

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): September 29, 2004

PDI, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-24249
(Commission
File Number)

22-2919486
(IRS Employer
Identification No.)

Saddle River Executive Centre
1 Route 17 South,
Saddle River, NJ
(Address of principal executive office)

07458
(Zip Code)

(201) 258-8450
Registrant's telephone number, including area code:

N.A.

(Former name or former address, if changed since last report)

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))

Item 2.02. Results of Operations and Financial Condition

As more fully discussed below in Item 4.02, on September 29, 2004, PDI, Inc. (the "Company") issued a press release announcing that the previously issued consolidated financial statements for each of the three years included in its annual report on Form 10-K for the year ended December 31, 2003 and its quarterly reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004 (the "relevant financial statements") should no longer be relied upon because the Company is restating those financial statements. The Company has determined that it should have been applying Emerging Issues Task Force (EITF) Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred" ("EITF 01-14"), to the relevant financial statements. As a result, revenue and cost of goods and services in the relevant financial statements will be restated to comply with EITF 01-14. In accordance with EITF 01-14, direct reimbursements received by the Company from its clients for certain costs incurred should have been included as part of revenue with an identical increase to cost of goods and services, rather than being excluded from revenue and cost of goods and services. Although the restatement of the relevant financial statements will affect revenue and cost of goods and services, there is no change to gross profit, operating income, net income, cash flows from operations or earnings per share. Further, there will be no effect on the consolidated balance sheets, consolidated statements of cash flows or consolidated statements of stockholders' equity for the relevant financial statements.

A copy of the Company's September 29, 2004 press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. This Current Report on Form 8-K ("8-K") contains statements intended as "forward-looking statements" which are subject to the cautionary statements about forward-looking statements set forth in the press release.

Item 4.02 Non-Reliance on Previously Issued Consolidated Financial Statements or a Related Audit Report or Completed Interim

Review

(a)

On September 29, 2004, the Audit Committee of the board of directors of the Company (the "Audit Committee") concluded that the relevant financial statements should no longer be relied on. In accordance with EITF 01-14, which was issued in late 2001, direct reimbursements received by the Company from its clients for certain costs incurred should have been included as part of revenue with an identical increase to cost of goods and services, rather than being excluded from revenue and cost of goods and services. The Company was not aware of the applicability of EITF 01-14 to its financial reporting until September 2004. The estimated changes to revenue and cost of goods and services for the relevant periods are shown below. As a result, the Audit Committee has decided to restate the relevant financial statements.

This restatement does not affect previously reported gross profit, operating income, net income, cash flows from operations or earnings per share. Additionally, there will be no effect on the consolidated balance sheets, consolidated statements of cash flows or consolidated statements of stockholders' equity for the relevant financial statements.

Pursuant to Item 4.02(a), the Audit Committee has discussed with PricewaterhouseCoopers LLP, the Company's independent auditors ("PwC"), the matters disclosed in this 8-K. PwC informed the Audit Committee that it concurs with the Company's conclusion as stated above. PwC is currently in the process of completing auditing procedures related to this restatement of the relevant financial statements. The Company and PwC are working to complete this audit as expeditiously as possible. The Company intends to effect the restatements through amendments to its annual report on Form 10-K for the year ended December 31, 2003 and its quarterly reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004 after PwC completes its audit and prior to filing its Form 10-Q for the quarter ended September 30, 2004 in November 2004. Accordingly, the relevant financial statements should not be relied upon until such time as the Company files its restatements.

The following tables summarize the estimated impact of the adjustments described above:

<i>(in millions)</i>	Three Months Ended					
	June 30, 2004			March 31, 2004		
	Revenue	Cost of Goods and Services	Gross Profit	Revenue	Cost of Goods and Services	Gross Profit
As Restated	\$ 91.4	\$ 69.6	\$ 21.8	\$ 92.7	\$ 66.1	\$ 26.6
As Reported	83.2	61.4	21.8	88.4	61.8	26.6
Change	\$ 8.2	\$ 8.2	\$ —	\$ 4.3	\$ 4.3	\$ —

