitation of the scope of the definition of "adverse", any amendment to increase the principal amount, the interest rate or fees or other amounts payable, to advance the dates upon which payments are made or to alter any subordination provision (or any definition related thereto) shall be deemed to be "adverse").

SECTION 6.11. Financial Covenants.

(a) Maximum Senior Leverage Ratio. The Borrower will not permit the ratio (the "Senior Leverage Ratio"), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated Senior Indebtedness to (ii) Consolidated EBITDA for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be greater than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Maximum Senior Leverage Ratio
February 1, 2009	2.25 to 1.00
May 3, 2009	2.75 to 1.00
August 2, 2009	3.00 to 1.00
November 1, 2009	3.00 to 1.00
January 31, 2010	2.50 to 1.00
May 2, 2010	2.25 to 1.00
August 1, 2010	2.00 to 1.00
October 31, 2010	1.75 to 1.00
January 30, 2011 and each Fiscal Quarter ending thereafter	1.25 to 1.00

(b) Total Leverage Ratio. The Borrower will not permit the ratio (the "Total Leverage Ratio"), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDA for the period of 4 consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be greater than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Maximum Total Leverage Ratio
February 1, 2009	2.50 to 1.00
May 3, 2009	3.00 to 1.00
August 2, 2009	3.25 to 1.00
November 1, 2009	3.25 to 1.00
January 31, 2010	2.75 to 1.00
May 2, 2010	2.50 to 1.00
August 1, 2010	2.25 to 1.00
October 31, 2010	2.00 to 1.00
January 30, 2011 and each Fiscal Quarter ending thereafter	1.50 to 1.00

(c) Minimum Unrestricted Cash Balances. The Borrower will not permit the aggregate amount of unrestricted cash balances and Permitted Investments maintained by the Borrower and its Subsidiaries to be less than $50,000,000 (provided that, during the Borrower's fiscal quarter ending on or about January 31, 2010, such amount shall not be less than $45,000,000). For the avoidance of doubt, any cash deposited with the Collateral Agent pursuant to the terms of the Collateral Documents shall be deemed to be unrestricted cash.

(d) Minimum Fixed Charge Coverage Ratio. The Borrower will not permit the ratio (the "Fixed Charge Coverage Ratio"), determined as of the end of each of its fiscal quarters set forth below, of (i) Consolidated EBITDA to (ii) Consolidated Fixed Charges, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for the Borrower and its Subsidiaries on a consolidated basis, to be less than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Minimum Fixed Charge Coverage Ratio
May 3, 2009	2.00 to 1.00
August 2, 2009	1.85 to 1.00
November 1, 2009	1.75 to 1.00
January 31, 2010	1.50 to 1.00
May 2, 2010	1.75 to 1.00
August 1, 2010	2.00 to 1.00
October 31, 2010 and each Fiscal Quarter ending thereafter	2.25 to 1.00

(e) Minimum EBITDA. The Borrower will not permit Consolidated EBITDA for the period of six consecutive fiscal months ending at the end of each fiscal quarter on or about the dates set forth below to be less than the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Minimum Consolidated EBITDA (Trailing 6 Months)
February 1, 2009	$40,000,000
May 3, 2009	$27,500,000
August 2, 2009	$32,000,000
November 1, 2009	$40,000,000
January 31, 2010	$42,500,000
May 2, 2010	$45,000,000
August 1, 2010	$50,000,000
October 31, 2010 and each Fiscal Quarter ending thereafter	$55,000,000

(f) Maximum Capital Expenditures. The Borrower will not, nor will it permit any Subsidiary to, make Capital Expenditures in an amount (in the aggregate for the Borrower and its Subsidiaries) during the period of 4 consecutive fiscal quarters ending as of the end of each of its fiscal quarters set forth below in excess of the corresponding amount set forth opposite such fiscal quarter:

Fiscal Quarter Ending On or About	Maximum Capital Expenditures
February 1, 2009	$65,000,000
May 3, 2009	$57,500,000
August 2, 2009	$55,000,000
November 1, 2009	$52,500,000
January 31, 2010	$52,500,000
May 2, 2010	$47,500,000
August 1, 2010	$47,500,000
October 31, 2010	$52,500,000
January 30, 2011 and each Fiscal Quarter ending thereafter	$65,000,000

