

**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: October 14, 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.)
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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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 14, 2014, PDI, Inc. (the “Company” or “PDI”) issued a press release announcing that its Board of Directors has elected Graham G. Miao as Executive Vice President (“EVP”), Chief Financial Officer (“CFO”) and Treasurer of the Company effective as of October 20, 2014. A copy of the press release announcing Mr. Miao’s election is provided as Exhibit 99.1 to this Form 8-K. Mr. Jeffrey Smith, PDI’s current EVP, CFO and Treasurer since May 2006, will no longer serve in such roles effective as of October 20, 2014.

Mr. Miao, age 50, will serve as the Company’s EVP, CFO, Treasurer and its principal financial and accounting officer. Prior to joining PDI, Mr. Miao served as EVP, CFO and interim Co-President & Co-CEO of Delcath Systems, Inc., from September 2011 to September 2014, a publicly traded specialty pharmaceutical and medical device company, responsible for all finance-related functions and operations including strategy, financings, investor relations, accounting and financial reporting, corporate and business development, mergers and acquisitions and the legal and human resource departments. Prior to Delcath Systems, Inc., Mr. Miao served as Chief of Staff for the Global CFO organization at Dun & Bradstreet Corporation from September 2009 to September 2011 and EVP and CFO at Pagoda Pharmaceuticals. He has also held various finance positions of increasing responsibility at leading global pharmaceutical and finance companies, including Schering-Plough Corporation, Pharmacia Corporation and J.P. Morgan and Company. Mr. Miao earned an M.B.A. in finance and a Ph.D. in biological sciences from Columbia University, an M.S. in molecular biology from Arizona State University and a B.S. in biochemistry from Fudan University in Shanghai, China.

There are no arrangements or understandings between Mr. Miao and any other persons pursuant to which he was selected as an officer. He has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K. In addition, there is no family relationship between Mr. Miao and any director, executive officer or person nominated or chosen by the Company to become a director or executive officer that would require disclosure pursuant to Item 401(d) of Regulation S-K.

The Company entered into an Offer Letter with Mr. Miao dated October 14, 2014 (the “Offer Letter”), establishing his compensation as EVP and CFO as summarized below:

Salary: Mr. Miao’s annual salary rate will be \$420,000.

Incentive Compensation:

There are three components to the Company’s incentive compensation program. Mr. Miao will receive:

- an annual incentive plan target cash award equal to 50% of his base salary, of which he will not be eligible for during 2014;
- subject to the discretion of the Company’s Compensation and Management Development Committee (the “Compensation Committee”), an annual award of stock appreciation rights (“SARs”) valued at \$150,000 on the date of grant and vesting in three equal annual installments; and
- subject to the discretion of the Compensation Committee, an annual award of restricted stock units (“RSUs”) valued at \$150,000 on the date of grant and cliff-vesting on the third anniversary of the date of grant.

Inducement Awards:

In connection with the appointment of Mr. Miao, PDI will award him RSUs and SARs, with a grant date fair value of \$75,000 each, on Mr. Miao’s start date with PDI (the “Start Date”), which is expected to be October 20, 2014. The awards will be made pursuant to the NASDAQ inducement grant exception as a component of Mr. Miao’s employment compensation. The inducement grants were approved by the Compensation Committee on October 14, 2014 contingent on and effective as of the Start Date, and are being made as an inducement material to Mr. Miao’s acceptance of employment with PDI in accordance with NASDAQ Listing Rule 5635(c)(4).

Mr. Miao will be granted a number of SARs equal to \$75,000, as determined by the Company on the Start Date. The SARs will have a base price equal to the closing price of PDI's common stock on the Start Date and a 5-year term. The SARs vest over three years, with one-third of the SARs vesting on each of the first three anniversaries of the Start Date subject to Mr. Miao's continued service with PDI through the applicable vesting dates.

Mr. Miao will be granted a number of RSUs equal to \$75,000 divided by the closing price of PDI's common stock on the Start Date. The RSUs will vest in full on the third anniversary of the Start Date subject to Mr. Miao's continued service with PDI through the applicable vesting date, provided that the vesting of the RSUs will be accelerated upon Mr. Miao's death, disability, retirement or the occurrence of a change in control prior to the applicable vesting date.

The general terms and conditions of the Company's annual incentive award and annual long-term incentive award programs are set forth in the "Information about our Executive Compensation" section of the Company's 2014 proxy statement, filed with the U.S. Securities Exchange Commission on April 28, 2014.

The Company also entered into an Employment Separation Agreement with Mr. Miao, effective as of October 20, 2014 (the "Employment Separation Agreement") and a Confidential Information, Non-Disclosure, Non-Competition, Non-Solicitation and Rights to Intellectual Property Agreement between PDI, Inc. and Graham G. Miao, dated as of October 14, 2014 (the "Restrictive Covenant Agreement"). The Employment Separation Agreement provides that, if Mr. Miao's employment is terminated by the Company without cause or Mr. Miao resigns for good reason (as defined in the Employment Separation Agreement), and Mr. Miao executes a timely release, then Mr. Miao will be entitled to: (i) a lump sum payment equal to 12 times his base monthly salary, plus the three-year average of annual amounts paid to him under any cash-based incentive or bonus plan and (ii) reimbursement for costs of the premiums for COBRA group health continuation coverage, beginning on his termination date and ending on the earlier of either: (a) the first anniversary of his termination date or (b) the date when he becomes eligible for other group health coverage.

The Restrictive Covenant Agreement contains restrictive covenants, including protection of confidential information, non-solicitation obligations during the period of his employment and for a period of one year following the termination of his employment, non-competition restrictions during the period of his employment and for a period of one year following the termination of his employment and assignment of intellectual property rights to the Company.

The description of (i) the Offer Letter, (ii) the Employment Separation Agreement, (iii) the Restrictive Covenant Agreement, (iv) Form of Restricted Stock Unit Inducement Agreement by and between PDI, Inc. and Graham Miao and (v) Form of Stock Appreciation Rights Inducement Agreement by and between PDI, Inc. and Graham Miao contained herein does not purport to be complete and is qualified in its entirety by reference to the complete text of such agreements, copies of which are attached to this Form 8-K as Exhibit 10.1, Exhibit 10.2, Exhibit 10.3, Exhibit 10.4 and Exhibit 10.5, respectively.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Offer Letter between PDI, Inc. and Graham G. Miao, dated as of October 14, 2014.
10.2	Employment Separation Agreement between PDI, Inc. and Graham G. Miao, effective as of October 20, 2014.
10.3	Confidential Information, Non-Disclosure, Non-Competition, Non-Solicitation and Rights to Intellectual Property Agreement between PDI, Inc. and Graham G. Miao, dated as of October 14, 2014.
10.4	Form of Restricted Stock Unit Inducement Agreement by and between PDI, Inc. and Graham Miao
10.5	Stock Appreciation Rights Inducement Agreement by and between PDI, Inc. and Graham Miao
99.1	Press Release dated October 14, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PDI, INC.

