

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): May 3, 2012

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 May 3, 2012 PDF Solutions, Inc. (the "Company") issued a press release regarding its financial results and certain other information related to the first fiscal quarter ended March 31, 2012. 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 being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated May 3, 2012 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2012.

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/ Michael Shahbazian

Michael Shahbazian

Vice President

(principal financial and accounting officer)

Dated: May 3, 2012

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated May 3, 2012 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2012.

News Release

Company Contacts:

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PDF Solutions® Reports First Fiscal Quarter 2012 Results

SAN JOSE, Calif. – May 3, 2012 - 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, 2012.

Total revenues for the first fiscal quarter of 2012 totaled \$20.6 million, up 17% from \$17.6 million for the fourth fiscal quarter of 2011 and up 37% when compared with total revenues of \$15.0 million for the first fiscal quarter of 2011. Gainshare performance incentives revenues totaled \$7.2 million, up 111% from \$3.4 million for the fourth fiscal quarter of 2011 and up 63% when compared to gainshare performance incentives revenues of \$4.4 million for the first fiscal quarter of 2011.

On a GAAP basis, net income for the first fiscal quarter of 2012 was \$3.5 million, or \$0.12 per basic and diluted share, compared to net income of \$2.1 million, or \$0.07 per basic and diluted share, in the fourth fiscal quarter of 2011 and net loss for the first fiscal quarter of 2011 of \$(758,000), or \$(0.03) per basic and diluted share.

In addition to using GAAP results in evaluating PDF Solutions' business, PDF Solutions' management also believes it is useful to measure results using a non-GAAP measure of net income (loss), excluding stock-based compensation expenses, amortization of acquired technology and other acquired intangible assets, restructuring charges, and their related income tax effects, as applicable. Using this non-GAAP measure, the non-GAAP net income for the first fiscal quarter of 2012 totaled \$4.6 million, or \$0.16 per diluted share, compared with a non-GAAP net income of \$3.3 million, or \$0.12 per diluted share, for the fourth fiscal quarter of 2011, and the non-GAAP net income of \$559,000, or \$0.02 per diluted share, for the first fiscal quarter of 2011.

Cash and cash equivalents were \$45.5 million at March 31, 2012 compared to cash and cash equivalents of \$46.0 million at December 31, 2011.

As previously announced, PDF Solutions will discuss these results on a live conference call beginning at 2.00 p.m. Pacific Time/5.00 p.m. Eastern Time today. The call will be simultaneously web cast on PDF Solutions' website at <http://www.pdf.com/events>. 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/press-releases> 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 expenses, amortization of acquired technology and other acquired 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's 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 expenses, amortization of acquired technology and other acquired 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 or loss 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 measures 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)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45,531	\$ 46,041
Accounts receivable, net	27,876	20,863
Prepaid expenses and other current assets	2,481	3,717
Total current assets	75,888	70,621
Non-current investments	784	784
Property and equipment, net	2,145	777
Intangible assets, net	332	539
Other non-current assets	1,651	1,663
Total assets	<u>80,800</u>	<u>74,384</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,420	\$ 974
Accrued compensation and related benefits	5,863	5,026
Accrued and other current liabilities	2,895	2,335
Deferred revenues	3,311	2,961
Billings in excess of recognized revenues	1,343	2,089
Total current liabilities	14,832	13,385
Long-term income taxes payable	2,940	3,489
Other non-current liabilities	557	667
Total liabilities	<u>18,329</u>	<u>17,541</u>
Stockholders' equity:		
Common stock and additional paid-in-capital	210,787	208,830
Treasury stock at cost	(22,918)	(22,899)
Accumulated deficit	(125,290)	(128,789)
Accumulated other comprehensive loss	(108)	(299)
Total stockholders' equity	62,471	56,843
Total liabilities and stockholders' equity	<u>\$ 80,800</u>	<u>\$ 74,384</u>

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

	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Revenues:			
Design-to-silicon-yield solutions	\$ 13,386	\$ 14,160	\$ 10,567
Gainshare performance incentives	7,257	3,436	4,450
Total revenues	<u>20,643</u>	<u>17,596</u>	<u>15,017</u>
Cost of design-to-silicon-yield solutions:			
Direct costs of design-to-silicon-yield solutions	8,572	8,066	6,438
Amortization of acquired technology	156	158	156
Total cost of design-to-silicon-yield solutions	<u>8,728</u>	<u>8,224</u>	<u>6,594</u>
Gross profit	11,915	9,372	8,423
Operating expenses:			
Research and development	3,157	3,060	3,827
Selling, general and administrative	4,905	4,119	4,839
Amortization of other acquired intangible assets	51	51	51
Restructuring charges (credits)	(8)	19	(11)
Total operating expenses	<u>8,105</u>	<u>7,249</u>	<u>8,706</u>
Income (loss) from operations	3,810	2,123	(283)
Interest and other income (expense), net	(142)	282	(379)
Income (loss) before income taxes	3,668	2,405	(662)
Income tax provision	169	292	96
Net income (loss)	<u>\$ 3,499</u>	<u>\$ 2,113</u>	<u>\$ (758)</u>
Net income (loss) per share:			
Basic	<u>\$ 0.12</u>	<u>\$ 0.07</u>	<u>\$ (0.03)</u>
Diluted	<u>\$ 0.12</u>	<u>\$ 0.07</u>	<u>\$ (0.03)</u>
Weighted average common shares:			
Basic	28,384	28,298	27,810
Diluted	29,046	28,518	27,810

PDF SOLUTIONS, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INCOME (LOSS) (UNAUDITED)
(In thousands, except per share amounts)

	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
GAAP net income (loss)	\$ 3,499	\$ 2,113	\$ (758)
Adjustments to reconcile GAAP net income to non-GAAP net income:			
Stock-based compensation expense	905	1,004	1,121
Amortization of acquired technology	156	158	156
Amortization of other acquired intangible assets	51	51	51
Restructuring charges (credits)	(8)	19	(11)
Non-GAAP net income	<u>\$ 4,603</u>	<u>\$ 3,345</u>	<u>\$ 559</u>
GAAP net income (loss) per diluted share	<u>\$ 0.12</u>	<u>\$ 0.07</u>	<u>\$ (0.03)</u>
Non-GAAP net income per diluted share	<u>\$ 0.16</u>	<u>\$ 0.12</u>	<u>\$ 0.02</u>
Shares used in diluted shares calculation	29,046	28,518	27,810