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by the Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) (i) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Borrower's existence), 5.08, 5.09, 5.10, 5.11 or 5.12, in Article VI or in Article X or (ii) any Loan Document shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or the Borrower or any Subsidiary takes any action for the purpose of terminating, repudiating or rescinding any Loan Document or any of its obligations thereunder;

(e) the Borrower or any Subsidiary Guarantor, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) the Borrower or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $1,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) within 90 days prior to the Maturity Date, the sum of (i) the "Available Revolving Commitment" defined in the Revolving Facility Agreement and (ii) the aggregate amount of unrestricted cash balances and Permitted Investments maintained by the Borrower and its Subsidiaries shall be less than the aggregate principal amount of the Indebtedness then outstanding under the Convertible Subordinated Notes; or

(o) any Collateral Document shall for any reason fail to create a valid and perfected first priority security interest in any material portion of the Collateral purported to be covered thereby, except as permitted by the terms of any Loan Document;

then, and in every such event (other than an event with respect to the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Borrower accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

Any proceeds of Collateral received by the Administrative Agent after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, such funds shall be applied, subject to the terms of the Intercreditor Agreement, ratably first, to pay any reasonable out-of-pocket fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent from the Loan Parties, second, to pay any fees or expense reimbursements then due to the Lenders from the Loan Parties, third, to pay interest then due and payable on the Loans ratably, fourth, on a ratable basis, to prepay principal on the Loans, to payment of any amounts owing with respect to Banking Services Obligations and Swap Obligations, and fifth, to the payment of any other Obligation due to the Administrative Agent or any Lender by the Loan Parties. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations.

Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent may, in accordance with the terms of the Intercreditor Agreement, exercise any rights and remedies provided to the Collateral Agent under the Loan Documents or at law or equity, including all remedies provided under the UCC.

ARTICLE VIII

The Administrative Agent and the Collateral Agent

Each of the Lenders hereby irrevocably appoints JPMorgan Chase Bank, National Association as Administrative Agent and Collateral Agent hereunder and under each other Loan Document, and each of the Lenders authorizes each of the Agents to enter into the Intercreditor Agreement on behalf of such Lender (each Lender hereby agreeing to be bound by the terms of the Intercreditor Agreement as if it were a party thereto) and to take such actions on its behalf and to exercise such powers as are delegated to the Agents by the terms hereof and the terms of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

No Agent shall have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth herein, no Agent shall have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as either Agent or any of its Affiliates in any capacity. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by the Borrower or a Lender, and neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent or (vi) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral.

The Agents shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agents also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agents may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Either Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by such Agent. The Agents and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Agents and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

In its capacity, the Collateral Agent is a "representative" of the Holders of Secured Obligations within the meaning of the term "secured party" as defined in the New York Uniform Commercial Code. Each Lender authorizes the Collateral Agent to enter into each of the Collateral Documents to which it is a party and to take all action

contemplated by such documents. Each Lender agrees that no Holder of Secured Obligations (other than the Collateral Agent) shall have the right individually to seek to realize upon the security granted by any Collateral Document, it being understood and agreed that such rights and remedies may be exercised solely by the Collateral Agent for the benefit of the Holders of Secured Obligations upon the terms of the Collateral Documents. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Obligations, the Collateral Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Holders of Secured Obligations any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Collateral Agent on behalf of the Holders of Secured Obligations. The Lenders hereby authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral (i) as described in Section 9.02(b); (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Collateral Agent at any time, the Lenders will confirm in writing the Collateral Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five Business Days' prior written request by the Borrower to the Collateral Agent, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Holders of Secured Obligations herein or pursuant hereto upon the Collateral that was sold or transferred; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Borrower or any Subsidiary in respect of) all interests retained by the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral.