By: /s/ Nancy S. Lurker

Nancy Lurker

Chief Executive Officer

Date: October 20, 2014

October 14, 2014

Graham Miao

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Dear Graham:

I am extremely pleased to offer you the position of Chief Financial Officer, Executive Vice President reporting to Nancy Lurker - Chief Executive Officer. Your start date will be October 20, 2014.

The attached term sheet contains all the details of your compensation and equity package, specifically related to: (1) salary; (2) annual incentive award; (3) long term incentive award target; (4) initial hiring awards; (5) health and welfare benefits.

Please understand that your employment with PDI is contingent upon: (a) the formal approval of the terms and conditions as stated in the attached term sheet by the Compensation Committee; (b) successful completion of all pre-employment screens; and (c) your execution of the PDI Non-Disclosure, Non-Competition, Non-Solicitation and Rights to Intellectual Property Agreement. This offer letter shall not be construed as a contract or guarantee of employment for any definite term, and your employment with PDI will be "at will", which means either you or PDI may end the employment relationship at any time and for any reason or no reason, with or without notice.

I ask that you sign this offer letter, signifying your acceptance of the employment terms stated herein; and return it to me along with your agreement in the envelope provided.

Graham, we are truly delighted to extend this offer of employment. We believe that you will have a great opportunity to make a significant impact on the success of PDI.

Sincerely,

/s/ Jennifer Leonard

Jennifer Leonard
Senior Vice President
Human Resources

I hereby accepted the terms of my employment with PDI as set forth herein:

/s/ Graham Miao
Graham Miao

Oct. 14, 2014
Date

cc: File

10/14/2014

PDI, Inc.
Final Term Sheet: Graham Miao

Enclosures

Provision	Description
<i>Position</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Full-time <input type="checkbox"/> Chief Financial Officer, Executive Vice President <input type="checkbox"/> Reporting to Nancy Lurker, CEO, PDI
<i>Base Salary</i>	<ul style="list-style-type: none"> <input type="checkbox"/> \$420,000 annually <input type="checkbox"/> Paid semi-monthly less appropriate deductions
<i>Annual Incentive Award</i>	<ul style="list-style-type: none"> <input type="checkbox"/> "Short Term Incentive Plan (Award)" (STIP) <input type="checkbox"/> Target of 50% of base salary <input type="checkbox"/> Payable in cash annually in March <input type="checkbox"/> In accordance with Short Term Plan Document and Guidelines
<i>Initial Hiring Award (Inducement Equity Incentive Grant)</i>	<ul style="list-style-type: none"> <input type="checkbox"/> \$150,000 in value <ul style="list-style-type: none"> 50% Restricted Stock Units (RSUs), with 3 year cliff vesting 50% Stock Settled Appreciation Rights (SARs) with 3 year vesting of equal annual installments (annual step vesting)
<i>Annual Long-Term Incentive Award</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Target annual grant of \$300,000 or a value approved by Compensation Committee <input type="checkbox"/> Awarded in accordance with Long-Term Plan Document and Guidelines, at the discretion of the Compensation Committee <input type="checkbox"/> Current award mix (subject to change based on discretion of Committee) <ul style="list-style-type: none"> 50% of value in RSUs with 3 year cliff vesting 50% of value in SARs with 3 year vesting of equal annual installments (annual step vesting)
<i>Non-Compete Requirements</i>	12 months from date of termination of employment limited in scope to companies with competing product in similar therapeutic categories
<i>Health and Welfare Benefits</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Provided at the same level as offered generally to other PDI Senior Executives <input type="checkbox"/> Annual paid time off: 20 days, will be prorated for the portion of the first year of employment <input type="checkbox"/> Company Paid Holidays - generally 11-12 per year (including week between Christmas and New Year)

10/14/2014

PDI, Inc.
Final Term Sheet: Graham Miao

<p><i>Employment and Separation Terms</i></p>	<p>□ Offer shall not be construed as a contract for any definite term.</p> <p>□ Employment with PDI is “at will”</p> <p>□ 12 Months Separation Agreement in the event of Qualifying Separation (i.e. termination without cause or executive departure for good reason):</p> <ul style="list-style-type: none">A payment equal to the product of twelve (12) times then current monthly base salaryA payment equal to the average of the annual cash-based incentive award over the last three fiscal years or such shorter number of fiscal years if the participation is less than three yearsContinuation of group health and dental plan coverage up to 12 months by company’s payment or reimbursement for the cost of COBRA premiumsA payment of any accrued but unpaid annual base salary, unused vacation and any other form or type of compensation or benefitAccelerated vesting of equity grants upon the occurrence of a change of control (as defined in the 2004 Stock Award and Incentive Plan)
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EMPLOYMENT SEPARATION AGREEMENT

This Employment Separation Agreement (the "Agreement") is effective as of October 20, 2014, and is made by and between **PDI, Inc.**, a Delaware corporation (the "Company"), having its principal place of business at 300 Interpace Parkway, Parsippany, New Jersey 07054, and **Graham G. Miao, MBA, Ph.D.**, residing at [] (the "Executive"), collectively referred to as the "Parties," pursuant to which the Parties agree:

1. **Employment.** In consideration of and conditioned upon the Executive's execution of a Confidential Information, Non-Disclosure, Non-Solicitation, and Rights to Intellectual Property Agreement acceptable to the Company and substantially in the form attached hereto as Exhibit A, the Company will employ the Executive as Chief Financial Officer, Executive Vice President of the Company. *The Parties acknowledge and agree that Executive's employment with the Company is "at will" and that Executive's employment may be terminated by Executive or the Company at any time, for any reason or for no reason.*

2. **Compensation and Benefits Payable Upon Involuntary Termination without Cause or Resignation for Good Reason.**
 - a. **Triggering Event.** In further consideration for Executive's employment, Executive will receive the compensation and benefits set forth in Section 2(b) if the following requirements (hereinafter referred to as the "Triggering Event") are met:
 - i. Executive's employment is terminated involuntarily by the Company at any time for reasons other than death, Total Disability, or Cause, as defined in this Agreement, or Executive resigns from employment for Good Reason, as defined in this Agreement; and
 - ii. As of the 45th day following his termination date, Executive has executed and delivered to the Company, a Severance Agreement and General Release acceptable to the Company (the "Release"), and thereafter, any applicable revocation period has expired and Executive has not revoked the Release during such revocation period. Such Release shall include a release of all claims against the Company, all affiliated and related entities and/or persons deemed necessary by the Company. The Release may also include Confidentiality, Non-Disparagement, No-Reapply, Tax Indemnification, and/or other appropriate terms.

