

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period endedJuly 31, 1995.....

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from..... to

Commission file number...0-15451...

...PHOTRONICS, INC....

(Exact name of registrant as specified in its charter)

...Connecticut...

(State or other jurisdiction of
incorporation or organization)

...06-0854886...

(I.R.S. Employer
Identification No.)

.....1061 East Indiantown Road, Jupiter, FL.....

(Address of principal executive offices)

..33477..

(Zip Code)

...(203) 775-9000...

(Registrant's telephone number, including area code)

.....P.O. Box 5226, 15 Secor Road, Brookfield, CT 06804.....

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the registrant was required to file
such reports), and (2) has been subject to such filing requirements
for the past 90 days. Yes ..X.. No

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

Class	Outstanding at July 31, 1995
Common Stock, \$.01 par value	11,599,938 Shares

PHOTRONICS, INC.
AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

ASSETS

	July 31, 1995 ----- (Unaudited)	October 31, 1994 -----
Current assets:		
Cash, cash equivalents and short-term investments	\$ 54,562	\$27,627
Accounts receivable (less allowance for doubtful accounts of \$195 in 1995 and \$135 in 1994)	18,081	10,218
Inventories	5,267	2,469
Other current assets	2,094 -----	2,140 -----
Total current assets	80,004	42,454
Property, plant and equipment	59,714	39,205
Intangible assets (less accumulated amortization of \$1,883 in 1995 and \$1,117 in 1994)	10,494	5,523
Investments and other assets	20,966 -----	11,164 -----
	\$171,178 =====	\$98,346 =====

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
(dollars in thousands, except per share amounts)
LIABILITIES AND SHAREHOLDERS' EQUITY

	July 31, 1995	October 31, 1994
	-----	-----
	(Unaudited)	
Current liabilities:		
Current portion of long-term debt	\$ 35	\$ 467
Accounts payable	14,184	5,053
Accrued salaries and wages	4,005	2,615
Other accrued liabilities	4,496	1,423
Income taxes payable	1,214	567
	-----	-----
Total current liabilities	23,934	10,125
Long-term debt	1,846	495
Deferred income taxes	11,307	7,077
Other liabilities	275	247
	-----	-----
Total liabilities	37,362	17,944
	-----	-----
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.01 par value, 10,000,000 shares authorized in 1994 and 20,000,000 shares authorized in 1995, 11,736,438 shares issued in 1995 and 6,659,929 shares in 1994	117	67
Additional paid-in capital	75,145	41,338
Retained earnings	47,885	34,338
Unrealized gains on investments	11,354	5,608
Treasury stock, 136,500 shares in 1995 and 91,000 shares in 1994, at cost	(245)	(245)
Deferred compensation on restricted stock	(440)	(704)
	-----	-----
Total shareholders' equity	133,816	80,402
	-----	-----
	\$171,178	\$98,346
	=====	=====

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Earnings

(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	1995	1994	1995	1994
Net sales	\$32,854	\$21,313	\$89,067	\$58,811
Costs and expenses:				
Cost of sales	20,015	13,096	54,854	37,799
Selling, general and administrative	4,489	3,088	12,136	7,621
Research and development	3,177	1,254	6,120	3,495
Operating income	5,173	3,875	15,957	9,896
Interest and other income, net	5,187	405	5,700	575
Income before income taxes and cumulative effect of change in accounting for income taxes	10,360	4,280	21,657	10,471
Provision for income taxes	3,900	1,515	8,110	3,558
Income before cumulative effect of change in accounting for income taxes	6,460	2,765	13,547	6,913
Cumulative effect of change in accounting for income taxes	-	-	-	237
Net income	\$ 6,460	\$ 2,765	\$13,547	\$ 7,150
Net income per common share:				
Income before cumulative effect of change in accounting for income taxes	\$0.54	\$0.27	\$1.24	\$0.69
Cumulative effect of change in accounting for income taxes	-	-	-	0.02
Net income	\$0.54	\$0.27	\$1.24	\$0.71
Weighted average number of common shares outstanding	11,945	10,098	10,905	10,023

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows
(in thousands)
(Unaudited)

