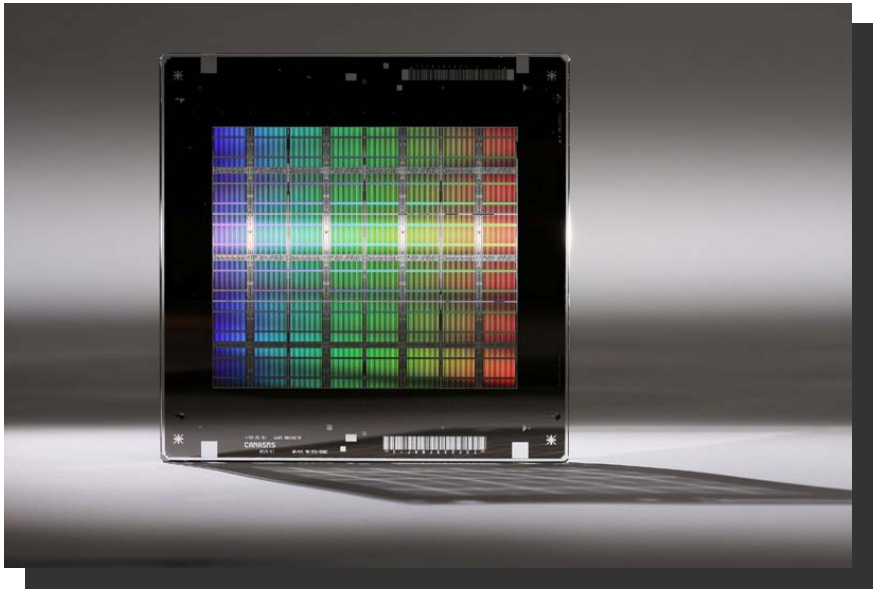


Photronics, Inc.

First Quarter of Fiscal 2011 Conference Call

Safe Harbor Statement

During this presentation, some of our comments may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company and/or the industry. We wish to caution you that such statements are predictions and contain risks and uncertainties and actual events or results may differ materially. Although we believe that the expectations are reasonable, Photronics cannot guarantee the accuracy of any forecasts or estimates, and we do not plan to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10K and Form 10Q.

Non-GAAP Results

- **Some of our comments may reference Non-GAAP financial measures. Non-GAAP financial results referenced in this presentation exclude charges, other expenses and benefits that management believes are not directly related to our ongoing operations. These Non-GAAP results are consistent with another way management internally analyzes Photronics' results of operations.**

- **Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.**

- **Please see the "Reconciliation of GAAP to Non-GAAP Financial Information" for a reconciliation of GAAP to Non-GAAP.**

First Quarter Financial Highlights

- **Strong Growth in Revenue and Earnings – building momentum on strategy to capitalize on high-end opportunities**
- **Q1 sales of $120.8 million (initial guidance of $107 - $111)** New Record
  - **Increase of 10% sequentially**
- **Q1 EPS of $0.20 per share (initial guidance of $0.10 - $0.14 per share)**
  - **Demonstrates strong leverage of business model**
- **IC photomask sales of $88.8 million**
  - **Increase of 4% sequentially despite typically seasonally down quarter**
  - **High-end sales increase $1.2 million sequentially**
- **FPD photomask sales of $32 million** New Record
  - **Increase of 29% sequentially**
  - **Strong demand for High-End FPD photomasks; up 55% sequentially**
    - **Demonstrates success of 2010 investments in advanced FPD capabilities**
- **EBITDA of $42 million**
- **Net Cash improved $21 million sequentially to $30 million**

Investments in Technology Driving Growth

- **Capital spend in past few years has been dedicated to high-end customers**
  - 32 nanometer and below production in Boise
  - 45 nanometer production in Korea
  - 65 nanometer production in Taiwan
  - G8+ FPD Production in Korea
- **65 nanometer and below business increased 7% sequentially**
- **45 nanometer and below business increased 33% sequentially**
- **+G7 FPD photomask business increased 55% sequentially to $20.3 million**