 - b. **Compensation and Benefits.** Following the occurrence of a Triggering Event, the Company will provide the following compensation and benefits to Executive:

- i. The Company will pay Executive a lump sum payment equal to the product of twelve (12) times Executive's Base Monthly Salary (excluding incentives, bonuses, and other compensation), plus the average of the annual amounts paid to Executive under any cash-based incentive or bonus plan in which Executive participates with respect to the last three (3) full fiscal years of Executive's participation in such plan prior to the date of termination of Executive's employment with the Company (or, if Executive's number of full fiscal years of participation in any such plan prior to the date of termination of Executive's employment is less than three (3), the average of the annual amounts paid to Executive over the number of full fiscal years of Executive's participation in such plan prior to the date of termination of Executive's employment). Subject to Section 2(c) below, such payment shall be made within sixty (60) days after Executive's termination date. Notwithstanding the foregoing, if the 60 day period following the Executive's termination ends in a calendar year after the year in which the Executive's Employment terminates, the Severance Payment shall be made no earlier than the first day of such later calendar year.
- ii. The Company agrees to pay the COBRA premiums for health and/or dental coverage under its group plans to provide continued coverage of health and/or dental benefits for up to twelve (12) months beginning on Executive's termination date and ending on the earlier of either: (A) the first anniversary of Executive's termination date; or (B) the date on which Executive becomes eligible for other group health coverage.
- c. **Delay of Payment to Comply with Code Section 409A.** Notwithstanding anything herein to the contrary, if at the time of Executive's termination of employment with the Company, Executive is a "specified employee" within the meaning of Code Section 409A, and the regulations promulgated thereunder, then if and to the extent required in order to avoid the imposition on Executive of any excise tax under Code Section 409A the Company shall delay the commencement of such payments (without any reduction) by a period of six(6) months after Executive's termination date. Any payments that would have been paid during such six (6) month period but for the provisions of the preceding sentence shall be paid in a lump sum to Executive six (6) months and one (1) day after Executive's termination date. The 6-month payment delay requirement of this Section 2(c) shall apply only to the extent that the payments under this Section 2 are subject to Code Section 409A. With respect to payments or benefits under this Agreement that are subject to Code Section 409A, whether Executive has had a termination

of employment shall be determined in accordance with Code Section 409A and applicable guidance issued thereunder.

- d. **Limitation of Payments.** If any payment or benefit due under this Agreement, together with all other payments and benefits Executive receives or is entitled to receive from the Company or any of its Affiliates, would (if paid or provided) constitute an excess parachute payment (within the meaning of Section 280G(b)(1) of the Code), the amounts otherwise payable and benefits otherwise due under this Agreement will be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code. The determination of whether any payment or benefit would (if paid or provided) constitute an excess parachute payment will be made by the Board, in its sole discretion. Any such reduction in the preceding sentence shall be made in the following order: (i) first, any future cash payments (if any) shall be reduced (if necessary, to zero); (ii) second, any current cash payments shall be reduced (if necessary, to zero); (iii) third, all non-cash payments (other than equity or equity derivative related payments) shall be reduced (if necessary, to zero); and (iv) fourth, all equity or equity derivative payments shall be reduced. Notwithstanding the foregoing, the Company shall use commercially reasonable efforts to bring the issue to a shareholder vote in accordance with Section 280G(b)(5) of the Code and the Treasury Regulations thereunder.
- a. **Section 409A Compliance.** The following rules shall apply, to the extent necessary, with respect to distribution of the payments and benefits, if any, to be provided to the Executive under this Agreement. This Agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") and the parties hereto agree to interpret, apply and administer this Agreement in the least restrictive manner necessary to comply therewith and without resulting in any increase in the amounts owed hereunder by the Company. Subject to the provisions in this Section, the severance payments pursuant to this Agreement shall begin only upon the date of the Executive's "separation from service" which occurs on or after the date of the Executive's termination of employment. It is intended that each installment of the severance payments and benefits provided under this Agreement shall be treated as a separate "payment" for purposes of Section 409A.

All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (i) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses

eligible for reimbursement in any other calendar year, (ii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iii) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit. **Notwithstanding anything herein to the contrary, the Company shall have no liability to the Executive or to any other person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Section 409A are not so exempt or compliant.**

3. **Other Compensation.**

- a. Except as may be provided under this Agreement, any benefits to which Executive may be entitled pursuant to the plans, policies and arrangements of the Company shall be determined and paid in accordance with the terms of such plans, policies, and arrangements, and Executive shall have no right to receive any other compensation or benefits, or to participate in any other plan or arrangement, following the termination of Executive's employment by either party for any reason.
- b. Notwithstanding any provision contained herein to the contrary, in the event of any termination of employment, the Company shall pay Executive his or her earned, but unpaid, base salary within ten (10) days of Executive's termination date and shall reimburse Executive for any accrued, but unpaid, reasonable business expenses, in each case, earned or accrued as of the date of termination. Executive shall submit documentation of any business expenses within ninety (90) days of his or her termination date and any reimbursements of such expenses that are taxable to the Executive shall be made on or before the last day of the year following the year in which the expense was incurred, the amount of the expense eligible for reimbursement during one year shall not affect the amount of reimbursement in any other year, and the right to reimbursement shall not be subject to liquidation or exchange for another benefit.

4. **Withholding.** All amounts payable under this Agreement shall be subject to customary withholding and other employment taxes, and shall be subject to such other withholding as may be required in accordance with the terms of this Agreement or applicable law.

5. **Confidentiality, Non-Solicitation and Covenant Not to Compete Agreement.** In the event Executive's employment with the Company is terminated by either party for any reason, Executive shall continue to be bound by the Confidential Information, Non-Disclosure, Non-Solicitation, and Rights to Intellectual Property Agreement signed at or about the time this Agreement is executed and/or the Confidentiality, Non-Solicitation

and/or Covenant Not to Compete Agreement most recently signed by Executive prior to the termination date for the period set forth therein.

