

**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): April 28, 2009

PDF SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

000-31311

(Commission File Number)

Delaware

(State or Other Jurisdiction of Incorporation)

25-1701361

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

333 West San Carlos Street, Suite 700

San Jose, CA 95110

(Address of principal executive offices, with zip code)

(408) 280-7900

(Registrant's telephone number, including area code)

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))
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Item 2.02. Results of Operations and Financial Condition.

On April 28, 2009, the Registrant issued a press release regarding its financial results and certain other information related to the first fiscal quarter ended March 31, 2009. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Item 2.02, including Exhibit 99.1, is furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press Release dated April 28, 2009 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2009. |

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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.

PDF SOLUTIONS, INC.
(Registrant)

By: /s/ Keith A. Jones
Keith A. Jones
Vice President, Finance and Chief Financial Officer

Dated: April 28, 2009

EXHIBIT INDEX

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press Release dated April 28, 2009 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2009. |

News Release

Investor Relations Contact:
P. Steven Melman, VP, Investor Relations
PDF Solutions, Inc.
Tel: (408) 938-6445
Email: steve.melman@pdf.com

Investor Relations Contact:
Sonia Segovia, IR Coordinator
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PDF Solutions® Reports First Quarter 2009 Results

SAN JOSE, Calif.—April 28, 2009—PDF Solutions, Inc. (NASDAQ: PDFS) the leading provider of yield improvement technologies and services for the integrated circuit (IC) manufacturing process life cycle, today announced financial results for its first fiscal quarter ended March 31, 2009.

Total revenue for the first fiscal quarter of 2009 totaled \$10.2 million, down 26% from \$13.8 million in the fourth fiscal quarter of 2008 and down 50% when compared with total revenue of \$20.3 million for the first fiscal quarter of 2008. Gain share revenue totaled \$2.4 million, down 5% from \$2.5 million in the fourth fiscal quarter of 2008 and down 55% when compared to gain share revenue of \$5.3 million for the first fiscal quarter of 2008.

Net loss for the first fiscal quarter was \$7.3 million, or \$0.28 per basic and diluted share, compared to a net loss of \$79.1 million, or \$2.92 per basic and diluted share in the fourth fiscal quarter of 2008 and net loss for the first fiscal quarter of 2008 of \$2.5 million, or \$0.09 per basic and diluted share.

In addition to using GAAP results in evaluating PDF Solutions' business, management also believes it is useful to measure results using a non-GAAP measure of net loss, which excludes stock-based compensation expense, amortization of acquired technology and intangible assets, restructuring charges, and their related income tax effects, as applicable. Using this non-GAAP measure, the non-GAAP net loss for the first fiscal quarter of 2009 totaled \$5.1 million or \$0.20 per basic and diluted share, compared with non-GAAP net loss of \$429,000, or \$0.02 per basic and diluted share, for the first fiscal quarter of 2008.

As previously announced, PDF Solutions will discuss these results on a live conference call beginning at 3:00 p.m. Pacific Time/6:00 p.m. Eastern Time today. The call will be simultaneously web cast on PDF Solutions' website at <http://ir.pdf.com/events.cfm>. A replay of the web cast will be available at the same website address beginning approximately two hours after completion of the live call. A copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the comparable GAAP measures, which non-GAAP measures may be used periodically by PDF Solutions' management when discussing financial results with investors and analysts, will also be available on PDF Solutions' website at http://www.pdf.com/news_archive.phtml following the date of this release.

Information Regarding Use of Non-GAAP Financial Measures

In addition to providing results that are determined in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP), PDF Solutions also provides certain non-GAAP financial measures that exclude the effects of stock-based compensation expense, amortization of acquired technology and intangible assets, restructuring charges, and their related income tax effects, as applicable. PDF Solutions' management believes that the presentation of these measures provides useful supplemental information to investors regarding PDF Solutions' operating results. These non-GAAP financial measures are used by management internally to measure the company's profitability and performance. PDF Solutions' management believes that excluding the effects of stock-based compensation expense, amortization of acquired technology and intangible assets, restructuring charges, and their related income tax effects, as applicable, provides a useful supplemental measure of the company's ongoing operations in light of the fact that none of these categories of expense has a current effect on the future uses of cash (with the exception of restructuring charges) nor do they have use with regards to the generation of current or future revenues. These non-GAAP results should not be considered an alternative to, or a substitute for, GAAP financial information, and may be different from similarly titled non-GAAP measures used by other companies. In particular, these non-GAAP financial measures are not a substitute for GAAP measures of income as a measure of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity. Since management uses these non-GAAP financial measures internally to measure profitability and performance, PDF Solutions has included these non-GAAP measures to give investors an opportunity to see the company's financial results as viewed by management. A reconciliation of the non-GAAP financial measures to the comparable GAAP financial measure is provided at the end of the company's financial statements presented below.