The Borrower, on its behalf and on behalf of its Subsidiaries, and each Lender, on its behalf and on the behalf of its affiliated Holders of Secured Obligations, hereby irrevocably constitute the Collateral Agent as the holder of an irrevocable power of attorney (*fondé de pouvoir* within the meaning of Article 2692 of the Civil Code of Québec) in order to hold hypothecs and security granted by the Borrower or any Subsidiary on property pursuant to the laws of the Province of Quebec to secure obligations of the Borrower or any Subsidiary under any bond, debenture or similar title of indebtedness issued by the Borrower or any Subsidiary in connection with this Agreement, and agree that the Collateral Agent may act as the bondholder and mandatary with respect to any bond, debenture or similar title of indebtedness that may be issued by the Borrower or any Subsidiary and pledged in favor of the Holder of Secured Obligations in connection with this Agreement. Notwithstanding the provisions of Section 32 of the An Act respecting the special powers of legal persons (Quebec), JPMorgan Chase Bank, National Association as Collateral Agent may acquire and be the holder of any bond issued by the Borrower or any Subsidiary in connection with this Agreement (i.e., the *fondé de pouvoir* may acquire and hold the first bond issued under any deed of hypothec by the Borrower or any Subsidiary).

The Collateral Agent is hereby authorized to execute and deliver any documents necessary or appropriate to create and perfect the rights of pledge for the benefit of the Holders of Secured Obligations including a right of pledge with respect to the entitlements to profits, the balance left after winding up and the voting rights of the Borrower as ultimate parent of any subsidiary of the Borrower which is organized under the laws of the Netherlands and the Equity Interests of which are pledged in connection herewith (a "Dutch Pledge"). Without prejudice to the provisions of this Agreement and the other Loan Documents, the parties hereto acknowledge and agree with the creation of parallel debt obligations of the Borrower or any relevant Subsidiary as will be described in any Dutch Pledge (the "Parallel Debt"), including that any payment received by the Collateral Agent in respect of the Parallel Debt will - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed a satisfaction of a pro rata portion of the corresponding amounts of the Obligations, and any payment to the Holders of Secured Obligations in satisfaction of the Obligations shall - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed as satisfaction of the corresponding amount of the Parallel Debt. The parties hereto acknowledge and agree that, for purposes of a Dutch Pledge, any resignation by the Collateral Agent is not effective until its rights under the Parallel Debt are assigned to the successor Collateral Agent.

The parties hereto acknowledge and agree for the purposes of taking and ensuring the continuing validity of German law governed pledges (*Pfandrechte*) with the creation of parallel debt obligations of the Borrower as will be further described in a separate German law governed parallel debt undertaking. The Collateral Agent shall (i) hold such parallel debt undertaking as fiduciary agent (*Treuhaender*) and (ii) administer and hold as fiduciary agent (*Treuhaender*) any pledge created under a German law governed Collateral Document which is created in favor of any Holder of the Secured Obligations or transferred to any Holder of the Secured Obligations due to its accessory nature (*Akzessorietaet*), in each case in its own name and for the account of the Holders of the Secured Obligations. Each Lender, on its own behalf and on behalf of its affiliated Holders of Secured Obligations, hereby authorizes the Collateral Agent to enter as its agent in its name and on its behalf into any German law governed Collateral Document, to accept as its agent in its name and on its behalf any pledge under such Collateral Document and to agree to and execute as agent its in its name and on its behalf any amendments, supplements and other alterations to any such Collateral Document and to release any such Collateral Document and any pledge created under any such Collateral Document in accordance with the provisions herein and/or the provisions in any such Collateral Document.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to Photronics, Inc., 15 Secor Road, Brookfield, Connecticut 06804, Attention of Sean T. Smith (Telecopy No. (203) 775-5601; Telephone No. (203) 740-5671), with a copy (in the case of notices of Default) to Attention of Richelle Burr (Telecopy No. (203) 775-5601; Telephone No. (203) 740-5285);