Positioned for Next Phase of High-End Market Share Growth

- **Greatest demand coming from memory and logic customers**
  - Stronger commitments now from foundries to go to new nodes
- **Expecting strong demand at leading edge through 2011**
- **Significant opportunities with preeminent global memory and logic customers**
  - Taiwan - DRAM capacity ramp and node migration opportunity
  - Singapore - Expanding Flash DRAM opportunity
  - US Region - Renewed customer commitment to high-end logic capacity
  - Korea - Growing high-end logic foundry opportunity
  - New access to #1 NOR Flash provider

Investing in High-End Capabilities to Capitalize on Opportunities

- **2011 Cap Ex expected to be in the range of $75 to $90 million**
  - Supporting enhanced demand for high-end IC and FPD photomasks
  - Q1 annualized EBITDA of $168 million in excess of projected $150 million and in excess of Cap Ex spend (strong FCF)
  - Focus on 45nm and below technology mitigates downside risk

Photronics, Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands, except per share data)
(Unaudited)

	Three Months Ended	
	January 30, 2011	**January 31, 2010**
Reconciliation of GAAP to Non-GAAP Net Income		
GAAP net income attributable to Photronics, Inc.	$ 12,111	$ 213
(a) Impact of warrants, net of tax	75	220
(b) Consolidation and restructuring charges, net of tax	-	193
Non-GAAP net income attributable to Photronics, Inc.	$ 12,186	$ 626
Weighted average number of diluted shares outstanding	66,411	54,824
Earnings per diluted share		
GAAP	$ 0.20	$ -
Non-GAAP	$ 0.20	$ 0.01

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

(b) Represents charges related to restructuring in China.

Q1 Sequential Revenue

Sales	Q4-10	Q1-11	% Delta
IC High-End [1]	$17.7	$18.9	7%
IC Mainstream	67.6	69.9	3%
Total IC Sales	$85.3	$88.8	4%
FPD High-End [2]	$13.1	$20.3	55%
FPD Mainstream	11.6	11.7	0%
Total FPD Sales	$24.7	$32.0	29%
Total Sales	$110.0	$120.8	10%

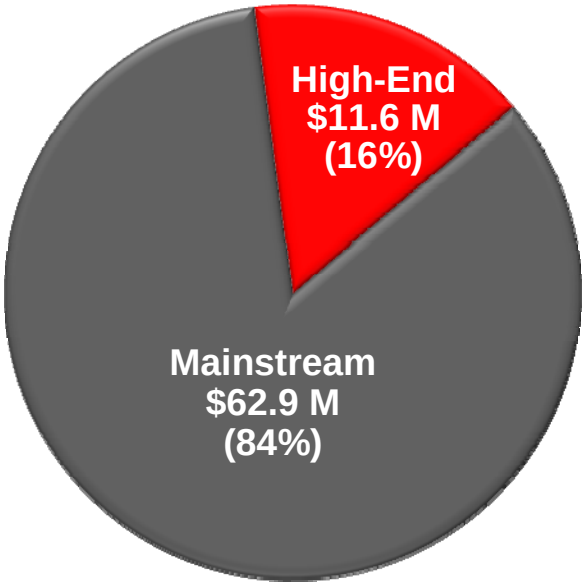
(1) **65nm and below**
(2) **G7 and above**

Capitalization (in millions)

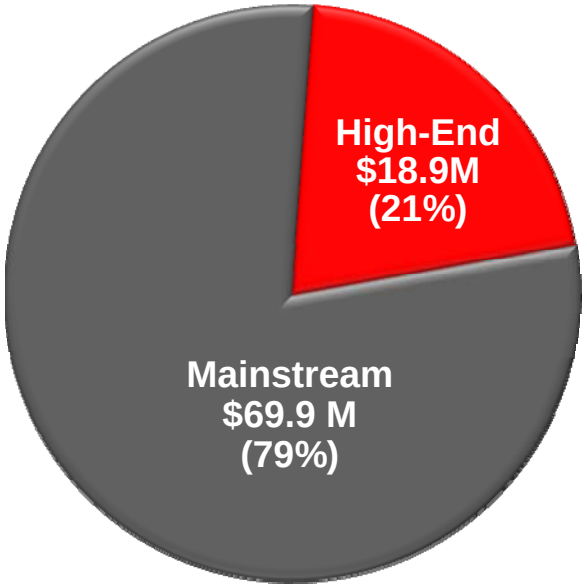
	Q1-10	Y/E-10	Q1-11
Cash	$84	$ 99	$113
$65 million revolving credit agreement - cash 3.81% *(maturity Feb. 2013)*	25	5	
Senior unsecured 5.5% Convertible *(maturity Oct. 2014)*	58	58	58
Capital lease 5.6% due 2012	11	9	8
Capital lease 8.0% due 2013	21	16	15
Customer Obligation – non-cash	4	2	2
Total Debt	$119	$ 90	$ 83
Net (debt) cash	($ 35)	$ 9	$ 30
LTM EBITDA	$ 92	$127	$143
Total leverage	1.3x	0.71x	0.58x
Net leverage	0.4x	-	-