<i>(in millions)</i>	Years Ended December 31,								
	2003			2002			2001		
	Revenue	Cost of Goods and Services	Gross Profit	Revenue	Cost of Goods and Services	Gross Profit	Revenue	Cost of Goods and Services	Gross Profit
As Restated	\$ 344.4	\$ 255.3	\$ 89.1	\$ 309.2	\$ 279.3	\$ 29.9	\$ 716.8	\$ 581.0	\$ 135.8
As Reported	317.4	228.3	89.1	284.0	254.1	29.9	696.6	560.8	135.8
Change	\$ 27.0	\$ 27.0	\$ —	\$ 25.2	\$ 25.2	\$ —	\$ 20.2	\$ 20.2	\$ —

	Three Months Ended					
	June 30, 2004			March 31, 2004		
	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change
Effect On:						
Gross Profit	26.2%	23.9%	-2.3%	30.0%	28.6%	-1.4%
Operating Income	9.9%	9.0%	-0.9%	11.1%	10.6%	-0.5%
Pre-tax Income	10.3%	9.4%	-0.9%	11.5%	10.9%	-0.6%

Net Income 6.1% 5.5% -0.6% 6.8% 6.4% -0.4%

	2003			Years Ended December 31, 2002			2001		
	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change
Effect On:									
Gross Profit	28.1%	25.9%	-2.2%	10.5%	9.7%	-0.8%	19.5%	18.9%	-0.6%
Operating Income (Loss)	6.2%	5.7%	-0.5%	-17.7%	-16.2%	1.5%	1.8%	1.8%	0.0%
Pre-tax Income (Loss)	6.5%	6.0%	-0.5%	-17.0%	-15.6%	1.4%	2.2%	2.1%	-0.1%
Net Income (Loss)	3.9%	3.6%	-0.3%	-10.8%	-9.9%	0.9%	0.9%	0.9%	0.0%

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 Press Release dated September 29, 2004

* * * * *

SIGNATURE

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.

PDI, INC.

By: /s/ Charles T. Saldarini

Charles T. Saldarini, Vice Chairman
and Chief Executive Officer

Date: September 29, 2004

EXHIBIT INDEX

Exhibit No.	Document
99.1	Press Release dated September 29, 2004



Saddle River Executive Centre
 1 Route 17 South
 Saddle River, New Jersey 07458
 Tel: 800.242.7494 Fax: 201.258.8400
 www.pdi-inc.com

News Release

For more information contact:

Stephen P. Cotugno
 Executive Vice President-Corporate Development
 PDI, Inc.
 201.574.8617

PDI, Inc. to Apply EITF 01-14 to 2003 10-K and 2004 10-Qs, Increasing Revenue and Cost of Goods and Services by Identical Amounts within Each Period

No Changes to Gross Profit, Operating Income, Net Income, Cash Flows from Operations or EPS for any Period

Saddle River, New Jersey (September 29, 2004). PDI, Inc (NASDAQ: PDII) a leading provider of outsourced sales and marketing services to the biopharmaceutical and medical devices and diagnostics industries, today announced that the previously issued consolidated financial statements contained in its annual report on Form 10-K for the year ended December 31, 2003 and its quarterly reports on Form 10-Q for the quarters ended March 31, 2004 and June 30, 2004 (the "relevant financial statements") will be restated.

The Company has determined that it should have been applying Emerging Issues Task Force (EITF) Issue No. 01-14, "Income Statement Characterization of Reimbursement Received for 'Out-of-Pocket' Expenses Incurred" ("EITF 01-14"), to the relevant financial statements. In accordance with EITF 01-14, certain costs, for which the Company receives direct reimbursement from its clients, should have been included as part of revenue with an identical increase to cost of goods and services, rather than being excluded from revenue and cost of goods and services. As a result, revenue and cost of goods and services in the relevant financial statements will be increased by identical amounts. EITF 01-14 was issued in late 2001, was applicable for years beginning in 2002, and also required reclassification of all previous periods for comparative purposes. The Company was not aware of the applicability of EITF 01-14 until September 2004.

As a result of this adjustment, there are no changes to gross profit, operating income, net income, cash flows from operations or earnings per share, nor will there be any effect on the consolidated balance sheets, consolidated statements of cash flows or consolidated statements of stockholders' equity for the relevant financial statements.