	Nine Months Ended July 31,	
	1995	1994
Cash flows from operating activities:		
Net income	\$13,547	\$ 7,150
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,270	6,485
Net gain on disposition of investments	(5,110)	-
Deferred income taxes	(113)	227
Cumulative effect of change in accounting for income taxes	-	(237)
Research and development expense from acquisition	1,484	-
Other	392	124
Changes in assets and liabilities, net of effects of acquisitions in 1995:		
Accounts receivable	(7,863)	(814)
Inventories	(1,832)	(111)
Other current assets	92	(1,129)
Accounts payable and accrued liabilities	13,069	133
Income taxes payable	647	1,694
Net cash provided by operating activities	21,583	13,522
Cash flows from investing activities:		
Acquisition of photomask operations	(10,468)	-
Deposits on and purchases of property, plant and equipment	(20,942)	(3,351)
Net change in short-term investments	(5,444)	559
Proceeds from sale of investments	5,750	-
Other	(14)	(282)
Net cash used in investing activities	(31,118)	(3,074)
Cash flows from financing activities:		
Repayment of long-term debt	(431)	(485)
Net proceeds from issuance of common stock	31,457	1,142
Net cash provided by financing activities	31,026	657
Net increase in cash and cash equivalents	21,491	11,105
Cash and cash equivalents at beginning of period	25,092	8,225
Cash and cash equivalents at end of period	\$46,583	\$19,330
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$32	\$58
Income taxes	\$6,684	\$1,273

See accompanying notes to consolidated financial statements.

PHOTRONICS, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

Three and Nine Months Ended July 31, 1995
(Unaudited)

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements of the Company included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, reflect all adjustments which are necessary to present fairly the results for the three and nine-month periods ended July 31, 1995 and 1994. Interim financial data presented herein are unaudited. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading. This report should be read in conjunction with the consolidated financial statements and footnotes as of October 31, 1994, which give a complete discussion of these matters.

NOTE 2 - ACQUISITION OF PHOTOMASK OPERATIONS
OF HOYA MICRO MASK, INC.

On December 1, 1994, the Company acquired certain assets held by Hoya Micro Mask, Inc. ("Micro Mask"), an independent photomask manufacturer with manufacturing operations located in Sunnyvale, California. The transaction included the purchase of land, buildings, inventory and certain assets other than cash and receivables. In addition, significant manufacturing systems owned by Micro Mask were leased by the Company from Micro Mask. The acquisition was financed through available cash reserves and involved the payment of approximately \$7.2 million in cash at closing, \$3.0 million on June 1, 1995, and the obligation to pay \$1.8 million, without interest, four years after the closing. In addition, the Company incurred approximately \$0.3 million of costs in connection with the acquisition. The operating lease of the significant manufacturing systems has a term ranging from 44 to 62 months and includes the right to purchase the systems at fair market value at the end of the lease.

The acquisition was accounted for as a purchase and, accordingly, the acquisition price was allocated to property, plant and equipment as well as certain intangible assets based on relative fair value. Intangible assets include goodwill of approximately \$5.2 million which will be amortized over twenty (20) years. The consolidated statement of earnings includes the results of Micro Mask's operations from December 1, 1994, the effective date of the acquisition.

The consolidated results of the Company's operations on a proforma basis for the three and nine months ended July 31, 1994, as though the purchase had been made as of the beginning of that period, would have reflected sales of approximately \$27.9 million and \$77.2 million and net income of \$3.3 million, or \$0.33 per share, and \$7.7 million, or \$0.77 per share before the change in accounting for income taxes. The proforma results of operations are not necessarily indicative of the actual operating results that would have occurred had the transaction been consummated at the beginning of the period, or of the future operating results of the combined companies.

NOTE 3 - ACQUISITION OF PHOTOMASK OPERATIONS OF MICROPHASE LABORATORIES, INC.

On June 20, 1995, the Company acquired the manufacturing operations and assets, exclusive of cash and accounts receivable, of Microphase Laboratories, Inc. ("Microphase"), an independent photomask manufacturer located in Colorado Springs, Colorado, in exchange for 98,559 shares of common stock of the Company valued at \$2.4 million. The acquisition was accounted for as a purchase. The fair value of assets acquired was approximately \$2.4 million, including \$1.5 million of Microphase's research and development projects that have no alternative future use and, accordingly, was charged to research and development expenses. The results of the Microphase operations are not material to the Company.

