

## CORPORATE GOVERNANCE INTRODUCTION

Corporate governance is an integral part of Photronics' mission statement: "To exceed the expectations of our stakeholders, whom we define as our customers, employees and investors." These principles clearly rely upon high governance standards and the integrity of every employee to insure that the Company's reputation remains strong and well regarded by each of these important stakeholder groups. At all levels, members of Photronics' global organization are committed to the demanding ethical principles expected of first tier industry leaders.

The values expressed in Photronics' mission statement, while they extend to every function within Photronics, are particularly important to accounting and financial reporting functions. Together, they are most critical in Photronics' ability to keep its stakeholders and investors informed with timely information and perspective crucial to assessing the overall performance of their investment. We, the management of Photronics, are directly accountable for the integrity and objectivity of our financial statements. We are also responsible for ensuring that financial data is reported accurately and in a manner that facilitates the understanding of this data.

As evidence of our commitment to this responsibility, Photronics continuously reviews and updates our system of internal accounting controls, receives strong and effective corporate governance from our Board of Directors, continuously evaluates site and departmental results, and focuses on generating high returns from our shareholders' assets.

The Audit Committee of the Board of Directors at Photronics is composed solely of independent directors. Each Audit Committee member has the requisite financial knowledge and experience to provide the necessary oversight of Photronics' affairs. Management reviews internal control matters, key accounting and financial reporting issues with the Audit Committee on a regular and as needed basis. In addition, our independent auditors regularly meet in private sessions with our Audit Committee to discuss the results of their work, including observations on the adequacy of internal financial controls, the quality of financial reporting and compliance with all laws and regulations.

Photronics regularly reviews its business results and strategic priorities. The Board of Directors is closely involved as well and regularly provides management oversight of the strategies that position Photronics to achieve its near- and long-term growth goals.

Photronics has always been committed to providing timely, accurate and understandable information to our shareholders. We encourage your questions and comments, which can be directed to Photronics by clicking on the "**Contact Us**" buttons found on our website.



Constantine S. Macricostas  
Chairman of the Board  
Interim Chief Executive Officer