6. **Successors and Assigns.** This Agreement is personal to Executive and may not be assigned by Executive without the written consent of the Company; provided, however, that if Executive is entitled to the payments of this Agreement and Executive dies before Executive has received all such payments, the unpaid payments will be paid to Executive's estate on the same terms and conditions as described in this Agreement. This Agreement will be binding upon and inure to the benefit of the Company and its successors and assigns. This Agreement will remain in full force and effect notwithstanding any Change of Control and in the case of any merger or consolidation, if not terminated on or as of the effective date of any such merger, will be the obligation of the surviving entity.

7. **Definitions.**

a. **Cause** shall mean (i) the failure of Executive to use Executive's best efforts in accordance with Executive's position, skill and abilities to achieve Executive's goals as periodically set by the Company and such failure shall not be cured by the Executive within thirty (30) days written notice from the Company to the Executive specifying such failure; (ii) the failure by Executive to comply with the following reasonable instructions of the Chief Executive Officer and/or the Company's Board of Directors (the Board"); (iii) a material breach by Executive of any of the terms or conditions of this Agreement and such breach shall not be cured by the Executive within thirty (30) days written notice from the Company to the Executive specifying such failure; (iv) the failure by Executive to adhere to the Company's documented policies and procedures; (v) breach by Executive of any Confidentiality, Non-Solicitation and/or Covenant Not to Compete signed by Executive; (vi) the failure of Executive to adhere to moral and ethical business principles consistent with the Company's Code of Business Conduct and Guidelines on Corporate Governance as in effect from time to time; (vii) Executive's conviction of a criminal offense (including the entry of a guilty or nolo contendere plea); (viii) any documented act of material dishonesty or fraud by the Executive in the commission of his or her duties; or (ix) Executive engages in an act or series of acts constituting misconduct resulting in a misstatement of the Company's financial statements due to material non-compliance with any financial reporting requirement within the meaning of Section 304 of The Sarbanes-Oxley Act of 2002.

b. **Base Monthly Salary** shall mean an amount equal to one-twelfth of Executive's then current annual base salary. Base Monthly Salary shall not include incentives,

bonus(es), health and welfare benefits, car allowances, long term disability insurance or any other compensation or benefit provided to executive employees of the Company.

c. **Change of Control** shall mean: (i) any merger by the Company into another corporation or corporations which results in the stockholders of the Company immediately prior to such transaction owning less than 51% of the surviving corporation; (ii) any acquisition (by purchase, lease or otherwise) of all or substantially all of the assets of the Company by any person, corporation or other entity or group thereof acting jointly; (iii) the acquisition of beneficial ownership of voting securities of the Company (defined as common stock of the Company or any securities having voting rights that the Company may issue in the future) or rights to acquire voting securities of the Company (defined as including, without limitation, securities that are convertible into voting securities of the Company (as defined above) and rights, options, warrants and other agreements or arrangements to acquire such voting securities) by any other person, corporation or other entity or group thereof acting jointly, in such amount or amounts as would permit such person, corporation or other entity or group thereof acting jointly to elect a majority of the members of the Board, as then constituted; or (iv) the acquisition of beneficial ownership, directly or indirectly, of voting securities and rights to acquire voting securities having voting power equal to 51% or more of the combined voting power of the Company's then outstanding voting securities by any person, corporation or other entity or group thereof acting jointly. Notwithstanding the preceding sentence, any transaction that involves a mere change in identity, form or place of organization with the meaning of Section 368(a)(1)(F) of the Code, or a transaction of similar effect, shall not constitute a Change of Control.

d. **Good Reason** Executive's termination of employment with the Company shall be for Good Reason if (i) Executive notifies the Company in writing that one of the Good Reason Events (as defined in subparagraphs d. i. and ii. below) has occurred, which notice shall be provided within ninety (90) days after he or she first becomes aware of the occurrence of such Good Reason Event; (ii) the Company fails to cure such Good Reason Event within thirty (30) days after receipt of the written notice from Executive (the "Cure Period"); and (iii) Executive resigns employment within thirty (30) days following expiration of the Cure Period. For purposes of this Agreement, a "Good Reason Event" shall mean any of the following which occur without Executive's consent:

- i. Prior to a Change of Control,

- A. The failure by the company to pay Executive any material amount of his or her current base salary, or any material amount of his or her compensation deferred under any plan, agreement or arrangement of or with the Company that is currently due and payable;
 - B. A material reduction Executive's annual base salary;
 - C. The relocation of Executive's principal place of employment to a location more than fifty (50) miles from Executive's current principal place of employment.
 - D. A material adverse alteration of Executive's duties and responsibilities; or
 - E. An intentional, material reduction of Executive's aggregate target incentive awards under any incentive plans.
- ii. During the two (2) year period following any Change of Control,
- A. The failure by the Company to pay Executive any material amount of his or her current base salary, or any material amount of his or her compensation deferred under any plan, agreement or arrangement of or with the Company that is currently due and payable;
 - B. A material reduction in Executive's annual base salary;
 - C. The relocation of Executive's principal place of employment to a location more than fifty (50) miles from Executive's current principal place of employment;
 - D. A material adverse alteration of Executive's authority, duties or responsibilities from those in effect immediately prior to the Change of Control;
 - E. An intentional, material reduction by the Company of Executive's aggregate target incentive awards under any short-term and/or long term incentive plans; or
 - F. The failure of the Company to maintain the Executive's benefit, retirement, or fringe benefit plans, policies, practices or arrangements in which Executive participates (individually and collectively "Fringe Benefits") at or above the level in effect immediately before the Change of Control, unless such change is a global change made to Fringe Benefits for all employees at or above Executive's level.

e. **Code** shall mean the Internal Revenue Code of 1986, as amended.

f. **Total Disability** shall mean incapacity due to a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continued period of not less than twelve (12) months and prevents Executive from performing the essential functions of his position, with or without reasonable accommodation, for a period in excess of twelve (12) months.

8. **Integration: Amendment.** This Agreement (including any Exhibits) shall constitute the entire agreement between the parties hereto with respect to the matters set forth herein and supersede and render of no force and effect all prior understandings and agreements between the parties with respect thereto. No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties, provided, however, that this Agreement may be unilaterally amended by the Company where necessary to ensure any benefits payable hereunder are either excepted from Code Section 409A or otherwise comply with Code Section 409A.
9. **Governing Law; Headings.** This Agreement will be construed and governed by the laws of the State of New Jersey, without regard to principles of conflicts of law and the parties to this Agreement hereby submit to the jurisdiction of the Courts of the State of New Jersey with regard to enforcement of this Agreement.

