

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

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 or 15(d) Of The Securities Exchange Act Of 1934



Date of report (Date of earliest event reported) December 6, 2010

PHOTRONICS, INC.
(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction
of incorporation)

0-15451

(Commission
File Number)

06-0854886

(IRS Employer
Identification Number)

15 Secor Road, Brookfield, CT

(Address of Principal Executive Offices)

06804

(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02 Results of Operations and Financial Condition

On December 6, 2010, the Company issued a press release reporting fourth quarter and fiscal year 2010 results. A copy of the press release is attached to this 8-K.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release dated December 6, 2010
- 99.2 Condensed Consolidated Statements of Operations
- 99.3 Condensed Consolidated Balance Sheets
- 99.4 Condensed Consolidated Statements of Cash Flows
- 99.5 Reconciliation of GAAP to Non-GAAP Financial Information

SIGNATURES

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

PHOTRONICS, INC.

(Registrant)

DATE: December 7, 2010

BY /s/ *Richelle E. Burr*

Richelle E. Burr

Vice President, General Counsel

PHOTRONICS, INC.



FOR FURTHER INFORMATION:

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

Press Release

PHOTRONICS REPORTS FOURTH QUARTER AND FISCAL YEAR 2010 RESULTS

- Quarterly sales increase 16% year-over-year to \$110 million; Annual sales up 18%
- EPS of \$0.14 at mid-range of guidance on sales slightly below guidance
- High-end IC photomask sales increased sequentially, and up 121% for the year
- Working capital increased by \$9 million sequentially
- Net cash increased \$43 million year-over-year

BROOKFIELD, Connecticut December 6, 2010 -- Photronics, Inc. (NASDAQ:PLAB), a worldwide leader in supplying innovative imaging technology solutions for the global electronics industry, today reported financial results for the fourth quarter and fiscal year ended October 31, 2010.

Constantine (“Deno”) Macricostas, Photronics’ chairman and chief executive officer, commented, “Our 2010 financial results continue to demonstrate the success of our high-end growth strategy. Sales of advanced IC photomasks were steady throughout the fourth quarter, even as we experienced a pause in demand for mainstream products at the beginning of the period. Toward the latter part of the fourth quarter and into the first month of Q1 of fiscal 2011, orders for IC mainstream and FPD photomasks began to increase. As a result of soft demand in August and September, Q4 sales were slightly below our guidance. For this reason, we are particularly pleased that our focus on cost containment enabled us to report non-GAAP diluted EPS of \$0.14, which was at the midpoint of our bottom-line guidance range. In addition, our bottom-line performance, coupled with our working capital management initiatives, resulted in an improved balance sheet as net cash increased by \$43 million year-over-year.”

“Going forward, we believe that the investments we have made in leading-edge capabilities position Photronics for significant high-end market share growth,” added Macricostas. “There are several specific opportunities at the advanced nodes, and we expect to see strong demand at the leading edge for both integrated circuits and flat panel displays at least through the first half of the 2011 fiscal year.”

Sales for the fourth quarter were \$110.0 million, an increase of 16% compared with \$94.7 million for the fourth quarter of fiscal year 2009. Sales of semiconductor photomasks were \$85.3 million, or 78% of revenues, during the fourth quarter of fiscal 2010, and sales of flat panel display (FPD) photomasks were \$24.7 million, or 22% of revenues. GAAP net income attributable to Photronics, Inc. for the fourth quarter of fiscal 2010 was \$8.1 million, or \$0.14 earnings per diluted share, compared with net income attributable to Photronics, Inc. of \$1.2 million, or \$0.11 loss per diluted share, for the fourth quarter of fiscal 2009. The diluted loss per share for the fourth quarter of fiscal 2009 reflects the assumed conversion of warrants to acquire 1.4 million shares originally issued in connection with the Company’s May 2009 credit facility amendment as well as the associated assumed reversal of \$6.5 million in mark-to-market gains which were recorded in other income.

Non-GAAP net income attributable to Photronics, Inc. for the fourth quarter of 2010 was \$8.5 million, or \$0.14 earnings per diluted share, compared with non-GAAP net loss attributable to Photronics, Inc. of \$3.2 million, or \$0.07 loss per diluted share, for the fourth quarter of 2009. The section below entitled “*Non-GAAP Financial Measures*” provides a definition and information about the use of non-GAAP financial measures in this press release, and the attached financial supplement reconciles non-GAAP financial information with Photronics, Inc.’s financial results under GAAP.