(ii) if to the Administrative Agent or Collateral Agent, to JPMorgan Chase Bank, National Association, 10 South Dearborn Street, 7th Floor, Chicago, Illinois 60603, Attention of Anthony Catron (Telecopy No. (312) 385-7096), with a copy to JPMorgan Chase Bank, National Association, 277 Park Avenue, New York, New York, Attention of Anne Biancardi (Telecopy No. (646) 534-3078); and

(iii) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender or (vi) release the Borrower or all or substantially all of the Subsidiary Guarantors from their obligations under Article X or the Subsidiary Guaranty or release all or substantially all of the Pledged Equity, as applicable, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Collateral Agent hereunder without the prior written consent of the Administrative Agent or the Collateral Agent.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Agents and their Affiliates, including the reasonable fees, charges and disbursements of counsel for each Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Agents or any Lender, including the fees, charges and disbursements of any counsel for either Agent or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Agents and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of the Loan Documents or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or from the breach of such Indemnitee's obligations under the Loan Documents.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Agents under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the relevant Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Borrower's failure to pay any such amount shall not relieve the Borrower of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the relevant Agent in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

For the purposes of this Section 9.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.07(b), 2.18(d) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower and the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by any such other

party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower or any of its Subsidiaries. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as

provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

SECTION 9.14. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Collateral Agent and the Holders of Secured Obligations, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession. Should any Lender (other than the Collateral Agent) obtain possession of any such Collateral, such Lender shall notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral to the Collateral Agent or otherwise deal with such Collateral in accordance with the Collateral Agent's instructions.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the day and year first above written.

PHOTRONICS, INC., as the Borrower

By _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, individually as a Lender and as Administrative Agent

By _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Collateral Agent

By _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By _____
Name:
Title:

CITIBANK, N.A., as a Lender

By _____
Name:
Title:

BANK OF AMERICA, N.A., as a Lender

By _____
Name:
Title:

SCHEDULE 2.01

COMMITMENTS

LENDER	COMMITMENT
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	$8,161,235.70

HSBC BANK USA, NATIONAL ASSOCIATION	$8,161,235.70
CITIBANK, N.A.	$5,440,823.80
BANK OF AMERICA, N.A.	$5,440,823.80
AGGREGATE COMMITMENT	**$27,204,119.00**

AMENDMENT NO. 6

Dated as of June 8, 2009

to

CREDIT AGREEMENT

Dated as of June 6, 2007

THIS AMENDMENT NO. 6 ("Amendment") is made as of June 8, 2009 by and among Photronics, Inc. (the "Company"), the financial institutions listed on the signature pages hereof and JPMorgan Chase Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") and as Collateral Agent (in such capacity, the "Collateral Agent"), under that certain Credit Agreement dated as of June 6, 2007 by and among the Company, the Lenders and the Administrative Agent (as amended by that certain Amendment No. 1 thereto, dated as of April 25, 2008, that certain Amendment No. 2 thereto, dated as of October 31, 2008, that certain Amendment No. 3 thereto, dated as of December 3, 2008, that certain Amendment No. 4 thereto, dated as of December 12, 2008, and that certain Amendment No. 5 thereto, dated as of May 15, 2009, and as may be further amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Credit Agreement.

WHEREAS, the Company has requested that the Lenders, the Administrative Agent and the Collateral Agent agree to certain amendments to the Credit Agreement;

WHEREAS, the Lenders party hereto, the Administrative Agent and the Collateral Agent have agreed to such amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Lenders party hereto, the Administrative Agent and the Collateral Agent have agreed to enter into this Amendment.

1. Amendments to Credit Agreement. Effective as of the date of satisfaction of the conditions precedent set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

(a) The definition of "Chinese Facility Sale" appearing in Section 1.01 of the Credit Agreement is amended to add the parenthetical "(excluding equipment returned by Photronics China to the Company or any Subsidiary)" to the end thereof.

(b) Section 1.01 of the Credit Agreement is amended to add the following definitions thereto and, where applicable, to replace the corresponding previously existing definitions:

"Intercreditor Agreement" means that certain Amended and Restated Intercreditor Agreement substantially in the form of Exhibit I and entered into by the Administrative Agent, the Collateral Agent and JPMorgan Chase Bank, National Association, as administrative agent under the Mirror Facility in connection with this Agreement and the Mirror Facility Documents, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Mirror Facility" means the $27,204,119 term loan facility evidenced by the Mirror Facility Agreement.