The Better Way – The PDI Way

The following tables summarize the estimated impact of the adjustments described above:

<i>(in millions)</i>	Three Months Ended					
	June 30, 2004			March 31, 2004		
	Revenue	Cost of Goods and Services	Gross Profit	Revenue	Cost of Goods and Services	Gross Profit
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Change	\$ 8.2	\$ 8.2	\$ —	\$ 4.3	\$ 4.3	\$ —

	Years Ended December 31,					
	2003			2002		
(in millions)						
	Revenue	Cost of Goods and Services	Gross Profit	Revenue	Cost of Goods and Services	Gross Profit
As Restated	\$ 344.4	\$ 255.3	\$ 89.1	\$ 309.2	\$ 279.3	\$ 29.9
As Reported	317.4	228.3	89.1	284.0	254.1	29.9
Change	\$ 27.0	\$ 27.0	\$ —	\$ 25.2	\$ 25.2	\$ —

	Three Months Ended					
	June 30, 2004			March 31, 2004		
	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change
Effect On:						
Gross Profit	26.2%	23.9%	-2.3%	30.0%	28.6%	-1.4%
Operating Income	9.9%	9.0%	-0.9%	11.1%	10.6%	-0.5%
Pre-tax Income	10.3%	9.4%	-0.9%	11.5%	10.9%	-0.6%
Net Income	6.1%	5.5%	-0.6%	6.8%	6.4%	-0.4%

The Better Way – The PDI Way

	Years Ended December 31,					
	2003			2002		
	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change	Margin as a % of Revenue As Reported	Margin as a % of Revenue As Restated	Change
Effect On:						
Gross Profit	28.1%	25.9%	-2.2%	10.5%	9.7%	-0.8%
Operating Income (Loss)	6.2%	5.7%	-0.5%	-17.7%	-16.2%	1.5%
Pre-tax Income (Loss)	6.5%	6.0%	-0.5%	-17.0%	-15.6%	1.4%
Net Income (Loss)	3.9%	3.6%	-0.3%	-10.8%	-9.9%	0.9%

PDI is maintaining its previously announced 2004 earnings per share estimates of \$1.25 to \$1.35.

Webcast Conference Call

PDI will conduct a conference call at 9:00 AM EDT on Thursday, September 30, 2004. The conference call will be accessible through PDI's website, www.pdi-inc.com and will be archived on the website for future on-demand replay. For those without internet access, the call can be accessed by dialing 1-877-423-4030 within the US and 1-706-634-1929 internationally and asking for the PDI Conference Call. The call will be archived for two weeks and can be accessed by calling 1-800-642-1687 or 1-706-645-9291 and entering the conference ID number 1211429.

The Better Way – The PDI Way

About PDI

PDI, Inc. (NASDAQ:PDII) is a leading provider of outsourced sales and marketing services to the biopharmaceutical and medical device and diagnostics industries. PDI's comprehensive set of next-generation solutions is designed to increase its clients' strategic flexibility and enhance their efficiency and profitability. Headquartered in Saddle River, NJ, PDI also has offices in Pennsylvania and Illinois.

PDI's sales and marketing services include dedicated, shared, clinical and combination sales teams; marketing research and consulting; medical education and communications; talent recruitment; and integrated commercial solutions from pre-launch through patent-expiration. The company's experience extends across multiple therapeutic categories and includes office and hospital-based initiatives. PDI's global presence is maintained through a strategic partnership with In2Focus, a leading U.K. provider of outsourced sales services.

PDI's commitment is to deliver innovative solutions, excellent execution and superior results to its clients. Through strategic partnership and client-driven innovation, PDI maintains some of the longest sales and marketing relationships in the industry. Recognized as an industry pioneer, PDI continues to innovate today as a thought-starter for the outsourcing of sales and marketing services.

For more information, visit the Company's website at www.pdi-inc.com.

Forward Looking Statement

This press release contains forward-looking statements regarding future events and financial performance. These statements involve a number of risks and uncertainties and are based on numerous assumptions involving judgments with respect to future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond PDI's control. Some of the important factors that could cause actual results to differ materially from those indicated by the forward-looking statements are general economic conditions, changes in our operating expenses, adverse patent rulings, FDA, legal or accounting developments, competitive pressures, failure to meet performance benchmarks in significant contracts, changes in customer and market requirements and standards, and the risk factors detailed from time to time in PDI's periodic filings with the Securities and Exchange Commission, including without limitation, PDI's Annual Report on Form 10-K for the year ended December 31, 2003, and PDI's periodic reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission since January 1, 2004. The forward looking-statements in this press release are based upon management's reasonable belief as of the date hereof. PDI undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

The Better Way – The PDI Way