Sales for the 2010 fiscal year increased 18% to \$425.6 million compared with \$361.4 million for the 2009 fiscal year. Sales of semiconductor photomasks were \$329.8 million, or 77% of revenues for the 2010 fiscal year, and sales of FPD photomasks were \$95.8 million, or 23% of revenues. GAAP net income attributable to Photronics, Inc. for the 2010 fiscal year was \$23.9 million, or \$0.43 earnings per diluted share, compared with the prior year's net loss of \$41.9 million, or \$0.97 loss per diluted share. Non-GAAP net income attributable to Photronics, Inc. for the 2010 fiscal year was \$21.2 million, or \$0.38 earnings per diluted share, compared with non-GAAP net loss attributable to Photronics, Inc. for the 2009 fiscal year of \$26.2 million, or \$0.63 loss per diluted share.

Non-GAAP Financial Measures

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

- Consolidation and restructuring charges (credits) are excluded because they are not a part of ongoing operations.
- Gain on sale of facility is excluded because it is not a part of ongoing operations.
- Deferred financing fees write-off net of interest savings, is excluded because it is not a part of ongoing operations and was not anticipated when establishing forecast guidance.
- Impact of financing expenses related to warrants is excluded because it does not affect cash earnings.
- Impairment of long-lived assets is excluded because it does not affect cash earnings and is not a part of ongoing operations.

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

A conference call with investors and the media to discuss these results is scheduled for 8:30 a.m. Eastern Time on Tuesday, December 7, 2010. The live dial-in number is (408) 774-4601. The call can also be accessed by logging onto Photronics' web site at www.photronics.com.

#

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

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements made by or on behalf of Photronics, Inc. and its subsidiaries (the Company). The forward-looking statements contained in this press release and other parts of Photronics' web site involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices, and other factors. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental, and technological factors. Accordingly, there is no assurance that the Company's expectations will be realized. For a fuller discussion of the factors that may affect the Company's operations, see "Forward Looking Statements" in the Company's Quarterly and Annual Reports to the Securities and Exchange Commission on Forms 10-Q and 10-K. The Company assumes no obligation to provide revisions to any forward-looking statements.

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

	Three Months Ended		Year Ended	
	October 31, 2010	November 1, 2009	October 31, 2010	November 1, 2009
Net sales	\$ 110,036	\$ 94,677	\$ 425,554	\$ 361,353
Costs and expenses:				
Cost of sales	(84,760)	(77,660)	(333,739)	(304,282)
Selling, general and administrative	(10,300)	(10,166)	(42,387)	(41,162)
Research and development	(3,949)	(3,768)	(14,932)	(15,423)
Consolidation, restructuring and related (charges) credits	168	(811)	4,979	(13,557)
Impairment of long-lived assets	-	-	-	(1,458)
Gain on sale of facility	-	2,034	-	2,034
Operating income (loss)	11,195	4,306	39,475	(12,495)
Other expense, net	(1,052)	(1,765)	(6,922)	(24,609)
Income (loss) before income taxes	10,143	2,541	32,553	(37,104)
Income tax provision	(1,682)	(1,398)	(7,471)	(4,323)
Net income (loss)	8,461	1,143	25,082	(41,427)
Net (income) loss attributable to noncontrolling interests	(317)	98	(1,160)	(483)
Net income (loss) attributable to Photronics, Inc.	<u>\$ 8,144</u>	<u>\$ 1,241</u>	<u>\$ 23,922</u>	<u>\$ (41,910)</u>
Earnings (loss) per share:				
Basic	\$ 0.15	\$ 0.03	\$ 0.45	\$ (0.97)
Diluted	<u>\$ 0.14</u>	<u>\$ (0.11)</u>	<u>\$ 0.43</u>	<u>\$ (0.97)</u>
Weighted-average number of common shares outstanding				
Basic	53,710	47,522	53,433	43,210
Diluted	<u>66,145</u>	<u>48,907</u>	<u>65,803</u>	<u>43,210</u>

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

(in thousands)

