

**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: August 13, 2014)

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 2.02 Results of Operations and Financial Condition

On August 13, 2014, PDI, Inc. issued a press release announcing its results of operations and financial condition for the quarter ended June 30, 2014. The full text of the press release is set forth as Exhibit 99.1 attached hereto and is incorporated herein by reference.

The information in Item 2.02 of this Current Report on Form 8-K, 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 of that section, nor shall it be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise stated in such filing.

Item 9.01 Financial Statements and Exhibits.

(c) **Exhibits**

Exhibit No.	Description
99.1	Press Release dated August 13, 2014.

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/ Jeffrey Smith
Jeffrey Smith
Chief Financial Officer

Date: August 13, 2014

Exhibit Index

Exhibit No.	Description
99.1	Press Release dated August 13, 2014.



INVESTOR CONTACT:

Bob East
 Westwicke Partners
 (443) 213-0502
bob.east@westwicke.com

PDI Reports 2014 Second Quarter Financial Results

Management Will Host Conference Call Tomorrow August 14 at 8:30 am ET

Parsippany, N.J., August 13, 2014 - PDI, Inc. (Nasdaq: PDII), today reported financial and operational results for the second quarter ended June 30, 2014. Summary financial and operational accomplishments include:

- Revenue of \$31.6 million for the second quarter of 2014
- Adjusted EBITDA (a non-GAAP financial measure) of \$(1.5) million for the second quarter of 2014
- On August 13, 2014, PDI acquired Asuragen, Inc.'s miR *Inform* Thyroid and miR *Inform* Pancreas cancer test assets
- Subsequent to the second quarter, Heiner Dreismann, Ph.D., a highly experienced molecular diagnostics executive and former President and CEO of Roche Molecular Systems, joined PDI's board of directors

Condensed Summary Statements of Continuing Operations (Unaudited)
 (\$'s in thousands, except per share data)

	2nd Quarter Ended June 30,*		Six Months Ended June 30,*	
	2014	2013	2010	2009
Revenue, net	\$ 31.6	\$ 37.2	\$ 64.4	\$ 80.2
Gross profit	4.8	6.8	9.9	15.3
Operating expenses:				
Compensation expense	3.9	4.9	7.4	9.1
Other SG&A	3.5	2.8	6.5	4.8
Total operating expenses	7.3	7.7	13.9	13.9
Operating (loss) income	\$ (2.5)	\$ (0.8)	\$ (4.0)	\$ 1.4
Provision for income tax	0.1	0.1	0.1	0.1
(Loss) income from continuing operations	\$ (2.6)	\$ (0.9)	\$ (4.2)	\$ 1.2
Diluted (loss) income per share from continuing operations	\$ (0.17)	\$ (0.06)	\$ (0.28)	\$ 0.08

*Unaudited

CEO Comments

"We are extremely excited to announce the agreement to acquire specific diagnostic assets from Asuragen, Inc. The transaction is the first step for our Interpace Diagnostic subsidiary in expanding into higher growth, higher margin markets and starts to establish Interpace as a commercially focused molecular diagnostic subsidiary," said Nancy Lurker, CEO.

"The transaction includes two oncology assays, miR *Inform* Thyroid and miR *Inform* Pancreas, associated intellectual property, a large bio bank with over 5,000 patient tissue samples, as well as, additional thyroid tests in development."

"In addition, Heiner Dreismann, Ph.D., has joined our board of directors and brings with him nearly 30 years of experience in the diagnostic industry and extensive background in molecular diagnostics including his former tenure as President and CEO of Roche Molecular Systems. We look forward to his invaluable insight as we continue to evolve as a company."

"In terms of second quarter results, our revenue of \$32 million were in line with our expectations and continues to reflect the soft RFP volume we experienced in our Sales Services business. Gross margins of 15%, while down compared to last year, are in line with current industry norms. Our adjusted EBITDA loss of \$1.5 million in the quarter was primarily driven by spending on our key strategic initiatives and lower gross profit," said Nancy Lurker, CEO.

Ms. Lurker continued, "As for our outlook for the remainder of the year, we continue to expect revenue in our core business to be down in the third quarter and for the full year compared to 2013. We still anticipate an operating loss in the range of \$4 - \$5 million and approximately breakeven adjusted EBITDA in the core business for the full year 2014. Given today's Asuragen transaction, we now see a modest amount of revenues from Interpace Diagnostic for 2014 and an operating loss in the range of \$5 - \$6 million from all Interpace Diagnostics activities including additional selling and marketing and pre-launch expenses to support the anticipated ramp up of revenue from the acquired Asuragen assets."

SecondQuarter Business Review

Revenue- For the second quarter of 2014, revenue of \$31.6 million was \$5.7 million or 15% lower than the second quarter of 2013 driven by the natural expiration or reduction of contracts being executed in 2014 exceeding new contracts entered into in the company's Sales Services segment.