NOTE 4 - SHAREHOLDERS' EQUITY

In January 1995, the Company's Board of Directors approved a three-for two stock split which became effective on March 20, 1995. On March 16, 1995, the shareholders approved an amendment to the Company's Certificate of Incorporation increasing the number of common shares which the Company is authorized to issue from 10,000,000 shares to 20,000,000 shares. Shareholders of record on March 20, 1995, received three shares of common stock for each two they owned on that date. A total of 3.3 million shares were issued in connection with the stock split which was effected in the form of a dividend. All applicable share and per share data reflected in the financial statements have been adjusted to reflect the stock split.

On April 18, 1995, the Company issued 1,290,000 new shares of common stock at a price of \$21.00 per share (\$19.85 per share after underwriting discounts), 40,000 shares of common stock due to the exercise of stock options at prices ranging from \$1.83 to \$3.17 per share and 7,500 additional shares of common stock resulting from the exercise of a warrant at \$5.24 per share. The gross proceeds and costs of the issue were \$25.7 million and approximately \$0.3 million, respectively. Issuance costs were recorded as a reduction of additional paid-in capital. On May 16, 1995, the underwriters exercised the 210,000 share over-allotment option at a net price of \$19.85 per share, providing additional proceeds totaling \$4.2 million. The net proceeds will be used to fund current expansion plans.

NOTE 5 - REVOLVING CREDIT AGREEMENT

In March 1995, the Company entered into a new unsecured revolving credit facility that provides for borrowings of up to \$10 million per year in each of the next three years, subject to a carryover in the second and third year of up to \$3 million. Such borrowings are convertible into term loans, payable in equal quarterly installments over five years. The new facility provides for essentially the same terms and conditions as the Company's previous revolving credit agreement, including compliance with and maintenance of certain financial covenants and ratios.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Material Changes in Results of Operations

Three and Nine Months Ended July 31, 1995 versus July 31, 1994

A significant portion of the material changes in each category of the Company's results of operations for the three and nine months ended July 31, 1995, as compared to the same periods in the prior fiscal year are attributable to the acquisition, on December 1, 1994, of the photomask manufacturing operations and assets of Hoya Micro Mask, Inc. ("Micro Mask"), an independent photomask manufacturer with manufacturing operations located in Sunnyvale, California. The operations acquired represent a full-service, state-of-the-art photomask manufacturing facility. Further, on June 20, 1995, the Company acquired the manufacturing operations of Microphase Laboratories, Inc. ("Microphase") in Colorado Springs, Colorado. Except for a one-time charge to research and development expenses (see Note 3), the financial results of the new Colorado facility did not have a material effect on the Company's results of operations or financial position.

Net sales for the three and nine months ended July 31, 1995, increased 54.2% to \$32.9 million and 51.4% to \$89.1 million, respectively, compared with \$21.3 million and \$58.8 million in the same periods in the prior fiscal year. The increases are attributable to the inclusion of sales, commencing December 1, 1994, by the Company's new Sunnyvale facility and increased shipments to customers from existing facilities due to stronger demand generally and greater manufacturing capacity resulting from the implementation of the Company's capacity expansion program.

Cost of sales for the three and nine months ended July 31, 1995, increased 52.8% to \$20.0 million and 45.1% to \$54.9 million, respectively, compared to \$13.1 million and \$37.8 million for the same periods in the prior fiscal year. These increases principally are due to increased sales, together with greater personnel-related expenses, resulting from staffing increases to meet production demands and higher employee incentive compensation expenses resulting from the Company's performance. As a percentage of net sales, cost of sales decreased to 60.9% and 61.6% for the three and nine months ended July 31, 1995 as compared with 61.4% and 64.3% in the corresponding periods last year. The improvement primarily was due to the higher capacity utilization and greater operating efficiencies afforded by sales volume increases and a more favorable mix of more complex photomasks. The Company anticipates that its fixed operating costs will increase in connection with its continuing capacity expansion. However, the Company expects to match these higher costs with continued increases in sales levels.