"Mirror Facility Agreement" means that certain Loan Agreement by and among the Company as borrower, the lenders from time to time party thereto and JPMorgan Chase Bank, National Association as administrative agent and collateral agent.

"Mirror Facility Documents" means the Mirror Facility Agreement and the other instruments and documents related thereto.

"Mirror Facility Obligations" means the Indebtedness and other obligations of the Company and its applicable Subsidiaries under the Mirror Facility Documents, and includes without limitation the "Obligations" as defined in the Mirror Facility Agreement.

"Mirror Facility Paydown" means any prepayment, or payment upon maturity, of the principal amount of loans outstanding under the Mirror Facility prior to the Maturity Date but excluding (i) the prepayment of loans outstanding under the Chinese Credit Facility as a result of replacing the Chinese Credit Facility with the Mirror Facility, (ii) prepayments or payments arising from the Chinese Facility Sale or from a casualty, condemnation or similar event in respect of the assets of Photronics China and (iii) a prepayment, to occur on or about January 31, 2010, of one-third (approximately $9,100,000 but subject to currency fluctuations) of the outstanding principal amount of the Mirror Facility.

"Mirror Facility Secured Parties" means the holders of the Mirror Facility Obligations from time to time and shall include their respective successors, transferees and assigns.

"Specified Chinese Assets" means the site or any buildings located at No. 158, Jin Qiu Road, Shanghai (including, for the avoidance of doubt, both allocated land and granted land) and any other property (whether real, personal, tangible, intangible, or mixed) of Photronics China reasonably requested by the Collateral Agent.

"Specified Intercompany Note" means the intercompany note payable by Photronics China to the Company and evidencing the intercompany loan from the Company (with the proceeds of the loans made pursuant to the Mirror Facility Agreement) to Photronics China to effect the repayment in full of the Chinese Credit Facility.

(c) Section 1.01 of the Credit Agreement is amended to delete the definitions of "Chinese Bridge Facility", "Chinese Credit Facility Documents", "Chinese Credit Facility Guarantee", "Chinese Credit Facility Guarantee Obligations", "Chinese Credit Facility Paydown", "Chinese Credit Facility Secured Parties", "PRC Collateral Documents", "Synthetic Lenders" and "Synthetic Rate" appearing therein.

(d) The Credit Agreement is amended to (i) delete each reference to "Chinese Credit Facility Documents" appearing therein and to replace each such reference with "Mirror Facility Documents", (ii) delete each reference to "Chinese Credit Facility Guarantee" appearing therein, (iii) delete each reference to "Chinese Credit Facility Guarantee Obligations" appearing therein and to replace each such reference with "Mirror Facility Obligations", (v) delete each reference to "Chinese Credit Facility

Paydown" appearing therein and to replace each such reference with "Mirror Facility Paydown" and (v) delete each reference to "Chinese Credit Facility Secured Parties" appearing therein and to replace each such reference with "Mirror Facility Secured Parties".

(e) Section 2.11(c) of the Credit Agreement is amended to delete the reference to "Chinese Credit Facility" appearing in the first proviso thereto and to replace such reference with "Mirror Facility".

(f) Section 2.13(d) of the Credit Agreement is amended and restated in its entirety to read as "[Intentionally Omitted]".

(g) Section 6.01(a) of the Credit Agreement is amended to delete the reference to "Chinese Credit Facility" appearing therein and to replace such reference with "Mirror Facility".

