

**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): July 14, 2008

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 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

On July 14, 2008, PDF Solutions, Inc. (the "Company") issued a press release announcing the naming of Ms. Joy E. Leo as executive vice president and chief administration officer of the Company. A copy of this press release is attached to this Form 8-K as Exhibit 99.1.

Ms. Leo has more than 25 years of financial and corporate management experience with leading electronics companies. From May 2007 to November 2007, Ms. Leo was senior vice president, chief financial officer and secretary for Credence Systems Corporation. From May 2005 to April 2007, she provided executive level financial consulting to several high-tech companies including serving as acting chief financial officer at CoWare, Inc. Prior to her consulting activities, from September 2000 to December 2004, Ms. Leo served as vice president of finance and administration, chief financial officer and secretary at Artisan Components, Inc. (merged with and into ARM Holdings plc), a provider of physical intellectual property components used to develop complex system-on-a-chip (SoC) ICs. Before serving at Artisan, she served as vice president of finance and administration and chief financial officer for IMP, Inc, an integrated circuit company, as vice president of finance, operations and administration at Innomedia Incorporated, a telecommunications company, and as vice president and chief financial officer for Philips Components, a division of Royal Philips Electronics N.V. Ms. Leo holds a BA in business administration from the University of Utah.

On July 14, 2008, the Company entered into an offer letter agreement (the "Agreement") with Ms. Leo for her services as executive vice president and chief administration officer. Under the Agreement, Ms. Leo will receive an annual base salary of \$270,000, and will also be eligible to receive an annual target incentive bonus equal to 80% of her then current annual base salary, based on her achievement of performance objectives, provided that for the first 12 months of her employment she will be entitled to a guaranteed minimum target bonus of \$165,000.

The Agreement also provides for the grant to Ms. Leo of options to purchase 300,000 shares of the Company's Common Stock, with 1/4th of the total option shares vesting on the 12 month anniversary of her start date and 1/48th of the total option shares vesting on a monthly basis thereafter, resulting in a total vesting period of four years. In the event of certain change of control events, vesting of all outstanding and unvested options will be fully accelerated.

Ms. Leo's employment is terminable at will, however, in the event that (a) she is terminated without cause or disability or (b) she resigns for certain events constituting good reason, then she will be entitled to (i) vesting acceleration with respect to her outstanding and unvested stock options as if she provided service to the Company for an additional 12 months following the effective date of her separation, (ii) payment of 12 months of her then current annual base salary, paid in accordance with the Company's standard payroll procedures over a 12 month period, (iii) a pro rata portion of her target bonus that the Company, in its reasonable discretion, determines she has earned as of the effective date of her separation, and (iv) payment of premiums for her COBRA coverage until the earlier of 12 months following the effective date of her separation and the date that she

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becomes covered under another employer's health coverage plan. The foregoing description of the Agreement is qualified in its entirety by reference to the complete terms and conditions of the Agreement, which will be filed with the Company's Form 10-Q for the quarter ended June 30, 2008.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated July 14, 2008 announcing the appointment of Joy E. Leo as the Registrant's Executive Vice President and Chief Administration Officer.

EXHIBIT INDEX

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News Release

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PDF Solutions® Appoints Joy E. Leo as Chief Administration Officer

SAN JOSE, California, July 14, 2008 — 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 the appointment of Joy E. Leo to the new position of chief administration officer (CAO). In her new role, Leo will report to PDF Solutions' president and chief executive officer, John Kibarian, and assume direct responsibility for all activities related to the company's global administration function, including legal, human resources, information technology, investor relations, and finance. PDF Solutions' chief financial officer Keith Jones will continue in his role and will report to the CAO.

"Joy's demonstrated track record of growing successful high technology companies, driving operational efficiencies, and building shareholder value, along with her strong business acumen, effective leadership, and strong industry experience, make her an excellent choice to be PDF Solutions' new chief administration officer," said Kibarian. "Joy will be an invaluable addition as we position the company to achieve sustainable operational excellence and profitability. We are very pleased to have her join our executive management team."

Leo has more than twenty-five years of financial and corporate management experience with leading electronics companies. Prior to joining PDF Solutions, Leo was senior vice president, chief financial officer and secretary for Credence Systems Corporations. Leo served as vice president of finance and administration, chief financial

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officer and secretary for Artisan Components, Inc., now known as ARM Holdings PLC. During her tenure at Artisan, she successfully guided the company to year-over-year net income growth and significantly improved operational efficiency. Leo also served as vice president of finance and administration and chief financial officer for IMP, Inc.; vice president of finance, operations and administration at Innomedia Incorporated; and vice president and chief financial officer for Philips Components, a multi-billion dollar division of Royal Philips Electronics N.V. Leo holds a bachelor's degree in business administration and finance from the University of Utah.

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 and Korea. For the company's latest news and information, visit <http://www.pdf.com/>.

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Forward-Looking Statements

This release contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Ms. Leo being an invaluable addition to the Company, and the positioning of the Company to achieve sustained operational excellence and profitability. These forward-looking statements involve important factors that could cause our actual results to differ materially from those in the forward-looking statements. Such important factors involve risks and uncertainties including, but not limited to, any unforeseen industry changes; difficulties in modifying PDF's solutions on a timely basis; and changes in the marketplace for such solutions, including the introduction of products or services competitive with PDF Solutions' products and services and other risks set forth in PDF Solutions' periodic public filings with the Securities and Exchange Commission, including, without

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limitation, its annual reports on Form 10-K, most recently filed on March 17, 2008, and its quarterly reports on Form 10-Q, most recently filed on May 12, 2008. The forward-looking statements contained in this release are based on limited information currently available to us, which is subject to change. Although any such projections and the factors influencing them will likely change, we will not necessarily update the information, since we only provide guidance at certain points during the year. Actual events or results could differ materially and no reader of this release should assume at a later date that the information provided today is still valid. Such information speaks only as of the date of this release. PDF Solutions does not assume any obligation to update such statements nor the reasons why actual results could differ materially from those projected in such statements.

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