Selling, general and administrative expenses increased 45.4% to \$4.5 million and 59.2% to \$12.1 million for the three and nine months ended July 31, 1995, respectively, compared with \$3.1 million and \$7.6 million for the same periods in the prior fiscal year. The increases were due largely to the inclusion of expenses of the Company's Sunnyvale facility, charges for certain non-recoverable assets and increased staffing levels, as well as general increases in wages. Employee incentive compensation expense provisions for the three months ended July 31, 1994, were higher than the corresponding current year period; however, as a result of the Company's sequential quarterly performance increases in fiscal 1995, incentive compensation expenses were provided more ratably over the nine months ended July 31, 1995, as compared with the same period in the prior year. As a percentage of net sales, selling, general and administrative expenses decreased to 13.7% for the three months ended July 31, 1995, compared with 14.5% for the same period last year primarily due the larger employee incentive compensation provisions in the prior year period. For the nine months ended July 31, 1995, selling, general and administrative expenses increased to 13.6%, as compared with 13.0% in the corresponding period last year.

Research and development expenses for the three and nine months ended July 31, 1995, increased 153.3% to \$3.2 million and 75.1% to \$6.1 million, respectively, compared to \$1.3 million and \$3.5 million from the same periods for the prior fiscal year. In connection with the Microphase acquisition, the Company recorded a one-time charge of \$1.5 million. This charge represented amounts assigned to certain Microphase research and development projects, principally for the manufacture of large area masks, which were expensed upon acquisition. Excluding this non-recurring charge, research and development expenses for the three and nine month periods ended July 31, 1995, increased 34.9% and 32.6%, respectively, compared to the same periods last year. These increases reflect the expansion of the Company's research and development organization and its development efforts, focusing on developing new photomask technologies such as phase shift and optical proximity corrected photomasks. As a percentage of net sales, excluding the Microphase charge, research and development expenses declined to 5.2% for the three and nine months ended July 31, 1995, respectively, compared to 5.9% in the corresponding prior fiscal year periods, reflecting increased net sales.

Interest and other income, net, for the three and nine months ended July 31, 1995, increased to \$5.2 million and \$5.7 million, respectively, compared to \$405,000 and \$575,000 for the same periods in the prior fiscal year principally due to a net gain of \$4.7 million from the sale of an equity investment during the three months ended July 31, 1995. The Company had additional net gains on the disposition of investments in the first quarter of fiscal 1995 and during the three months ended July 31, 1994. Interest income for the three and nine months ended July 31, 1995, increased to \$519,000 and \$1.0 million, respectively, compared with \$150,000 and \$346,000 in the prior year's corresponding periods primarily due to higher levels of funds available for investment.

For the three and nine months ended July 31, 1995, the Company provided Federal and state income taxes at an estimated combined effective annual tax rate of 37.6% and 37.4%, respectively, as compared to 35.4% and 34.0% in the same periods for the prior fiscal year. The increase in the Company's estimated tax rate primarily is the result of a larger portion of income being subject to the 35% incremental Federal income tax rate and a greater portion of the Company's income being generated in California. For the nine months ended July 31, 1994, the Company recognized the cumulative effect of the adoption of SFAS 109, "Accounting for Income Taxes," resulting in a benefit of \$237,000, or \$0.02 per share.

Liquidity and Capital Resources

The Company's cash, cash equivalents and short-term investments increased \$26.9 million during the nine months ended July 31, 1995, largely as a result of the \$29.6 million of net proceeds from the issuance of 1,500,000 new shares of common stock in a public equity offering completed during the period and the \$5.8 million of proceeds from the disposition of investments. These proceeds were offset by cash of \$10.5 million expended to fund the acquisition of Micro Mask. Excluding the net proceeds from the stock offering, sales of equity investments and the funds utilized in the Micro Mask acquisition, investing activities used cash totaling \$26.4 million, principally for deposits on and purchases of property, plant and equipment and the increase in short-term investments, and financing activities provided cash totaling \$1.4 million, largely from exercises of stock options. Operating activities, however, provided cash totaling \$21.6 million, after utilizing approximately \$2.0 million for initial working capital at the Sunnyvale site.