Q/Q IC Revenue

Q1-2010: $74.5 M



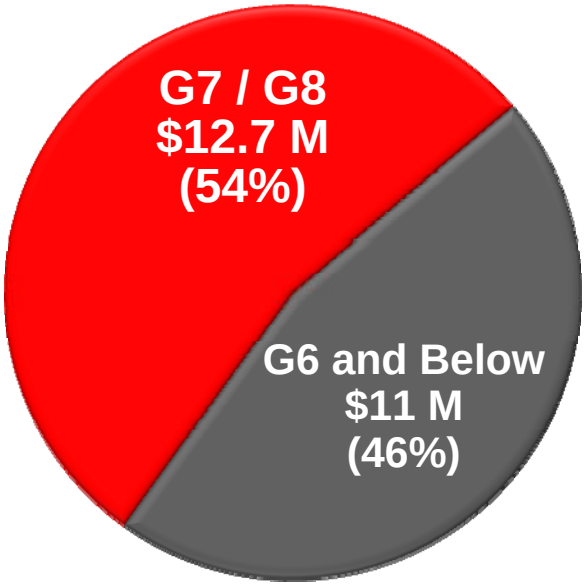
Q1-2011: $88.8 M



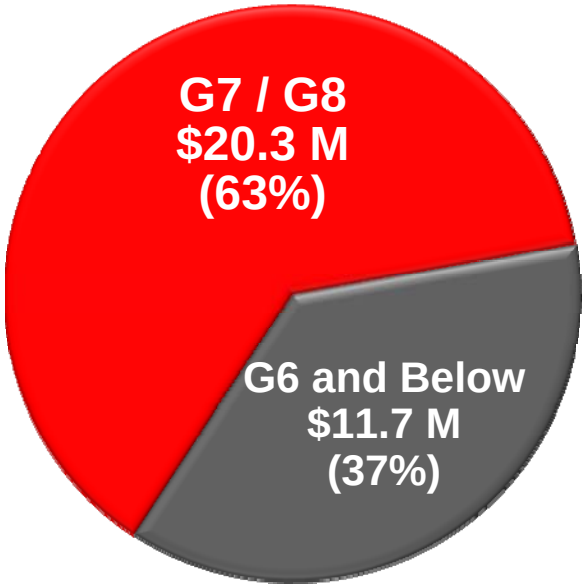
- **Revenue Increase of 19%**
- **High-End Increase of 63%**

Q/Q FPD Revenue

Q1-2010: $23.7 M



Q1-2011: $32M



- **Revenue Increase of 35%**
- **G7/G8 Increase of 60%**

Q2-2011 Guidance (in millions, except EPS)

Q2 Revenues	$117 - $121
Taxes:	
Q2-2011	$2.5 - $3.5
FY-2011	$12 - $15
Cash Cap Ex - 2011	$75 - $90
Q2 EPS [(1)]	$0.15 - $0.18

[(1)] **Excludes impact, if any, of warrants**

Photronics' Financial Focus

- **Maximize free cash flow**
- **Reduce cost of capital and debt**
- **Invest prudently**
- **Maintain financial flexibility**
- **Financial Goals:**
  - Near-term – Annualized EBITDA of $150 million – Achieved Q1-2011!
  - Longer-term – 15% operating margin

Summary

- **Q1 2011 results demonstrate success of investments in high-end strategy across IC and FPD segments**
- **Orders for +G7 FPD photomasks grew substantially in Q1 reflecting investments made in mid-2010**
- **Photronics will continue to execute on high-end strategy while serving mainstream customers**
- **Significant opportunities exist for high-end market share gains in 2011**
- **Expect to report top-line and bottom-line growth in fiscal 2011**