Headings and titles herein are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

10. **Notices.** All notices and other communications required or permitted to be given or made hereunder by either party shall be in writing and shall be deemed to be duly given if delivered personally or transmitted by first class certified mail, postage and fees prepaid, return receipt requested, or sent by prepaid overnight delivery service to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

If to the Company:

President
PDI, Inc.
Morris Corporate Center 1
Building A
300 Interpace Parkway
Parsippany, NJ 07054

If to the Executive:

Graham G. Miao, MBA, Ph.D.
[]
[]

11. **Severability.** Whenever possible, each provision and term of this Agreement will be interpreted in a manner to be effective and valid but if any provision or term of this Agreement is held to be prohibited by applicable law or invalid, then such provision or term will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such term or provision or the remaining provisions or terms of this Agreement.
12. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.
13. **Assignment.** The Company may assign all of its rights and obligations hereunder to an affiliate or subsidiary of the Company.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

EXECUTIVE

By: /s/ Graham G. Miao

Graham G. Miao

PDI, INC.

By: /s/ Nancy S. Lurker

Nancy S. Lurker
Chief Executive Officer

THIS CONFIDENTIAL INFORMATION, NON-DISCLOSURE, NON-COMPETITION, NON-SOLICITATION and RIGHTS TO INTELLECTUAL PROPERTY AGREEMENT (hereinafter the “Agreement”), dated as of the later of the signature dates below by and between **Graham Miao**, who currently resides at [] (“Employee”), and **PDI, Inc.**, a New Jersey corporation, having its principal place of business at Morris Corporate Center 1-Building A/B, 300 Interpace Parkway, Parsippany, New Jersey 07054 (“Employer” or “PDI”).

WHEREAS, Employer is about to employ Employee in a position of trust and confidence to aid Employer in its Business (as hereinafter defined);

WHEREAS, Employer desires to receive from Employee a covenant not to disclose certain information relating to Employer’s Business and certain other covenants;

WHEREAS, as a material inducement to Employer to employ Employee, and to pay the salary and other remuneration and provide benefits to Employee to be paid/provided by PDI, Employee has agreed to such covenants; and

WHEREAS, Employer and Employee desire to set forth, in writing, the terms and conditions of their agreements and understandings with respect to such covenants.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto intending to be legally bound, agree as follows:

1. **Business.** PDI is a leading provider of integrated multi-channel promotional outsource services, which includes (outsourced) Dedicated Sales Teams, Shared Sales Teams, Clinical Educator Teams and Medical Science Liaison Teams, Marketing Services Segment and Product Commercialization Services, as well as other promotional services including tele-detailing, digital promotion including e-detailing, medical education and clinical

educators throughout the United States of America for the pharmaceutical industry, as well as nutritional, diagnostic and other healthcare providers which services also include research and development activities (the “Business”). The Business is highly competitive and specialized involving highly sensitive information.

2. **Term of Agreement.** This Agreement shall continue in full force and effect for the duration of Employee’s employment with PDI; provided, however, that after the termination of Employee’s employment with PDI this Agreement shall remain in effect until all of the obligations of the parties hereunder are satisfied or have expired.
3. **Employer.** As used herein, the terms “PDI” and “Employer” shall also include any business entity, which is at any time the parent or subsidiary of PDI or any corporation or other entity, or which is an affiliate of PDI by virtue of common (although not identical) ownership, and for which Employee is providing services in any form during his/her employment with PDI or any such other corporation or entity including, but not limited to, Group DCA, L.L.C. (a foreign limited liability company qualified to do business in New Jersey) and Interpace BioPharma, L.L.C., a domestic New Jersey limited liability company.
4. **Notices.** Any notice required to, or permitted to, be given hereunder shall be sufficient if in writing (a) delivered personally, (b) sent by first class certified mail, return receipt requested, postage and fees prepaid, or (c) sent by prepaid overnight delivery service, to the parties at the following addresses (or at such other addresses as shall be specified by the parties in a like notice):

If to Employer: PDI, Inc.

Morris Corporate Center I
Building A/B
300 Interpace Parkway
Parsippany, New Jersey 07054
Attn.: Human Resources

If to Employee:

Notices to the Employee should be sent to the address indicated on page 1 of this document.

All notices shall be deemed to have been given upon receipt if delivered personally, or by recognized overnight courier, or five (5) days after mailing, if mailed.

5. **Confidential Information, Non-Disclosure.** The Employee understands and recognizes that his/her position with the Employer will afford the Employee substantial access to Confidential Information (as that term is defined below), the unauthorized use, disclosure and/or publication of which would cause the Employer to suffer substantial damage to and interfere with the current or contemplated Business of the Employer and may cause irreparable injury to Employer. The Employee further understands and recognizes, therefore, that it is in the Employer's legitimate business interest to restrict the Employee's use of Confidential Information for any purposes other than the discharge of Employee's duties at the Employer in furtherance of the Business, and to limit any potential appropriation of Confidential Information by the Employee for the benefit of the Employer's competitors and to the detriment of the Employer. Accordingly, the Employee agrees as follows:

- a. During and after the Employee's employment with the Employer, the Employee will not, without the prior written consent of the Employer, or as may otherwise be required by law or legal process, communicate or disclose to any other person or company, nor use for the Employee's own personal benefit, except as may be necessary in the performance of the Employee's duties as an employee of the Employer, any Confidential Information disclosed to him or her or of which the Employee becomes aware or develops or is given access to by reason of the Employee's employment or association with the Employer.
- b. The term "Confidential Information" means any and all data and information relating to the Employer and/or its Business (whether or not it constitutes a trade secret) or data and information received by the Employer from third parties including, but not limited to clients and business partners in confidence (or subject to a Non-Disclosure covenant), which is, or has been, disclosed to the Employee or of which the Employee became or becomes aware as a consequence of his or her employment relationship with the Employer and which has value to the Employer and is not generally known by its competitors including, but not limited to, information concerning PDI's integrated multi-channel promotional services, other promotional services including teledetailing, digital promotions including e-detailing, medical education and clinical coordinators, digital network systems, business and marketing plans, long range goals and objectives, assets and liabilities, technical and engineering

methodology, processes, and/or know how, research and development activities, products, computer software and programs, marketing data, discounts and pricing, functional specifications and financial or business affairs of the Employer relating to services, clients, client lists, employees or employee compensation projections, plans/development, accounting and marketing studies or analysis, and information of third parties, which the Employer is required to maintain as confidential. Confidential Information shall not include any data or information that has been disclosed voluntarily to the public by the Employer (except when such public disclosure has been made by the Employee or some other person without authorization from the Employer), or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful and legitimate means.