(h) Section 6.02(a) of the Credit Agreement is amended and restated in its entirety to read as follows:

(a) Permitted Encumbrances, Liens created under any Loan Document and Liens on the Specified Chinese Assets securing the Specified Intercompany Note;

(i) Section 6.04(d)(i) of the Credit Agreement is amended and restated in its entirety to read as follows:

(i) prepay the obligations under the Chinese Credit Facility on the effective date of, and with the proceeds of the loans under, the Mirror Facility and

(j) Section 6.06(b)(iii) of the Credit Agreement is amended and restated in its entirety to read as follows:

(iii) payments in respect of the Mirror Facility, and in respect of the Chinese Credit Facility on the effective date of the Mirror Facility;

(k) Article VII of the Credit Agreement is amended to add the phrase ", subject to the terms of the Intercreditor Agreement," immediately after the phrase "such funds shall be applied" appearing in the penultimate paragraph thereof.

(l) Exhibit I to the Credit Agreement is deleted and replaced with Exhibit I attached hereto as Annex A.

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the conditions precedent that (a) the Administrative Agent shall have received counterparts of this Amendment duly executed by the Company, the Required Lenders and the Administrative Agent and the Consent and Reaffirmation attached hereto duly executed by the Subsidiary Guarantors and (b) the Company shall have paid all of the fees of the Administrative Agent and its affiliates (including, to the extent invoiced, reasonable attorneys' fees and expenses of the Administrative Agent) in connection with this Amendment and the other Loan Documents.

3. Representations and Warranties of the Company and Acknowledgements and Confirmations. The Company hereby represents and warrants as follows:

(a) This Amendment and the Credit Agreement, as amended hereby, constitute legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default shall have occurred and be continuing and (ii) the representations and warranties of the Company set forth in the Credit Agreement, as amended hereby, are true and correct as of the date hereof.

(c) The Company (and by its execution of the Consent and Reaffirmation attached hereto, each Subsidiary Guarantor) hereby acknowledges and confirms that (i) it does not have any grounds, and hereby agrees not to challenge (or to allege or to pursue any matter, cause or claim arising under or with respect to) the effectiveness, genuineness, validity, collectibility or enforceability of the Credit Agreement or any of the other Loan Documents, the Secured Obligations, the Liens securing such Secured Obligations, or any of the terms or conditions of any Loan Document and (ii) it does not possess (and hereby forever waives, remises, releases, discharges and holds harmless the Lenders, the Agents and their respective affiliates, stockholders, directors, officers, employees, attorneys, agents and representatives and each of their respective heirs, executors, administrators, successors and assigns (collectively, the "Indemnified Parties") from and against, and agrees not to allege or pursue) any action, cause of action, suit, debt, claim, counterclaim, cross-claim, demand, defense, offset, opposition, demand and other right of action whatsoever, whether in law, equity or otherwise (which it, all those claiming by, through or under it, or its successors or assigns, have or may have) against the Indemnified Parties, or any of them, by reason of, any matter, cause or thing whatsoever, with respect to events or omissions occurring or arising on or prior to the date hereof and relating to the Credit Agreement or any of the other Loan Documents (including, without limitation, with respect to the payment, performance, validity or enforceability of the Secured Obligations, the Liens securing the Secured Obligations or any or all of the terms or conditions of any Loan Document) or any transaction relating thereto.

4. Reference to and Effect on the Credit Agreement.

(a) Upon the effectiveness hereof, each reference to the Credit Agreement in the Credit Agreement or any other Loan Document shall mean and be a reference to the Credit Agreement as amended hereby.

(b) Except as specifically amended above, the Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Administrative Agent or the Lenders, nor constitute a waiver of any provision of the Credit Agreement or any other documents, instruments and agreements executed and/or delivered in connection therewith.

5. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

6. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

7. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Signatures delivered by facsimile or PDF shall have the same force and effect as manual signatures delivered in person.

[Signature Pages Follow]

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first above written.