Accounts receivable increased to \$18.1 million at July 31, 1995, from \$10.2 million at October 31, 1994, principally as a result of higher sales levels, particularly due to the inclusion of sales from the new Sunnyvale and Colorado operations. Inventories increased to \$5.3 million at July 31, 1995, from \$2.5 million at October 31, 1994, primarily due to higher equipment inventory levels at the Company's wholly-owned subsidiary, Beta Squared, Inc., the addition of the Sunnyvale and Colorado facilities and general increases to accommodate the escalating sales volume.

Property, plant and equipment increased to \$59.7 million at July 31, 1995, from \$39.2 million at October 31, 1994, largely as a result of the \$5.1 million and \$820,000 of fixed assets acquired in connection with the Micro Mask and Microphase acquisitions, respectively, and other deposits on and purchases of property, plant and equipment totaling \$21.1 million. These increases were offset by normal depreciation expense totaling \$6.5 million. Intangible assets increased to \$10.5 million at July 31, 1995, from \$5.5 million at October 31, 1994, due to the \$5.7 million of intangible assets resulting from the Micro Mask acquisition, offset by normal amortization totaling \$766,000.

Investments and other assets increased to \$21.0 million at July 31, 1995, from \$11.2 million at October 31, 1994, principally due to additional unrealized gains recorded as a result of the increased fair value of the Company's investments, net of dispositions, during the period.

Accounts payable and other accrued liabilities at July 31, 1995, increased from October 31, 1994, primarily due to increased payables related to recent equipment purchases, higher levels of raw materials purchases due to growing production needs, and the addition of the Sunnyvale and Colorado operations. Accrued salaries and wages increased from October 31, 1994, largely as a result of provisions for incentive compensation for fiscal 1995, offset by payments during the period of fiscal 1994 and current year incentive compensation, and the addition of the Sunnyvale and Colorado operations.

As a result of an obligation incurred in connection with the Micro Mask acquisition, long-term debt, less the current portion, increased \$1.4 million (net of imputed interest) during the nine months ended July 31, 1995. Current portion of long-term debt decreased \$432,000 during the same period as a result of a balloon payment and normal monthly payments which became due. Deferred income taxes at July 31, 1995, increased \$4.2 million from October 31, 1994, to \$11.3 million largely due to amounts provided on the unrealized gains on investments.

The Company's commitments represent investments in additional manufacturing capacity, as well as advanced equipment for research and development of the next generation of high-end, more complex photomasks. As of July 31, 1995, the Company had commitments for the purchase or lease of additional property, plant and equipment with an acquisition cost of \$49.0 million, of which \$15.7 million had been paid or accrued at that date. Included in commitments are \$11.3 million, of which \$1.7 million had been paid or accrued, related to the construction of the Company's new facility in the Dallas area. Additional commitments for relocation of the Company's current Texas operations and the proposed Singapore operations will be incurred later in fiscal 1995.

The Company will use its working capital, bank credit lines, leasing arrangements and the net proceeds from its recently completed stock offering to finance its capital expenditures. In March 1995, the Company entered into a new unsecured revolving credit facility that provides for borrowings of up to \$10 million per year in each of the next three years, subject to a carryover in the second and third year of up to \$3 million. Such borrowings are convertible into term loans, payable in equal quarterly installments over five years. The new facility provides for essentially the same terms and conditions as the Company's previous revolving credit agreement, including compliance with and maintenance of certain financial covenants and ratios. The Company believes that its currently available resources, together with its capacity for substantial growth, are sufficient to satisfy its cash requirements for the foreseeable future.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports of Form 8-K

(a) Exhibits

- 10 Form of Agreement between the Company and each of Messrs Macricostas, Yomazzo and Moonan.+
- 27 Financial Data Schedule

+ Represents a management contract or compensatory plan or arrangement required to be filed as an exhibit to this form.

(b) Reports on Form 8-K

During the quarter for which this report is filed, no reports on Form 8-K were filed by the Company.

