

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 24, 2003

PDF Solutions, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

000-31311

25-1701361

(State or Other Jurisdiction
of Incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

333 West San Carlos Street, Suite 700, San Jose, CA

95110

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code

(408) 280-7900

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

TABLE OF CONTENTS

[Item 7. Financial Statements and Exhibits.](#)

[Item 9. Regulation FD Disclosure.](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[EXHIBIT 99.1](#)

[EXHIBIT 99.2](#)

[Table of Contents](#)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

- 99.1 Press Release dated April 24, 2003 regarding financial results and certain other information related to the first quarter of fiscal 2003
- 99.2 Press Release dated April 24, 2003 regarding the financial outlook for the second quarter of fiscal 2003

Item 9. Regulation FD Disclosure.

The following information is furnished pursuant to Item 12, "Results of Operations and Financial Condition."

On April 24, 2003, PDF Solutions, Inc. issued a press release regarding its financial results and certain other information related to the first quarter of fiscal year 2003. Also on April 24, 2003, PDF Solutions, Inc. issued a press release regarding the financial outlook for the second quarter of fiscal 2003. A copy of each of these press releases is attached as Exhibit 99.1 and Exhibit 99.2.

Use of Non-GAAP Information

In addition to providing results that are determined in accordance with Generally Accepted Accounting Principles (GAAP), PDF Solutions also provides certain non-GAAP financial measures that exclude certain charges as additional information relating to its operating results. PDF's management believes that the presentation of these measures provides useful information to investors regarding certain additional financial and business trends relating to its financial condition and results of operations. PDF has also chosen to provide this information to investors to enable them to perform meaningful comparisons of its past, present and future operating results. These measures are not in accordance with, or an alternative to, GAAP and may be different from non-GAAP measures used by other companies. The calculations of non-GAAP financial measures have been adjusted to exclude the effects of amortization of stock-based compensation and intangibles.

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.

By: /s/ P. Steven Melman

Name: P. Steven Melman
Title: Vice President, Finance and Administration
and Chief Financial Officer

Dated: April 24, 2003

EXHIBIT INDEX

Number	Exhibit
99.1	Press Release dated April 24, 2003 regarding financial results and certain other information related to the first quarter of fiscal 2003
99.2	Press Release dated April 24, 2003 regarding the financial outlook for the second quarter of fiscal 2003

NEWS RELEASE

Investor Relations Contact:
Rochelle Krause
PDF Solutions, Inc.
Tel: (408) 938-6437
Email: rochelle.krause@pdf.com

Corporate Communications Contact:
Mana Uchino
PDF Solutions, Inc.
Tel: (408) 938-6483
Email: mana.uchino@pdf.com

PDF SOLUTIONS, INC. REPORTS FIRST QUARTER 2003 FINANCIAL RESULTS

SAN JOSE, Calif. -- April 24, 2003 -- PDF Solutions, Inc. (Nasdaq: PDFS), the leading provider of semiconductor process-design integration technologies and services, today announced financial results for its first fiscal quarter ended March 31, 2003.

Revenue for the first fiscal quarter of 2003 totaled \$9.1 million, a decrease of 21% compared with revenue of \$11.5 million for the first fiscal quarter of 2002. Pro forma net loss for the first fiscal quarter of 2003, excluding amortization of stock-based compensation and intangibles, totaled \$658,000, or \$0.03 per diluted share, compared with pro forma net income of \$1.4 million, or \$0.06 per diluted share, for the first fiscal quarter of 2002. Reported net loss for the first fiscal quarter of 2003 totaled \$1.3 million, or \$0.06 per diluted share, compared with a reported net income of \$580,000, or \$0.02 per diluted share, for the first fiscal quarter of 2002.

"We are satisfied with financial results that exceeded prior revenue and pro forma earnings per share guidance," said John Kibarian, PDF's President and Chief Executive Officer. "More importantly, in the first quarter we continued our efforts to expand our customer base. We entered into a multi-million dollar assessment with a new strategic customer that is a top-10 semiconductor manufacturer headquartered in the United States. I'm pleased to say that in an environment that is still challenging, we continue to execute against our business objectives."

As previously announced, the company will hold a live conference call beginning at 3:00 p.m. PDT/6:00 p.m. EDT today to discuss these quarterly results. A live webcast of this teleconference will be available on the company's website at <http://ir.pdf.com/medialist.cfm>. A replay of the call will be available at the same website address following the call. Further, a copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the most directly comparable GAAP measure, which non-GAAP measures may be used periodically by the company's management when discussing financial results with investors and analysts, will be available on the company's website at http://www.pdf.com/news_archive.phtml following the date of this release.