The Employee hereby expressly agrees that Confidential Information is the exclusive property of the Employer, to be held by the Employee in trust and solely for the Employer's benefit and shall not be used by the Employee or disclosed by the Employee to others, either during or after the Employee's employment, without the Employer's advance written consent or except where required for the Employee to properly perform the Employee's job duties for the Employer. This promise is binding on the Employee regardless of the reason(s) for the termination of the Employee's employment. The Employee further agrees to comply with all rules, policies and procedures established by the Employer from time-to-time,

which are designed to protect and ensure the continued confidentiality of the Confidential Information.

- c. The Employee understands and agrees that upon termination of the Employee's employment with the Employer, the Employee will not take with him/her, or retain without written authorization from the Employer, any documents, files or other property of the Employer, and the Employee will promptly return to the Employer any such documents, files or property in his/her possession or control, including all copies, extracts, reproductions or notes, as may have been made by or on behalf of the Employee. If the Employee has stored Confidential Information on any personal desktop or laptop devices, Personal Digital Assistants ("PDAs"), mobile/smart phones, external hard drives, "flash" or similar USB storages devices, Fire Wire storage devices, digital music players, digital tapes, floppy diskettes, CDs, DVDs, memory cards, zip diskettes, as well as maintained in personal e-mail accounts (including web based e-mail accounts such as Hotmail, Gmail, Yahoo, etc.) and other electronic or online communications applications, such as text messaging, social media networks (i.e. Facebook, Linked In, My Space, etc.), chat rooms and similar environments and all other media, which can be utilized to store or transmit electronic data and communications (regardless of whether the media utilized is owned by the Employer, the Employee or a third party, or where the media is located) then the Employee must make those devices available to the Employer or provide access to those accounts or communications in order to enable the Employer to search for such Confidential Information and to remove and/or make complete copies of the media/communications and all information stored.

Employee acknowledges and agrees that this list is not comprehensive and includes technological advancements in methods, devices and locations for storing and communicating data that could include Confidential Information covered by this provision. For this purpose, the Employee agrees that he/she has no expectation of privacy with respect to the various media and communications referred to above.

In connection with this Agreement, the Employee recognizes that all documents, files and property, which Employee has received and will receive from the Employer including, but not limited to, handbooks, memoranda, policy manuals, product specifications and other materials, with the exception of documents relating to benefits to which the Employee might be entitled to, following the termination of his/her employment with the Employer, are for the exclusive use of the Employer and employees discharging their responsibilities on behalf of the Employer, and that the Employee has no claim or right to the continued use, possession or custody of such material following the termination of his/her employment with Employer.

If Employee becomes legally compelled (by deposition, Interrogatory, request for documents, Subpoena, civil investigative demand or similar process) to disclose any Confidential Information, Employee shall provide Employer with prompt written notice of such requirement so Employer may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Paragraph 5 of this Agreement. If such protective order or other remedy is not obtained, or Employer waives compliance with the provisions of this Paragraph 5, Employee agrees to furnish only that portion of the Confidential Information, which he/she is advised by written opinion of legal counsel is legally required and to exercise best efforts to obtain assurances that confidential treatment will be accorded such Confidential Information.

6. **Non-Solicitation.** Except as otherwise approved in writing by Employer, Employee agrees that Employee will not, directly or indirectly, with or through any family member, or former directors, officers or employees of Employer, or acting alone or as a member of a partnership or limited liability company or as an officer, holder of or investor in as much as five (5%) percent of any security of any class, director, employee, consultant or representative of any corporation or other business entity (i) at any time whilst engaged as an employee of the Employer, and for a period of 1 year following termination as an employee, interfere with, or seek to interfere with the relationship or otherwise alter, limit or terminate such relationship between the Employer and the following: (a) any of the employees of the Employer at any time within 6 months prior to the cessation of Employee's employment with the Employer, such as inducing or attempting to induce any employee to leave employment with the Employer or hire any such employee; (b) any of the customers or clients of the Employer then existing or existing at any time within 6 months prior to the cessation of Employee's employment with the Employer with which Employee personally had contact or access to Confidential Information about, or (c) any of the suppliers or licensees of the Employer, then existing or existing at any time within 6 months prior to cessation of the Employee's employment with the Employer.
7. **Non-Competition.** It is recognized and understood by the parties hereto that Employee, through Employee's association with the Employer as an Employee, shall acquire a considerable amount of knowledge and goodwill with respect to the Business of the Employer, as well as access to the Employer's clients, which knowledge, goodwill and relationships are extremely valuable to Employer and which would be extremely detrimental to Employer if used by Employee to compete with Employer. It is therefore understood and agreed to by the parties hereto that because of the nature of the Business of the Employer, it is necessary to afford fair protection to Employer from competition by Employee. Consequently, as a material

inducement to employ Employee, Employee covenants and agrees that he/she will not, directly or indirectly, with or through any family member, or former director, officer or employee of Employer, or acting alone or as a member of a partnership or limited liability company, or as an officer of or investor in as much as five (5%) percent of any security of any class, director, employee, consultant or representative of any corporation or other business entity (i) at any time while engaged as an employee of the Employer, and for a period of 1 year following cessation as an employee for any reason, whether at the insistence of either the Employer or Employee, own, manage operate, control, consult with, or be employed by or with any person, firm, partnership, association, corporation or other business entity which competes with the Employer or performs services which are substantially similar to the Employer's in the biopharmaceutical or medical devices and diagnosis industries (including, but not limited to provision of any dedicated sales teams, shared sales teams, clinical teams or any combination of teams) in any State in which the Employee worked, provided services or performed employment duties for the Employer during the Employee's last 1 year of employment with the Employer or any commercialization provider serving the biopharmaceutical, medical devices and/or diagnostic industries that directly compete with a product or which Employee worked, performed services or performed employment duties for the Employer during the Employee's last year of employment with the Employer.