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: _____ ROBERT J. BOLLO _____
Robert J. Bollo
Vice President/Finance
(Duly Authorized Officer and
Principal Financial Officer)

Date: September 12, 1995

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

1,000

9-MOS		
	OCT-31-1995	
	JUL-31-1995	
		46,583
		7,979
		18,081
		195
		5,267
	80,004	
		98,600
		38,886
		171,178
	23,934	
		1,846
		117
	0	
		0
		133,699
171,178		
		89,067
	89,067	
		54,854
		54,854
		0
		10
		105
		21,657
		8,110
	13,547	
		0
		0
		0
		13,547
		1.24
		0

AGREEMENT

Agreement made as of April 26, 1995, by and between Photronics, Inc., a Connecticut corporation having its principal offices at 1061 East Indiantown Road, Jupiter, Florida 33477 (the "Company") and _____, _____, _____, _____ (the "Owner").

WHEREAS, the _____ (the "Executive) serves as an Executive Officer of the Company; and

WHEREAS, the Company and the Owner desire to enter into an agreement whereby the Company will provide certain insurance and other benefits on the life of the Executive.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, the Company and the Owner hereby agree as follows:

I - DEFINITION OF TERMS AND CONSTRUCTION

A) Definitions:

- (1) "Owner" shall mean the owner of the Policy.
- (2) "Policy" shall mean the life insurance policy on the life of the Executive owned by the Owner which is purchased with premiums paid by the Company.
- (3) "Board of Directors" shall mean the Board of Directors of the Company.
- (4) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.
- (5) "Effective Date" shall mean the date hereof.

B) Plurals:

Where appearing in this Agreement, the singular shall include the plural, and vice-versa, unless the context clearly indicates a different meaning.

C) Headings:

The headings and sub-headings in this Agreement are inserted for the convenience of reference only and are to be ignored in any construction of the provisions hereof.

II - PAYMENT OF PREMIUMS

The Company agrees that provided the Executive remains in the employ of the Company, the Company will timely pay \$_____ each year for insurance premiums (the "Premiums") under the Policy for a period of ten (10) years from the Effective Date. If the Executive leaves the employ of the Company (including as a result of a discharge by the Company), the Company shall have no further obligations to make payments pursuant to this Article II, except as set forth in Article IV, below. Except as provided in Article IV, below, in the event the Executive shall only be in the employ of the Company for a portion of any year during the ten (10) year period referred to above, the obligation of the Company to pay premiums for that year shall be pro-rated based on the number of whole or partial months the Executive was employed for that year divided by twelve (12).

III - REPAYMENT OF PREMIUMS

The Owner shall assign to the Company, in accordance with the form of assignment attached hereto (the "Assignment"), the right to the proceeds and cash value of the Policy to the extent of Premiums paid by the Company. The Owner shall have all other rights to the Policy except that the Owner shall not surrender or cancel the Policy or withdraw any cash value of the Policy unless and until the Company's right to receive a refund of Premiums paid has been satisfied or waived; provided further, however, that nothing contained herein shall require the Owner or the Executive to pay any premiums under the Policy. The Company's right to receive a repayment of Premiums paid shall be limited to the proceeds and cash value of the Policy and shall be non-recourse to the Owner and the Executive.

IV - RETIREMENT

In the event the Executive retires from the employ of the Company, the Company agrees that it shall continue paying Premiums for that number of years equal to the number of complete years of service with the Company completed by the Executive since the date of this Agreement but for not more than five (5) years or the remaining portion of term set forth in Article II, above, whichever is less; provided that, if the Executive shall be engaged in any activities which are competitive with the Company, which activities continue after written notice from the Company, the Company shall have no further obligation to pay any Premiums under this Agreement. In order to retire from the Company, the Executive must be at least 55 years of age, have been employed by the Company for at least 20 years and have been employed by the Company for at least three (3) years since the date of this Agreement. In the event the Executive retires and has been employed by the Company for at least three (3) years since the date of this Agreement, the Company agrees that it shall waive, upon such retirement, its right to receive a refund of Premiums in accordance with Article III.

V - TERMINATION OF EMPLOYMENT

In the event the Executive leaves the employ of the Company for any reason (including discharge by the Company), except for retirement in accordance with Article IV, above, the Company reserves the right, and the Owner assigns to the Company, the right to cancel the Policy in order to obtain a repayment of Premiums paid from the cash value of the Policy. Any cash value in excess of the Premiums shall belong to the Owner.