About PDF Solutions

PDF Solutions, Inc. (NASDAQ: PDFS) is the leading provider of yield improvement technologies and services for the IC manufacturing process life cycle. PDF Solutions offers solutions that are designed to enable clients to lower costs of IC design and manufacture, enhance time to market, and improve profitability by addressing design and manufacturing interactions from product design to initial process ramps to mature manufacturing operations. PDF Solutions' Characterization Vehicle® (CV®) test chips provide the core modeling capabilities, and are used by more leading manufacturers than any other test chips in the industry. PDF Solutions' industry leading yield management system software, *dataPOWER*®, and fault detection and classification software, *mæstria*®, enhance yield improvement and production control activities at leading fabs around the world. Headquartered in San Jose, Calif., PDF Solutions operates worldwide with additional offices in China, Europe, Japan, Korea, Singapore and Taiwan. For the company's latest news and information, visit <http://www.pdf.com/>.

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PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

| | March 31, 2009 | December 31, 2008 |
|---|-------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 32,780 | \$ 31,686 |
| Short-term investments | 6,354 | 9,051 |
| Accounts receivable, net | 20,387 | 24,989 |
| Prepaid expenses, deferred tax assets, and other current assets | 3,864 | 5,147 |
| Total current assets | 63,385 | 70,873 |
| Property and equipment, net | 2,427 | 2,675 |
| Non-current investments | 718 | 718 |
| Intangible assets, net | 4,280 | 4,730 |
| Deferred tax assets and other non-current assets | 626 | 631 |
| Total assets | \$ 71,436 | \$ 79,627 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 336 | \$ 370 |
| Accounts payable | 1,715 | 1,384 |
| Accrued compensation and related benefits | 5,850 | 6,525 |
| Taxes payable and other accrued liabilities | 3,318 | 3,723 |
| Deferred revenues | 2,057 | 1,792 |
| Billings in excess of recognized revenue | 247 | 748 |
| Total current liabilities | 13,523 | 14,542 |
| Long-term debt | 461 | 512 |
| Long-term taxes payable | 3,354 | 3,356 |
| Long-term other liabilities | 1,400 | 1,447 |
| Total liabilities | 18,738 | 19,857 |
| Stockholders' equity: | | |
| Common stock | 4 | 4 |
| Additional paid-in-capital | 190,685 | 189,132 |
| Treasury stock at cost | (18,402) | (18,402) |
| Accumulated deficit | (119,941) | (112,620) |
| Accumulated other comprehensive income | 352 | 1,656 |
| Total stockholders' equity | 52,698 | 59,770 |
| Total liabilities and stockholders' equity | \$ 71,436 | \$ 79,627 |

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PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------------|
| | 2009 | 2008 |
| Revenues: | | |
| Design-to-silicon-yield solutions | \$ 7,794 | \$ 15,024 |
| Gainshare performance incentives | 2,396 | 5,323 |
| Total revenues | <u>10,190</u> | <u>20,347</u> |
| Cost of design-to-silicon-yield solutions: | | |
| Direct costs of design-to-silicon-yield solutions | 6,290 | 7,766 |
| Amortization of acquired technology | 359 | 631 |
| Total cost of design-to silicon-yield solutions | <u>6,649</u> | <u>8,397</u> |
| Gross margin | 3,541 | 11,950 |
| Operating expenses: | | |
| Research and development | 5,807 | 9,076 |
| Selling, general and administrative | 4,413 | 6,299 |
| Amortization of other acquired intangible assets | 69 | 194 |
| Restructuring charges | 633 | — |
| Total operating expenses | <u>10,922</u> | <u>15,569</u> |
| Loss from operations | (7,381) | (3,619) |
| Interest and other income, net | 324 | 489 |
| Loss before taxes | (7,057) | (3,130) |
| Income tax provision (benefit) | 264 | (617) |
| Net loss | <u>\$ (7,321)</u> | <u>\$ (2,513)</u> |
| Net loss per share – basic and diluted | <u>\$ (0.28)</u> | <u>\$ (0.09)</u> |
| Weighted average common shares – basic and diluted | <u>26,092</u> | <u>27,840</u> |

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PDF SOLUTIONS, INC.
NON-GAAP RESULTS (UNAUDITED)
(In thousands, except per share amounts)

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|------------------|
| | <u>2009</u> | <u>2008</u> |
| GAAP net loss | \$ (7,321) | \$ (2,513) |
| Stock-based compensation expense – cost of design-to-silicon-yield solutions | 389 | 530 |
| Stock-based compensation expense – research and development | 348 | 595 |
| Stock-based compensation expense – selling, general and administrative | 399 | 858 |
| Amortization of acquired technology | 360 | 631 |
| Amortization of other acquired intangible assets | 69 | 194 |
| Restructuring charges | 633 | — |
| Tax impact on reversal of stock-based compensation and amortization of intangible assets | — | (724) |
| Non-GAAP net loss | <u>\$ (5,123)</u> | <u>\$ (429)</u> |
| GAAP net loss per basic and diluted share | <u>\$ (0.28)</u> | <u>\$ (0.09)</u> |
| Non-GAAP net loss per diluted share | <u>\$ (0.20)</u> | <u>\$ (0.02)</u> |
| Shares used in computing diluted non-GAAP measure of net loss per share | <u>26,092</u> | <u>27,840</u> |

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