8. **Rights to Intellectual Property**. All inventions, improvements, modifications, ideas, styles, trade names and the like, whether or not reduced to writing or stored electronically or otherwise and whether or not protectable by patent, trademark, copyright or other intellectual property law, which relate or are susceptible for use directly or indirectly in the Employer's Business that are originated in whole, or in part, by Employee (alone or jointly with others) during his/her term of employment with the Employer, irrespective of whether they were conceived, developed, suggested or perfected (i) during the Employee's regular working

hours, (ii) with the use of Employer's time, materials or facilities or (iii) within one (1) year following the termination of Employee's employment with Employer or otherwise attributable to Employee's employment with Employer shall become and remain the exclusive property of the Employer. If any one or more of the aforementioned are deemed in any way to fall within the definition of "work made for hire," as such term is defined in 17 U.S.C. §101, such work shall be considered a "work made for hire," the copyright of which shall be owned solely by, or assigned or transferred completely and exclusively to Employer. At the request and expense of the Employer, the Employee shall cooperate with the Employer, in applying for, prosecuting, and obtaining patent, trademark, service mark, trade name and copyright registrations in the name of the Employer.

The Employee shall promptly disclose, grant and assign ownership to the Employer, for its sole use and benefit any and all inventions, improvements, information and copyrights (whether patentable or not), which he/she may develop, acquire, conceive or reduce to practice, while employed by the Employer (whether or not during usual working hours) together with all patent applications, letters, patent, copyrights and reissues thereof, that may at any time be granted for or upon any such invention, improvement or information; provided, however, that Employee shall own any invention, which Employee can demonstrate has no relationship to the Business, and which was neither conceived, nor made by use of any of the time, facilities or materials of the Employer. In connection therewith:

- (i) The Employee shall without charge, but at the expense of the Employer, promptly at all times thereafter execute and deliver such applications, assignments, descriptions and other instruments, as may be reasonably necessary or proper in the opinion of the Employer to vest title to any such inventions, improvements, technical information, patent applications, patents, copyrights or reissues thereof in the Employer, and to enable it to obtain and maintain the entire right and title thereto through the word; and

- (ii) The Employee shall render to the Employer at its expense (including reimbursement to the Employee of reasonable out-of-pocket expenses incurred by the Employee and a reasonable payment for the Employee's time involved in case he/she is not then in its employ) all such assistance as it may require in the prosecution of applications for said patents, copyright or reissues thereof, in the prosecution, or defense of interferences, which may be declared involving any said applications, patents or copyrights and in any litigation in which the Employer may be involved relating to any such patents, inventions, improvements or technical improvements.

In the event that the Employer is unable to, after reasonable effort, secure the Employee's signature on any document(s) needed to apply for or secure any copyright or patent, for any reason whatsoever, Employee hereby designates the Employer, and its duly authorized officers and agents, as Employee's agent and attorney-in-fact to execute and file any such application(s), and to perform all other legally permitted acts to further the prosecution and issuance of copyrights and patents, or similar protection thereon, which shall have the same legal form and effect as if executed by Employee.

Employee hereby represents and warrants that Employee has fully described to Employer on Schedule A appended hereto any idea, invention, product, improvement, computer software program or other equipment or technology related to the Business of the Employer ("Inventions"), not covered in this Paragraph 8, which prior to his/her employment with the Employer, Employee conceived of or developed, wholly or in part, and in which Employee has any right, title or proprietary interest, and whether directly related to Employer's Business, but which has not been published or filed with the United States Patent or Copyright offices or assigned or transferred to Employer. If there is no such Schedule A, Employee represents that Employee has

made no such Inventions at the time of signing this Agreement or Employee hereby assigns such Inventions to Employer.

With respect to this Paragraph 8, it is agreed and acknowledged that during the Employee's employment, Employer may enter other lines of business, which are related or unrelated to its current line of business, in which case this Agreement would be expanded to cover such new lines of business.

In the event that the Employer gives written notice to the Employee that the Employer elects not to apply for a patent in a jurisdiction for an item above, which is patentable then Employee may, at his or her own cost and expense, apply for a patent therefor in his or her own name in such jurisdiction.

9. **Reasonableness** _____ **of**

Restrictions.

- a. Employee has carefully read and considered the provisions of Paragraphs 5 through 8 hereof, and having done so agrees that the restrictions set forth therein are fair and reasonable and are reasonably required for the protection of the interests of the Employer, its stockholders, directors, officers and employees and that the Employer would not have entered into this Agreement in the absence of such restrictions and that any violation of any provisions of Paragraphs 5 through 8 will result in irreparable injury to the Employer. Employee further represents and acknowledges that (i) Employee has been advised by the Employer to consult his/her counsel prior to execution and delivery of this Agreement, and (ii) that the Employee has had full opportunity, prior to execution and delivery of this Agreement, to review thoroughly this Agreement with his/her counsel. Employee further understands and agrees that the Employer shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as an equitable accounting of all earnings, profits and other benefit, arising from any violation of Paragraphs 5 through 8, which

h rights shall be cumulative, and in addition to any other rights or remedies to which the Employer may be entitled hereunder or now or hereafter existing in law or equity. No delay or omission by a party hereto in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

b. To the extent any portion of any provision of this Agreement is held to be invalid or unenforceable, the language shall be construed by limiting and/or reducing it so as to be enforceable to the extent compatible with applicable law. All remaining provisions and/or portions thereof shall remain in full force and effect.

10. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of and be enforceable by, Employer and its successors and assigns, and shall be binding upon and inure to the benefit of and be enforceable by the Employee and his or her estate, heirs, administrators and legal representatives. This Agreement is not assignable by Employee but is assignable by Employer to any successor to all, or substantially all, of its Business, assets or other reorganization to which it may become a party, provided that, such assignee assumes all of the obligations of the Employer hereunder.

11. **Entire Agreement and**

Amendment.

This Agreement, together with its attachment and any other collateral agreements executed in connection herewith contain the entire agreement between the Employer and Employee with respect to the restrictive covenants set forth in Paragraphs 5 through 8 hereof and supersedes all prior agreements, written or oral, with respect thereto. This Agreement cannot be changed, modified, extended or terminated, except upon written amendment executed by Employee and executed on the Employer's behalf by a duly authorized officer.

Nothing in this Agreement shall be construed as giving the Employee any right to be retained by the Employer, or as changing or modifying the "at will" nature of the Employee's

employment with the Employer. This means that the Employee's employment with the Employer may be terminated, at any time by either party, without notice or reason.