VI - BENEFICIARY/DIVIDENDS

Except as set forth in Article III above, or Article VII below, the Owner shall have the right to designate the beneficiary of the Policy. The Owner agrees that so long as the Company's right to receive a refund of Premiums paid has not been satisfied or waived, all dividends declared on the Policy shall be applied to purchase additional paid up insurance on the life of the Executive unless the Company consents to another application.

VII - RIGHTS TO THE PROCEEDS AT DEATH

Upon the death of the Executive while this Agreement is in force, the Owner will, without delay, take whatever action is necessary and required to collect the total death proceeds payable under the Policy from the insurer. Proceeds of the Policy equal to the Premiums paid by the Company shall be paid to the Company by the insurer unless repayment of the Premiums have been waived by the Company. The balance of the proceeds of the Policy shall be paid to the beneficiary of the Policy by the insurer.

VIII - AMENDMENTS

(1) The Company and the Executive may, by a written instrument signed by both such parties, amend this Agreement at any time and in any manner.

(2) The Company reserves the right to amend, in whole or in part, and in any manner, any or all of the provisions of this Agreement by action of its Board of Directors for the purposes of complying with any provision of the Code or any other technical or legal requirements, provided that no such amendment shall reduce the amount of the Premiums to be paid by the Company.

IX - RELEASE

At any time, the Owner shall have the right to pay cash to the Company in an amount equal to the Premiums paid by the Company in exchange for the Company's interest in such Policy. In such event, the Company shall transfer its interest in such Policy to the Owner. Upon release by the Company of all of its interest in such Policy, the Owner will thereafter own such Policy free from the Assignment and from this Agreement.

X - MISCELLANEOUS

A) Rights of Creditors:

Neither the Owner, the Executive nor any other persons shall have any interest in any Premiums to be paid by the Company or in amounts to be paid to the Company under the Policy by the insurer, such amounts being subject to the claims of the Company's general creditors.

B) Agents:

The Company may employ agents and provide for such clerical, legal, actuarial, accounting, advisory or other services as it deems necessary to perform its duties under this Agreement. The Company shall bear the cost of such services and all other expenses it incurs in connection with the administration of this Agreement.

C) Liability and Indemnification:

Except for its own gross negligence, willful misconduct or willful breach of the terms of this Agreement, the Company shall be indemnified and held harmless by the Owner against liability or losses occurring by reason of any act or omission of the Company or any other person.

D) Cooperation of Parties:

All parties to this Agreement and any person claiming any interest hereunder agree to perform any and all acts and execute any and all documents and papers which are necessary or desirable for carrying out this Agreement or any of its provisions.

E) Governing Law:

This Agreement is made and entered into in the State of Florida and all matters concerning its validity, construction and administration shall be governed by the laws of the State of Florida.

F) Non-Guarantee of Employment:

Nothing contained in this Agreement shall be construed as a contract or guarantee of employment between the Company and the Executive.

G) Counsel:

The Company may consult with legal counsel with respect to the meaning or construction of this Agreement, its obligations or duties hereunder or with respect to any action or proceeding or any question of law, and it shall be fully protected with respect to any action taken or omitted by it in good faith pursuant to the advice of legal counsel.

H) Notices:

For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or mailed by United States registered or certified mail, return receipt requested, postage prepaid, or by nationally recognized overnight delivery service providing for a signed return receipt, addressed to the Executive at the home address set forth in the Company's records and to the Company at the address set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board of Directors, or, where appropriate, to the Company's Personnel Department, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

I) Entire Agreement:

This Agreement contains the entire understanding between the Company and the Owner with respect to the payment of Premiums or repayment of Premiums.

J) Severability:

In the event any one or more provisions of this Agreement are held to be invalid or unenforceable, such illegality or unenforceability shall not affect the validity or enforceability of the other provisions hereof and such other provisions shall remain in full force and effect unaffected by such invalidity or unenforceability.

K) Execution in Counterparts:

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

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

PHOTRONICS, INC.

By: _____
Name:
Title:

The undersigned, the Executive named in the above agreement, consents to the issuance of the Policy.