	October 31, 2010	November 1, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 98,945	\$ 88,539
Accounts receivable	82,951	66,920
Inventories	15,502	14,826
Other current assets	8,404	9,712
Total current assets	205,802	179,997
Property, plant and equipment, net	369,814	347,889
Investment in joint venture	61,127	60,945
Intangible assets, net	47,748	55,054
Other assets	19,388	19,771
	<u>\$ 703,879</u>	<u>\$ 663,656</u>
Liabilities and Equity		
Current liabilities:		
Current portion of long-term borrowings	\$ 11,467	\$ 10,301
Accounts payable and accrued liabilities	107,762	80,154
Total current liabilities	119,229	90,455
Long-term borrowings	78,852	112,137
Deferred income taxes and other liabilities	9,855	11,368
Equity	495,943	449,696
	<u>\$ 703,879</u>	<u>\$ 663,656</u>

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

	Year Ended	
	October 31, 2010	November 1, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 25,082	\$ (41,427)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	90,300	90,474
Gain on sale of facility	-	(2,034)
Consolidation, restructuring, and related charges (credits) and impairments of long-lived assets	(5,059)	11,972
Changes in assets and liabilities and other	(14,404)	9,163
Net cash provided by operating activities	95,919	68,148
Cash flows from investing activities:		
Purchases of property, plant and equipment	(71,381)	(34,995)
Proceeds from sale of facility	12,880	4,321
Distribution from joint venture	-	5,000
Proceeds from sales of investments and other	289	996
Net cash used in investing activities	(58,212)	(24,678)
Cash flows from financing activities:		
Repayments of long-term borrowings	(72,932)	(161,841)
Proceeds from long-term borrowings	41,680	28,112
Net proceeds from convertible debt and common stock offerings	-	97,961
Payments of deferred financing fees and other	(1,204)	(4,734)
Net cash used in financing activities	(32,456)	(40,502)
Effect of exchange rate changes on cash	5,155	1,808
Net increase in cash and cash equivalents	10,406	4,776
Cash and cash equivalents, beginning of year	88,539	83,763
Cash and cash equivalents, end of year	\$ 98,945	\$ 88,539
Supplemental disclosure of cash flow information:		
Changes in accrual for purchases of property, plant and equipment	\$ 28,717	\$ (13,551)
Change in capital lease obligation for purchases of property, plant and equipment	\$ -	\$ (28,244)
Common stock warrants issuance	\$ -	\$ 5,320

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

	Three Months Ended		Year Ended	
	October 31, 2010	November 1, 2009	October 31, 2010	November 1, 2009
Reconciliation of GAAP to Non-GAAP Net Income (Loss)				
Attributable to Photronics, Inc.				
GAAP net income (loss) attributable to Photronics, Inc.	\$ 8,144	\$ 1,241	\$ 23,922	\$ (41,910)
(a) Consolidation and restructure charges (credits), net of tax	(168)	626	(4,979)	12,913
(b) Gain on sale of facility, net of tax	-	(1,474)	-	(1,474)
(c) Deferred financing fees write-off, net of interest savings, net of tax	-	2,942	1,011	2,942
(d) Impact of warrants, net of tax	554	(6,544)	1,246	304
(e) Impairment of long-lived assets, net of tax	-	-	-	1,050
Non-GAAP net income (loss) attributable to Photronics, Inc.	<u>\$ 8,530</u>	<u>\$ (3,209)</u>	<u>\$ 21,200</u>	<u>\$ (26,175)</u>
Weighted-average number of diluted shares outstanding:				
GAAP	66,145	48,907	65,803	43,210
(f) Adjustment to exclude equivalent shares issued September 16, 2009	-	(5,603)	-	(1,401)
Non-GAAP	<u>66,145</u>	<u>43,304</u>	<u>65,803</u>	<u>41,809</u>
Earnings (loss) per diluted share:				
GAAP	\$ 0.14	\$ (0.11)	\$ 0.43	\$ (0.97)
Non-GAAP	<u>\$ 0.14</u>	<u>\$ (0.07)</u>	<u>\$ 0.38</u>	<u>\$ (0.63)</u>

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

(b) Represents net gain recognized on sale of Manchester, United Kingdom facility.

(c) Represents write-off of deferred financing fees recorded in interest expense as a result of an amendment to the revolving credit facility and reduced debt, offset in 2009 by reduced interest expense that resulted from debt repayment with the proceeds of the common stock and senior unsecured debt issuance.

(d) Represents market value impact of outstanding warrants, and in 2009 the clawback of warrants, recorded in other income (expense).

(e) Represents long-lived assets impairment charge, net of tax.

(f) Adjustment to reflect the excluded impact on weighted-average shares outstanding during quarter and year in 2009 of the equivalent shares issued on September 16, 2009.