- Sales Services revenue of \$28.1 million was \$4.2 million lower than the second quarter of 2013. New contract wins from the softer RFP volume experienced in the latter half of 2013 was not sufficient to offset the natural expiration or reduction of certain contracts.
- Marketing Services revenue of \$0.6 million was \$1.0 million lower than the second quarter of 2013 due to fewer contract signings by Group DCA.
- Product Commercialization Services revenue of \$2.9 million was \$0.4 million lower than the second quarter of 2013.

Gross Profit- For the second quarter of 2014, gross profit of \$4.8 million was \$2.1 million lower than the second quarter of 2013 and, as anticipated, the overall gross profit percentage decreased to 15% in 2014 from 18% in 2013.

- Sales Services gross profit of \$4.8 million was \$0.5 million lower than the second quarter of 2013 due primarily to lower revenue and previously disclosed competitive pricing pressures.
- Marketing Services gross profit for the second quarter of 2014 was a negative \$0.5 million due to the decrease in revenue and increased costs associated with the launch of our new product, PD One™.
- Product Commercialization Services gross profit of \$0.6 million was \$0.4 million lower compared to the second quarter of 2013 primarily due to expenses related to one of our collaboration agreements for molecular diagnostic tests.

Total Operating Expenses-Total operating expenses for the second quarter of 2014 were \$7.3 million as compared to \$7.7 million for the same period in 2013. Included in second quarter 2014 expenses are \$0.7 million of investment costs related to our molecular diagnostics strategic initiative. Excluding these costs, total operating expenses for the second quarter of 2014 were \$6.6 million; \$1.1 million lower than 2013 operating expenses.

Operating Income/Loss- The operating loss for the second quarter of 2014 was \$2.5 million, compared to \$0.8 million for the same period in 2013. The 2014 operating loss was primarily the result of the anticipated lower revenue and margins as well as the company's investment in strategic initiatives.

Liquidity and Cash Flow- Adjusted EBITDA (a non-GAAP measure defined in the release) for the second quarter of 2014 was \$(1.5) million compared to \$0.2 million in the second quarter of 2013. Cash and cash equivalents at the end of the second quarter were \$35.6 million, down \$10.0 million from December 31, 2013 due primarily to increases in working capital requirements, timing of certain payments from customers and investments in our strategic initiatives. Factoring in the Asuragen acquisition and anticipated additional spending in Interpace Diagnostics, the company estimates year end 2014 cash of \$22 - \$25 million.

As of June 30, 2014, the company's cash equivalents were predominantly invested in U.S. Treasury money market funds and the company had no commercial debt.

Non-GAAP Financial Measures

In addition to the United States generally accepted accounting principles, or GAAP, results provided throughout this document, PDI has provided a certain non-GAAP financial measure to help evaluate the results of its performance. The company believes that this non-GAAP financial measure, when presented in conjunction with comparable GAAP financial measure, is useful to both management and investors in analyzing the company's ongoing business and operating performance. The company believes that providing non-GAAP information to investors, in addition to the GAAP presentation, allows investors to view the company's financial results in the way that management views financial results.

In this document, the company discusses Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is a metric used by management to measure cash flow of the ongoing business. Adjusted EBITDA is defined as operating income or loss, plus depreciation and amortization, non-cash stock-based compensation, and other non-cash expenses. The table below includes a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Adjusted EBITDA (Unaudited)

(\$ in thousands)

	2nd Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Operating (loss) income	\$ (2,523)	\$ (847)	\$ (4,020)	\$ 1,406
Depreciation and amortization	380	289	837	577
Stock compensation	668	722	1,358	1,073
Adjusted EBITDA	<u>\$ (1,475)</u>	<u>\$ 164</u>	<u>\$ (1,825)</u>	<u>\$ 3,056</u>

Conference Call

As previously announced, PDI will hold a conference call Thursday, August 14, 2014 to discuss financial and operational results of the second quarter ended June 30, 2014. Details as follows:

Time: 8:30 AM (ET)

Dial-in numbers: (855) 592-8761 (U.S. and Canada) or (724) 924-4975

Conference ID#: 27904432

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

The teleconference replay will be available three hours after completion through September 13, 2014 at (855) 859-2056 (U.S. and Canada) or (404) 537-3406. The replay pass code is 27904432. The archived web cast will be available for one year.

About PDI, Inc.

PDI is a leading healthcare commercialization company providing superior go-to-market strategy and execution to established and emerging healthcare companies through its three core business units. PDI's Interpace Diagnostics division is working to develop and commercialize molecular diagnostic tests leveraging the latest technology and personalized medicine for better patient diagnosis and management. The company's Contract Sales business unit (CSO) is a leading provider of outsourced pharmaceutical, medical device and diagnostics sales teams. Its Group DCA division is a pioneer in insight-driven digital communication services and integrated multichannel message delivery.