-more-

ABOUT PDF SOLUTIONS

PDF Solutions, Inc. (Nasdaq: PDFS) is the leading provider of process-design integration technologies for integrated circuits (ICs). PDF's software, methodologies and services enable semiconductor companies to create more manufacturable IC designs and more capable manufacturing processes. By simulating deep sub-micron product and process interactions, the PDF solution offers clients reduced time to market, increased IC yield and performance, and enhanced product reliability and profitability. Headquartered in San Jose, California, PDF operates worldwide with additional offices in Europe and Japan. For more information, visit www.pdf.com.

PDF Solutions(R) is a registered trademark of PDF Solutions, Inc.

-more-

PDF SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

	MARCH 31, 2003	DECEMBER 31, 2002
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 71,866	\$ 71,490
Accounts receivable, net of allowances.....	7,461	7,924
Prepaid expenses and other current assets.....	4,463	4,406
	-----	-----
Total current assets.....	83,790	83,820
Property and equipment, net.....	3,321	3,533
Goodwill.....	662	662
Intangible assets, net.....	179	220
Other assets.....	1,776	1,564
	-----	-----
Total assets.....	\$ 89,728	\$ 89,799
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 441	\$ 499
Accrued compensation and related benefits.....	2,007	1,143
Other accrued liabilities.....	1,802	1,652
Taxes payable.....	971	1,838
Deferred revenues.....	4,403	4,496
Billings in excess of recognized revenue.....	1,102	606
Current portion of long-term debt.....	17	17
	-----	-----
Total current liabilities.....	10,743	10,251
Long-term debt.....	10	15
Deferred tax liability.....	722	752
Deferred rent.....	20	39
Stockholders' equity:		
Common stock.....	3	3
Additional paid-in-capital.....	100,080	99,884
Deferred stock-based compensation.....	(893)	(1,340)
Notes receivable from stockholders.....	(4,830)	(4,998)
Accumulated deficit.....	(16,179)	(14,845)
Cumulative other comprehensive income.....	52	38
	-----	-----
Total stockholders' equity.....	78,233	78,742
	-----	-----
Total liabilities and stockholders' equity.....	\$ 89,728	\$ 89,799
	=====	=====

-more-

PDF SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED	
	MARCH 31, 2003	MARCH 31, 2002
	-----	-----
Revenue:		
Design-to-silicon yield solutions.....	\$ 8,108	\$ 8,380
Gain share.....	959	3,077
	-----	-----
Total revenue.....	\$ 9,067	\$ 11,457

Cost and expenses:		
Cost of design-to-silicon yield solutions...	3,444	3,864
Research and development.....	4,332	3,190
Selling, general and administrative.....	2,703	2,554
Stock-based compensation amortization*.....	649	788
	-----	-----
Total costs and expenses.....	11,128	10,396
	=====	=====
Income (loss) from operations.....	(2,061)	1,061
Interest and other income.....	375	359
	-----	-----
Income (loss) before taxes.....	(1,686)	1,420
Tax (benefit) provision.....	(352)	840
	-----	-----
Net income (loss).....	\$ (1,334)	\$ 580
	=====	=====
Net income (loss) per share:		
Basic.....	\$ (.06)	\$ 0.03
Diluted.....	\$ (.06)	\$ 0.02
Weighted average common shares:		
Basic.....	22,488	21,638
Diluted.....	22,488	23,441
* Stock-based compensation amortization:		
Cost of design-to-silicon yield solutions..	\$ 130	\$ 263
Research and development.....	408	438
Selling, general and administrative.....	111	87
	-----	-----
	\$ 649	\$ 788
	=====	=====

-more-

PDF SOLUTIONS, INC.
RECONCILIATION OF REPORTED GAAP NET INCOME (LOSS) TO PRO FORMA NET
INCOME (LOSS)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED	
	MARCH 31, 2003	MARCH 31, 2002
	-----	-----
Net income (loss)	\$ (1,334)	\$ 580
Stock-based compensation amortization.....	649	788
Amortization of intangibles, net.....	27	26
	-----	-----
Pro forma net income (loss).....	\$ (658)	\$ 1,394
	=====	=====
Pro forma net income (loss) per share - diluted..	\$ (0.03)	\$ 0.06
	=====	=====
Weighted average common shares - diluted.....	22,488	23,441
	=====	=====

###

NEWS RELEASE

Investor Relations Contact:
Rochelle Krause
PDF Solutions, Inc.
Tel: (408) 938-6437
Email: rochelle.krause@pdf.com

Corporate Communications Contact:
Mana Uchino
PDF Solutions, Inc.
Tel: (408) 938-6483
Email: mana.uchino@pdf.com

PDF SOLUTIONS, INC. PROVIDES FINANCIAL OUTLOOK FOR THE
SECOND QUARTER OF FISCAL 2003

SAN JOSE, Calif. -- April 24, 2003 -- PDF Solutions, Inc. (Nasdaq: PDFS), the leading provider of semiconductor process-design integration technologies and services, today provided its financial outlook for the second fiscal quarter ending June 30, 2003.