PHOTRONICS, INC.,
as the Company

By: _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
individually as a Lender, as the Swingline Lender, as the Issuing Bank and as Administrative Agent

By: _____
Name:
Title:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Collateral Agent

By: _____
Name:
Title:

RBS CITIZENS, NATIONAL ASSOCIATION (successor by merger to Citizens Bank of Massachusetts), individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

HSBC BANK USA, NATIONAL ASSOCIATION, individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

CITIBANK, N.A., individually as a Lender and as Co-Syndication Agent

By: _____
Name:
Title:

BANK OF AMERICA, N.A.,
as a Lender

By: _____
Name:
Title:

UBS LOAN FINANCE LLC,
as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

CONSENT AND REAFFIRMATION

Each of the undersigned hereby acknowledges receipt of a copy of the foregoing Amendment No. 6 to the Credit Agreement dated as of June 6, 2007 (as amended by that certain Amendment No. 1 thereto, dated as of April 25, 2008, that certain Amendment No. 2 thereto, dated as of October 31, 2008, that certain Amendment No. 3 thereto, dated as of December 3, 2008, that certain Amendment No. 4 thereto, dated as of December 12, 2008, and that certain Amendment No. 5 thereto, dated as of May 15, 2009, and as may be further amended, supplemented or otherwise modified from time to time, the "Credit Agreement") by and among Photronics, Inc. (the "Company"), the Foreign Subsidiary Borrowers from time to time party thereto (together with the Company, the "Borrowers"), the financial institutions from time to time party thereto (the "Lenders") and JPMorgan Chase Bank, National Association, as Administrative Agent (the "Administrative Agent"), which Amendment No. 6 is dated as of June 8, 2009 (the "Amendment"). Capitalized terms used in this Consent and Reaffirmation and not defined herein shall have the meanings given to them in the Credit Agreement. Without in any way establishing a course of dealing by the Administrative Agent or any Lender, each of the undersigned consents to the Amendment and reaffirms the terms and conditions of the Subsidiary Guaranty and any other Loan Document executed by it and acknowledges and agrees that such agreements and each and every such Loan Document executed by the undersigned in connection with the Credit Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed. All references to the Credit Agreement contained in the above-referenced documents shall be a reference to the Credit Agreement as so modified by the Amendment and as the same may from time to time hereafter be amended, modified or restated.

Dated: June 8, 2009

[Signature Page Follows]

ALIGN-RITE, INC.

By: _____
Name:
Title:

ALIGN-RITE INTERNATIONAL, INC.

By: _____
Name:
Title:

PHOTRONICS ARIZONA, INC.

By: _____
Name:
Title:

PHOTRONICS CALIFORNIA, INC.

By: _____
Name:
Title:

PHOTRONICS TEXAS, INC.

By: _____
Name:
Title:

PHOTRONICS TEXAS ALLEN, INC. (formerly known as Photronics-Toppan Texas, Inc.)

By: _____
Name:
Title:

PHOTRONICS TEXAS I, LLC

By: Photronics Texas, Inc., its Sole Member

By: _____
Name:
Title:

PHOTRONICS TEXAS I, LP

By: Photronics Texas, Inc., its General Partner

By: _____
Name:
Title:

PHOTRONICS TEXAS II, LLC

By: Photronics-Toppan Texas, Inc., its Sole Member

By: _____
Name:
Title:

PHOTRONICS TEXAS II, LP

By: Photronics-Toppan Texas, Inc., its General Partner

By: _____
Name:
Title:

Signature Page to Consent and Reaffirmation to Amendment No. 6
Photronics, Inc.
Credit Agreement dated as of June 6, 2007

ANNEX A

Exhibit I to Credit Agreement

[Attached]

EXHIBIT 31.1

I, Constantine S. Macricostas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Photronics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CONSTANTINE S. MACRICOSTAS

Constantine S. Macricostas
Chief Executive Officer
June 10, 2009

EXHIBIT 31.2

I, Sean T. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Photronics, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SEAN T. SMITH

Sean T. Smith
Chief Financial Officer
June 10, 2009

EXHIBIT 32.1

Section 1350 Certification of the Chief Executive Officer

I, Constantine S. Macricostas, Chief Executive Officer of Photronics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended May 3, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CONSTANTINE S. MACRICOSTAS

Constantine S. Macricostas
Chief Executive Officer
June 10, 2009

EXHIBIT 32.2

Section 1350 Certification of the Chief Financial Officer

I, Sean T. Smith, Chief Financial Officer of Photronics, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended May 3, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SEAN T. SMITH

Sean T. Smith
Chief Financial Officer
June 10, 2009