ASSIGNMENT OF LIFE INSURANCE DEATH BENEFIT
AS COLLATERAL

(Execute in duplicate)

A) For value received, the undersigned hereby assigns, transfers and sets over to PHOTRONICS, INC., its successors or assigns, (herein called the Assignee") the death benefit under Policy No. _____, issued by Massachusetts Mutual Life Insurance Company or its MML affiliated Insurance Company (herein called the "Insurer"; the identity of the Insurance Company is determined by the policy number) and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"); upon the life of _____ and the right to surrender the Policy subject to all of the terms and conditions of the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The undersigned by this instrument agrees and the Assignee by the acceptance of this assignment agrees to the conditions and provisions herein set forth.

B) It is understood and agreed that the Assignee shall have the right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity and the right to surrender the Policy and that all other rights under the Policy, including, by way of illustration and not limitation, the right to make the Policy loans, the right to designate and change the beneficiary, and the right to elect and to receive dividends are reserved exclusively to the owner of the Policy and are excluded from this assignment and do not pass by virtue hereof and may be exercised by the owner on the sole signature of the owner; provided, further however, that the owner of the Policy shall not make any Policy loans or change the manner in which dividends are received or applied without the written consent of the Assignee. Nothing herein shall affect funds, if any, now or hereafter held by the Insurer for the purpose of paying premiums under the Policy.

C) The Assignee covenants and agrees with the undersigned as follows:

1) That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy had this assignment not been executed.

2) That the Assignee, not having any right to obtain policy loans from the Insurer, will not take any steps to borrow against the Policy, except that the owner of the Policy MAY direct the Insurer to pay the proceeds of any Policy loan to the Assignee, in which event the Assignee shall reduce the amount of existing Liabilities by the amount of such Policy loan and interest accrued to the date such Policy loans are repaid by the Assignee.

3) That the Assignee will upon request forward without unreasonable delay to the Insurer the Policy for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement; provided, however, that any such designation, change or election shall be made subject to this assignment and to the rights of the Assignee hereunder.

4) That, upon surrender of the Policy or any portion thereof or upon the surrender of any or all of the paid-up additions standing to the credit of the Policy, if any, by the undersigned at any time before any death benefit is payable under the Policy, the Assignee shall have the right to collect such surrender proceeds of the Policy or any such surrender value of such paid-up additions up to the amount of the Liabilities and any balance shall be paid to the owner of the Policy.

D) This assignment of the life insurance death benefit under the Policy is made as collateral security for all liabilities of the undersigned, or any of them, to the Assignee, either now existing or that may hereafter arise with respect to premiums advanced for or paid on the Policy by the Assignee (all of which liabilities secured or to become secured are herein called "Liabilities").

E) The Insurer is hereby authorized to recognize the Assignee's claim hereunder. In the event any death benefit, surrender value, cash value or other proceeds of the Policy are to be paid, the Insurer shall request a joint statement from the Assignee and the undersigned of the allocation of such proceeds. Separate checks in accordance with such joint statement shall be issued by the Insurer and shall constitute full disclosure and release therefor to the Insurer. In the event the Assignee and the undersigned do not agree to a joint schedule, the Insurer shall have the right to place such proceeds in an escrow account for the benefit of Assignee and the undersigned, as their interests may appear, and the Escrow Agent shall hold such proceeds until the matter is settled, either by mutual consent or a final binding judgment which is no longer appealable.

F) The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine, the insurance death benefit payable under the Policy hereby assigned without resorting or regard to other security.

G) In the event of any conflict between the provisions of this assignment and provisions of the note or other evidence of any Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.

H) The undersigned declares no proceedings in bankruptcy are pending against him and that his property is not subject to any assignment for the benefit of creditors.

Signed and sealed this _____ day of _____, 19__.

Witness

Owner

Address

Address

ACCEPTANCE OF ASSIGNMENT

Date

ATTEST

(TYPE/PRINT NAME OF ASSIGNEE)

(SEAL)

BY: _____
Signature and Title

BY: _____
Signature and Title

RELEASE OF ASSIGNMENT

For Value Received, the Policy and all claims thereunder conveyed by the within assignment are hereby released.

PHOTRONICS, INC.

By: _____

Title: _____

Date: _____