

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): November 3, 2010

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.)

Morris Corporate Center 1, Building A
300 Interpace Parkway,
Parsippany, NJ 07054
(Address of principal executive offices and zip Code)

(862) 207-7800
Registrant's telephone number, including area code:

(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 1.01 Entry into a Material Definitive Agreement.

On November 3, 2010, PDI, Inc. (the “Company”), Group DCA, LLC, a Delaware limited liability company (“Group DCA”), JD & RL, Inc., a Delaware corporation (“Seller”) and the sole member of Group DCA, Robert O. Likoff, individually and as the representative of Seller and the stockholders of Seller, and Jack Davis, individually, entered into a Membership Interest Purchase Agreement (the “Agreement”) pursuant to which the Company acquired all of the issued and outstanding membership interests (the “Acquisition”) of Group DCA. The Company has no prior material relationship with any of the parties to the Agreement.

The consideration paid by the Company to Seller consisted of \$25,300,000 in cash (the “Cash Consideration”) plus up to \$30,000,000 in specified earnout and integration payments earned through the period ending on December 31, 2012. The Cash Consideration is subject to a post-closing increase or decrease based on the amount, if any, by which Group DCA’s working capital at closing exceeded or fell short of the target working capital. The Agreement contains customary indemnification obligations. An amount equal to \$1,250,000 of the Cash Consideration was placed in an 18-month escrow account to satisfy indemnification claims.

The foregoing description of the Agreement is qualified in its entirety by reference to the full text of the Agreement, which will be filed as an exhibit to the Company’s annual report on Form 10-K for the year ended December 31, 2010. The Agreement will be filed to provide investors and security holders with information regarding its terms. It is not intended to provide any other factual information about the parties to the Agreement. The Agreement contains representations and warranties by the Seller, Mr. Likoff and Mr. Davis, on the one hand, and by the Company, on the other hand, made solely for the benefit of the other parties. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating the terms of the Agreement, and may have been included in the Agreement for the purpose of allocating risk between the parties rather than to establish matters as facts.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information provided in Item 1.01 of this Current Report on Form 8-K is hereby incorporated herein by reference.

The acquisition will be accounted for as a business combination in accordance with Accounting Standards Codification 805, *Business Combinations*, and will be based on fair value measurements in accordance with ASC 820, *Fair Value Measurements and Disclosures*. The application of certain requirements of these standards will impact future operating results of the Company, most notably related to the following:

- All Acquisition-related costs are being expensed as incurred. The Company recognized a portion of these costs during the quarter ended September 30, 2010 and anticipates that approximately \$1.0 million of Acquisition-related costs will be incurred during the quarter ended December 31, 2010.
 - The liabilities assumed in the Acquisition, including deferred revenue on open projects, will be measured at fair value as of the date of the Acquisition. The calculation of fair value for deferred revenue will include an estimate of the profit earned for work performed on all open contracts through of the date of Acquisition. The inclusion of this profit estimate in the fair value at Acquisition is expected to result in lower profit margins on these contracts in the period subsequent to the Acquisition when the work will be completed.
 - The purchase price of the Acquisition, including contingent consideration, will be measured at fair value as of the date of the Acquisition. The fair value of contingent consideration will be determined based upon the present value of the Company’s estimate of earnout payments to be made in the future. Future changes to the fair value of contingent consideration will result in the recognition of gains or losses in the Company’s future earnings. The Company will recognize a charge to income if the amount paid is greater than the amount estimated as of the Acquisition date or a gain if the amount paid is less than the amount estimated as of the Acquisition date.
 - The finite-lived intangible assets identified in the Acquisition will be amortized in the Company’s operating results over the estimated lives of the assets.
-

The Company is currently in the process of determining the estimated fair value of the assets acquired and liabilities assumed as a result of the Acquisition.

Item 8.01 Other Events

On November 4, 2010, the Company issued a press release announcing that it had acquired Group DCA. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The financial statements required by Item 9.01(a) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01(b) of Form 8-K will be filed by amendment no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits.

Exhibit No.

Description

| | |
|------|--|
| 99.1 | Press release, dated November 4, 2010. |
|------|--|

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.

Date: November 9, 2010

PDI, INC.

By: /s/ Jeffrey Smith

Name: Jeffrey Smith

Title: Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
|--------------------|--------------------|

99.1

Press release, dated November 4, 2010.



PDI CONTACT:

Amy Lombardi
PDI, Inc.
(862) 207-7866
ALombardi@pdi-inc.com
www.pdi-inc.com

INVESTOR CONTACT:

Melody Carey
Rx Communications Group, LLC
(917) 322-2571
MCarey@RxIR.com

PDI, Inc. Acquires Group DCA, a Leader in Innovative Digital Communications to Health Care Providers

Transaction is accretive and represents key step in strategic growth plan

Management Will Host Conference Call Today at 10:00am ET

PARSIPPANY, N.J., November 4, 2010 – PDI, Inc. (Nasdaq: PDII), a leading provider of integrated promotional outsource services to health care companies, today announced the expansion of its business with the acquisition of Group DCA, a privately held interactive digital communications agency serving biopharmaceutical companies. Excluding transaction costs, PDI expects the acquisition to be cash flow positive immediately and accretive to earnings in 2011.