For more information about PDI, Inc. or Interpace Diagnostics, please visit <http://www.pdi-inc.com> and www.interpacediagnostics.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 previously filed Annual Report on Form 10-K for the year ended December 31, 2013 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.

(Tables to Follow)

PDI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue, net	\$ 31,578	\$ 37,245	\$ 64,356	\$ 80,168
Cost of services	26,787	30,396	54,456	64,846
Gross profit	4,791	6,849	9,900	15,322
Compensation expense	3,862	4,914	7,403	9,069
Other selling, general and administrative expenses	3,452	2,782	6,517	4,847
Total operating expenses	7,314	7,696	13,920	13,916
Operating (loss) income	(2,523)	(847)	(4,020)	1,406
Other expense, net	(13)	(24)	(30)	(34)
(Loss) income from continuing operations before income tax	(2,536)	(871)	(4,050)	1,372
Provision for income tax	65	64	131	128
(Loss) income from continuing operations	(2,601)	(935)	(4,181)	1,244
(Loss) income from discontinued operations, net of tax	(57)	52	(89)	(2)
Net (loss) income	<u>\$ (2,658)</u>	<u>\$ (883)</u>	<u>\$ (4,270)</u>	<u>\$ 1,242</u>
Basic (loss) income per share of common stock:				
From continuing operations	\$ (0.17)	\$ (0.06)	\$ (0.28)	\$ 0.08
From discontinued operations	(0.01)	-	(0.01)	-
Net (loss) income per basic share of common stock	<u>\$ (0.18)</u>	<u>\$ (0.06)</u>	<u>\$ (0.29)</u>	<u>\$ 0.08</u>
Diluted (loss) income per share of common stock:				
From continuing operations	\$ (0.17)	\$ (0.06)	\$ (0.28)	\$ 0.08
From discontinued operations	(0.01)	-	(0.01)	-
Net (loss) income per diluted share of common stock	<u>\$ (0.18)</u>	<u>\$ (0.06)</u>	<u>\$ (0.29)</u>	<u>\$ 0.08</u>
Weighted average number of common shares and common share equivalents outstanding:				
Basic	14,910	14,713	14,860	14,691
Diluted	14,910	14,713	14,860	15,154

Segment Data (Unaudited)
(\$ in thousands)

	<u>Sales Services</u>	<u>Marketing Services</u>	<u>PC Services*</u>	<u>Consolidated</u>
Three months ended June 30, 2014:				
Revenue, net	\$ 28,067	\$ 614	\$ 2,897	\$ 31,578
Gross profit (loss)	\$ 4,765	\$ (526)	\$ 552	\$ 4,791
Gross profit %	17.0%	-85.7%	19.1%	15.2%

Three months ended June 30, 2013:				
Revenue, net	\$ 32,294	\$ 1,644	\$ 3,307	\$ 37,245
Gross profit	\$ 5,252	\$ 638	\$ 959	\$ 6,849
Gross profit %	16.3%	38.8%	29.0%	18.4%

	<u>Sales Services</u>	<u>Marketing Services</u>	<u>PC Services*</u>	<u>Consolidated</u>
Six months ended June 30, 2014:				
Revenue, net	\$ 56,862	\$ 1,617	\$ 5,877	\$ 64,356
Gross profit (loss)	\$ 9,508	\$ (694)	\$ 1,086	\$ 9,900
Gross profit %	16.7%	-42.9%	18.5%	15.4%

Six months ended June 30, 2013:				
Revenue, net	\$ 70,519	\$ 3,185	\$ 6,464	\$ 80,168
Gross profit	\$ 12,571	\$ 1,022	\$ 1,729	\$ 15,322
Gross profit %	17.8%	32.1%	26.7%	19.1%

* Product Commercialization (PC) Services

Selected Balance Sheet Data (Unaudited)
(\$ in thousands)

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Cash and cash equivalents	\$ 35,621	\$ 45,639
Total current assets	\$ 53,176	\$ 62,709
Total current liabilities	25,621	31,400
Working capital	<u>\$ 27,555</u>	<u>\$ 31,309</u>
Total assets	\$ 59,459	\$ 69,064
Total liabilities	\$ 30,107	\$ 36,585
Total stockholders' equity	\$ 29,352	\$ 32,479

Selected Cash Flow Data (Unaudited)
(\$ in thousands)

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Net (loss) income	\$ (4,270)	\$ 1,242
Non-cash items:		
Depreciation and amortization	837	577
Stock-based compensation	1,358	1,073
Other	71	71
Net change in assets and liabilities	<u>(6,284)</u>	<u>(3,537)</u>
Net cash used in operations	\$ (8,288)	\$ (574)
Change in cash and cash equivalents	\$ (10,018)	\$ (1,760)