PDF Solutions expects total revenue in the range of \$10.0 million to \$10.5 million for the second fiscal quarter ending June 30, 2003. Pro forma net loss for the second fiscal quarter of 2003, excluding amortization of stock-based compensation and intangibles, is projected in a range of \$50,000 to \$550,000, or breakeven to \$0.02 per diluted share.

Reported net loss, on a GAAP basis, is projected in a range of \$425,000 to \$925,000, or \$0.02 to \$0.04 per diluted share.

As previously announced, the company will hold a live conference call beginning at 3:00 p.m. PDT/6:00 p.m. EDT today to discuss this outlook. A live webcast of this teleconference will be available on the company's website at <http://ir.pdf.com/medialist.cfm>. A replay of the call will be available at the same website address following the call. Further, a copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the most directly comparable GAAP measure, which non-GAAP measures may be used periodically by the company's management when discussing our financial results and outlook with investors and analysts, will be available on the company's website at http://www.pdf.com/news_archive.phtml following the date of this release.

-more-

EFFECTIVENESS OF GUIDANCE

The outlook set forth above represents PDF Solutions' expectations only as of the date of this release, and should not be viewed as a statement about PDF Solutions' expectations after this date. Although this release will remain available on PDF Solutions' website, its continued availability does not indicate that PDF Solutions is reaffirming or confirming its continued validity. PDF Solutions does not intend to report on its progress, or provide comments to analysts or investors on or otherwise update such guidance until it releases its quarterly results.

ABOUT PDF SOLUTIONS

PDF Solutions, Inc. (Nasdaq: PDFS) is the leading provider of process-design integration technologies for integrated circuits (ICs). PDF's software, methodologies and services enable semiconductor companies to create more manufacturable IC designs and more capable manufacturing processes. By simulating deep sub-micron product and process interactions, the PDF solution offers clients reduced time to market, increased IC yield and performance, and enhanced product reliability and profitability. Headquartered in San Jose, California, PDF operates worldwide with additional offices in Europe and Japan. For more information, visit www.pdf.com.

PDF Solutions(R) is a registered trademark of PDF Solutions, Inc.

FORWARD-LOOKING STATEMENTS

Some of the statements in this press release are forward looking, including the statements regarding PDF's 2003 Second Fiscal Quarter Outlook, the expected growth in revenue, the pro forma net loss and pro forma net loss per share and

the reported net loss and net loss per share. The words "estimate", "project", "expect", "believe" and similar expressions also identify forward-looking statements. Actual results could differ materially from those expressed in any forward-looking statements. Risks and uncertainties that could cause results to differ materially include risks associated with: any unforeseen industry changes; difficulties in modifying PDF's solutions on a timely basis; and changes in the marketplace for our solutions, including the introduction of products or services competitive with PDF's products and services. Readers should also refer to the risk disclosures set forth in PDF's Report on Form 10-K filed with the SEC on March 23, 2003. The forward-looking statements contained in this release are made as of the date hereof, and PDF does not assume any obligation to update such statements nor the reasons why actual results could differ materially from those projected in such statements.

-more-

PDF SOLUTIONS, INC.
 RECONCILIATION OF PROJECTED REPORTED GAAP NET LOSS TO
 PROJECTED PRO FORMA NET LOSS
 (IN THOUSANDS, EXCEPT PER SHARE DATA)

PROJECTED RESULTS	THREE MONTHS ENDING JUNE 30, 2003		

Net loss per share - diluted.....	\$ (0.02)	to	\$ (0.04)
	=====		=====
Net loss.....	\$ (425)	to	\$ (925)
Stock-based compensation amortization.....	350		350
Amortization of intangibles, net.....	25		25
	-----		-----
Pro forma net loss.....	\$ (50)	to	\$ (550)
	=====		=====
Pro forma net loss per share - diluted.....	\$ (0.00)	to	\$ (0.02)
	=====		=====
Weighted average common shares - diluted...	22,750		22,750
	=====		=====

###