

PDF SOLUTIONS INC  
Form 4  
August 20, 2008

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**JOSEPH DAVID**

(Last) (First) (Middle)

333 WEST SAN CARLOS STREET, SUITE 700

(Street)

SAN JOSE, CA 95110

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
PDF SOLUTIONS INC [PDFS]

3. Date of Earliest Transaction (Month/Day/Year)  
08/18/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chief Strategy Officer / Acting President, PDF Japan

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock				(A) or (D)	200,304 <sup>(1)</sup>	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)	Amount or Number of Shares
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
2001 Stock Plan Option (Right to Buy)	\$ 10	08/18/2008		D		50,000	(2) 09/30/2011	Common Stock	50,000
2001 Stock Plan Option (Right to Buy)	\$ 12.87	08/18/2008		D		30,000	(4) 05/06/2012	Common Stock	30,000
2001 Stock Plan Option (right to buy)	\$ 14.04	08/18/2008		D		45,000	(6) 10/31/2016	Common Stock	45,000
2001 Stock Plan Option (Right to Buy)	\$ 14.58	08/18/2008		D		25,000	(8) 10/26/2015	Common Stock	25,000
Restricted Stock Right	(10)	08/18/2008		A		11,906	(11) (12)	Common Stock	11,906
Restricted Stock Right	(10)	08/18/2008		A		7,144	(12) (11)	Common Stock	7,144
Restricted Stock Right	(10)	08/18/2008		A		5,954	(13) (13)	Common Stock	5,954
Restricted Stock Right	(10)	08/18/2008		A		10,715	(11) (11)	Common Stock	10,715

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

JOSEPH DAVID  
333 WEST SAN CARLOS STREET  
SUITE 700  
SAN JOSE, CA 95110

Chief Strategy Officer      Acting President,  
PDF Japan

## Signatures

/s/ P. Steven M. Melman, Attorney-in-Fact for David  
Joseph

08/20/2008

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Includes 3,604 shares of Common Stock that were purchased under the PDF Solutions, Inc. Employee Stock Purchase Plan as follows: 830 shares purchased on December 31, 2007 and 2,774 shares purchased on July 31, 2008.  
The cancelled option provided for vesting as follows: 12/48ths of the total shares subject to the option vested on October 1, 2002 and 1/48th of the total shares vested on the 1st day of each month thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an affiliate thereof through each vesting date and subject to accelerated vesting in certain circumstances.
- (2) Pursuant to PDF Solutions, Inc.'s offer to exchange described in Schedule TO-1 filed on June 10, 2008, as amended (the "Exchange Offer") on August 18, 2008, PDF Solutions, Inc. cancelled an option granted to the reporting person on October 1, 2001. In exchange for the option, the reporting person received 11,906 restricted stock rights.
- (3) The cancelled option provided for vesting as follows: 12/48ths of the total shares subject to the option vested on May 7, 2002 and 1/48th of the total shares vested on the 7th day of each month thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an affiliate thereof through each vesting date and subject to accelerated vesting in certain circumstances.
- (4) Pursuant to the Exchange Offer on August 18, 2008, PDF Solutions, Inc. cancelled an option granted to the reporting person on May 7, 2002. In exchange for the option, the reporting person received 7,144 restricted stock rights.
- (5) The cancelled option provided for vesting as follows: 12/48ths of the total shares subject to the option vested on November 1, 2007 and 1/48th of the total shares vested on the 30th day of each month thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an affiliate thereof through each vesting date and subject to accelerated vesting in certain circumstances.
- (6) Pursuant to the Exchange Offer on August 18, 2008, PDF Solutions, Inc. cancelled an option granted to the reporting person on November 1, 2006. In exchange for the option, the reporting person received 10,715 restricted stock rights.
- (7) The cancelled option provided for vesting as follows: 12/48ths of the total shares subject to the option vested on October 27, 2005 and 1/48th of the total shares vested on the 27th day of each month thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an affiliate thereof through each vesting date and subject to accelerated vesting in certain circumstances.
- (8) Pursuant to the Exchange Offer on August 18, 2008, PDF Solutions, Inc. cancelled an option granted to the reporting person on October 27, 2005. In exchange for the option, the reporting person received 5,954 restricted stock rights.
- (9) Each restricted stock right ("RSR") represents a bookkeeping entry equal in value to one (1) share of common stock of PDF Solutions, Inc.  
12.5% of the total number of rights will vest on May 15, 2009 and 12.5% will vest every six (6) months thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an eligible affiliate thereof, through each vesting date and subject to accelerated vesting in certain circumstances. The RSR will be automatically settled in shares upon vesting of the RSR.
- (10) 50% of the total number of rights will vest on May 15, 2009 and 50% will vest six (6) months thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an eligible affiliate thereof, through each vesting date and subject to accelerated vesting in certain circumstances. The RSR will be automatically settled in shares upon vesting of the RSR.
- (11) 16.7% of the total number of rights will vest on May 15, 2009 and 16.66% will vest every six (6) months thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an eligible affiliate thereof, through each vesting date and subject to accelerated vesting in certain circumstances. The RSR will be automatically settled in shares upon vesting of the RSR.
- (12) 16.7% of the total number of rights will vest on May 15, 2009 and 16.66% will vest every six (6) months thereafter, subject to the reporting person's continued service with PDF Solutions, Inc., or an eligible affiliate thereof, through each vesting date and subject to accelerated vesting in certain circumstances. The RSR will be automatically settled in shares upon vesting of the RSR.
- (13)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.