While the full terms of the acquisition were not disclosed, PDI made an initial payment from its available cash balances. Additional contingent consideration could be paid if Group DCA achieves certain performance targets for the remainder of 2010 and for each of the full years in 2011 and 2012. Additional detail regarding the acquisition will be provided during a conference call today at 10:00 am ET.

The combined entity will be led by Nancy Lurker, Chief Executive Officer of PDI, with Group DCA co-CEOs Jack Davis and Robert Likoff continuing to oversee Group DCA's day-to-day operations. Group DCA will effectively function as a self-standing entity, retaining its name and with its operations and services remaining intact. PDI intends to retain the vast majority of Group DCA's staff, which comprises one of its core assets.

“Bringing PDI and Group DCA together creates a dynamic leader in delivering superior physician engagement through multi-channel integrated communications to health care providers (HCPs),” said Lurker. “For our biopharmaceutical customers, the direct impact and flexibility of PDI's live sales teams, teledetailing services and peer interactive medical education programs combined with the best-in-class e-detailing, patient education communications and other digital communications products offered by Group DCA present a compelling solution. With these two sets of integrated resources, we expect to be even better positioned to offer our customers increased insight, greater physician engagement and more impactful messages to HCPs.”

"This acquisition represents a major milestone in our plan to transform PDI and position the company for long-term growth and success," she added.

Said Group DCA Co-CEO Robert Likoff, "We are pleased to be joining PDI and look forward to continuing to do what we do best – delivering creative and impactful digital communications and exceeding our clients' expectations." Added Co-CEO Jack Davis, "This combination makes tremendous sense and should generate tangible synergies immediately. We foresee real benefits accruing not only to both companies, but especially to both our customer bases."

Group DCA, based in Parsippany, NJ, was founded in 1999 as a privately owned digital communications agency by pharmaceutical industry veterans Jack Davis and Robert Likoff in order to provide more effective ways to engage health care providers. Group DCA and its business units leverage the strengths of the Internet, multimedia, tablet PCs, dimensional direct mail, and its proprietary software called DIAGRAM™ (DIAlog, GRAPhics, Motion). Through these elements, Group DCA is able to deliver breakthrough solutions via interactive communications exchanges that conveniently accommodate the busy schedules of health care providers. Group DCA's programs also yield meaningful response data that allow clients to better understand the needs and opinions of their audiences, and, in turn, to market to them more effectively.

Strategic Rationale

The acquisition of Group DCA raises PDI to a new level of service so that the combined company will be better positioned to deliver integrated information to HCPs across multiple communication channels. Complementing the teams of sales representatives and other resources that PDI brings to bear will be Group DCA's array of digital communications capabilities, including its interactive e-detailing content, highly regarded DIAGRAM software, and an impressive panel of HCPs predisposed to receiving digital communications.

Key to this combination will be PDI's ability to optimally tailor communications tactics, channels and content to specific prescribing audiences, something that cannot be done as easily or effectively when different vendors are responsible for different channels. Thus, for customers, PDI and Group DCA will have the potential to be a more attractive and effective partner with the ability to deliver increased insight, greater physician engagement and more impactful messages to HCPs.

Group DCA was advised on the transaction by a team, led by Sanjay Chadda, from the investment bank Petsky Prunier, LLC.

Conference Call

PDI will hold a conference call today as follows:

Time: 10:00 AM (ET)

Dial-in numbers: (866) 338-0317 (U.S. and Canada) or (706) 643-4950

Conference ID#: 23090273

Live webcast: www.pdi-inc.com, under "Investor Relations"

The teleconference replay will be available three hours after completion through November 8, 2010 at (800) 642-1687 (U.S. and Canada) or (706) 645-9291. The replay pass code is 23090273. The archived webcast will be available for one year.

About PDI, Inc.

PDI, with its interactive digital agency Group DCA acquired in November 2010, is a leading provider of integrated multichannel promotional outsource services to established and emerging health care companies. The company is dedicated to maximizing the return on investment for its clients by providing strategic flexibility, innovative multichannel promotional solutions, and sales and marketing expertise. For more information, please visit the company's website at www.pdi-inc.com.

Forward-Looking Statements

This press release contains forward-looking statements regarding future events and financial performance. These statements are based on current expectations and assumptions involving judgments about, among other things, 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. These statements also involve known and unknown risks, uncertainties and other factors that may cause PDI's actual results to be materially different from those expressed or implied by any forward-looking statement. For example, with respect to statements regarding projections of future revenues, growth and profitability, actual results may differ materially from those set forth in this release based on the loss, early termination or significant reduction of any of our existing service contracts, the failure to meet performance goals in PDI's incentive-based arrangements with customers or the inability to secure additional business. Additionally, all forward-looking statements are subject to 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, 2009, and PDI's subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K. Because of these and other risks, uncertainties and assumptions, undue reliance should not be placed on these forward-looking statements. In addition, these statements speak only as of the date of this press release and, except as may be required by law, PDI undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

###