12. **Governing Law, Consent to Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to its conflicts of law provisions. Any claim arising out of, or relating to this Agreement including, without limitation, any action commenced by Employer for preliminary and permanent injunctive relief or other equitable relief, shall be instituted in state court in the State of New Jersey, and each party agrees not to assert by way of motion, as a defense or otherwise, in any such claim, that it is not subject personally to the jurisdiction of such court, that the claim is brought in an inconvenient forum, that the venue of the claim is improper or that this Agreement or the subject matter, hereof may not be enforced in or by such court. Each party further irrevocably submits to the exclusive jurisdiction of such court in any such claim. Any and all service of process and any other notice in any such claim shall be effective against any party if given personally or by registered mail, return receipt requested, mailed to such party as provided herein. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law.
13. **Usage.** All pronouns and any variations thereof referred to in the masculine, feminine or neuter, singular or plural, as the context may require. All terms defined in the Agreement in their singular or plural forms have correlative meanings when used herein in their singular or plural forms, respectively. Unless otherwise expressly provided the words "include" "includes" and "including" do not limit the preceding words or terms and shall be deemed followed by the words "without limitation".
14. **Headings.** The headings in this Agreement are for reference only, and shall not affect the interpretation of this Agreement.

15. **Counterparts.** This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts, together shall constitute one, and the same, instrument. Each counterpart may consist of a member of copies hereof each signed by less than all, but together signed by all of the parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURES OF NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

Employee

PDI, Inc

/s/ Graham Miao

Graham Miao

Dated: 10/14/14

By: /s/ Jennifer Leonard

Name: Jennifer Leonard

Title: SVP, Human Resources and IT

Dated: 10/14/14

**FORM OF
PDI, INC.
2004 STOCK AWARD AND INCENTIVE PLAN
RESTRICTED STOCK UNIT INDUCEMENT AGREEMENT**

This RESTRICTED STOCK UNIT INDUCEMENT AGREEMENT (this "Agreement") is made and entered into as of **October 20, 2014** (the "Grant Date"), by and between PDI, Inc. (the "Company") and **Graham Miao** (the "Participant").

WHEREAS, to induce the Participant to join the Company and to align the Participant's financial interests with those of the Company's stockholders, the Board has approved this grant of restricted stock units, subject to the restrictions and on the terms and conditions contained in this Agreement; and

WHEREAS, this grant is intended to constitute a non-plan based "inducement grant," as described in the NASDAQ Listing Rule 5635(c)(4).

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

1. Grant of Restricted Stock Units. The Participant is hereby granted 41,899 restricted stock units (the "Restricted Stock Units"), subject to all of the terms and conditions of this Agreement. The Company maintains the PDI, Inc. 2004 Stock Award and Incentive Plan (the "Plan"). This award is not awarded pursuant to the Plan, but rather is intended to constitute a non-plan based "inducement grant." Nonetheless, the terms and provisions of the Plan are hereby incorporated into this Agreement by this reference, as though fully set forth herein, as if this award was granted pursuant to the Plan. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings herein. No Dividend Equivalents shall be paid to the Participant with respect to the Restricted Stock Units.

2. Vesting and Forfeiture of Units. All Restricted Stock Units shall be unvested unless and until they become vested and nonforfeitable in accordance with this Section 2. Except as otherwise provided below, all Restricted Stock Units granted hereunder shall vest on the third anniversary of the Grant Date (the "Vesting Date"), provided that the Participant is employed by the Company or any of its affiliates on such date. Notwithstanding the foregoing provisions of this Section 2, all of the Restricted Stock Units that have not otherwise vested in accordance with the foregoing provisions of this Section 2 shall become vested and nonforfeitable in accordance with the following:

(a) Death or Permanent Disability. The Restricted Stock Units shall become fully vested and nonforfeitable upon the Participant's termination of employment with the Company and its affiliates prior to the Vesting Date if the Participant's employment with the Company and its affiliates terminates on account of his or her death or Permanent Disability. For purposes of this Agreement, "Permanent Disability" shall mean a disability which, in the opinion of a physician designated by the Company, permanently prevents the Participant from being able to render services to the Company or any of its affiliates.

- (b) **Change in Control.** The Restricted Stock Units shall become fully vested and nonforfeitable upon a Change in Control that occurs prior to the Vesting Date, provided that the Participant remains continuously employed by the Company through the date of such Change in Control.
- (c) **Retirement.** The Restricted Stock Units shall become fully vested and nonforfeitable upon the Participant's Retirement prior to the Vesting Date. For purposes of this Agreement, "Retirement" shall mean the Participant's voluntary termination of his or her employment with the Company and its affiliates after he or she satisfies the Retirement Conditions. The "Retirement Conditions" are that the Participant has attained age 62 and has been continuously employed by the Company and its affiliates for at least two (2) years.

Any Restricted Stock Units that are not otherwise vested and nonforfeitable upon the Participant's termination of employment with the Company and its affiliates shall be immediately forfeited and the Participant shall have no further rights to, under or with respect to such Restricted Stock Units.

3. **Settlement.** Restricted Stock Units that have become vested in accordance with Section 2 shall be settled as of the "Settlement Date" which is the earliest of (a) the Vesting Date, (b) the date on which a Change in Control occurs, or (c) the date of the Participant's termination of employment with the Company and its affiliates pursuant to Sections 2(a) or (c) hereof; provided, however, that if the Participant will or could satisfy the Retirement Conditions at any time prior to the Vesting Date, settlement of the Participant's Restricted Stock Units shall occur on the date of the Change in Control only if the Change in Control constitutes a change in control event within the meaning of section 409A of the Code. Settlement of the vested Restricted Stock Units on the Settlement Date shall be made in the form of shares of Stock (with one share of Stock distributed for each vested Restricted Stock Unit and cash equal in value to any fractional Restricted Stock Unit) registered in the name of the Participant. The shares of Stock distributed in settlement of the Restricted Stock Units will be evidenced by stock certificates which shall be delivered to Participant.

4. **Restrictions on Transfer.** The Participant may not sell, assign, pledge or transfer, other than by the laws of descent or distribution, his or her Restricted Stock Units or any rights under or with respect to the Restricted Stock Units.

5. **Rights as a Stockholder.** The Participant shall not be a stockholder of the Company until the shares of Stock issued in settlement of the Restricted Stock Units are registered in his or her name in accordance with the terms of this Agreement.

6. **Notices.** Any notice required or permitted under this Agreement shall be deemed given when delivered personally, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Company at its principal offices, to the Participant at the Participant's address as last known by the Company or, in either case, such other address as one party may designate in writing to the other.

7. **Securities Laws Requirements.** The Company may require as a condition of distribution of any shares of Stock in settlement of the Restricted Stock Units that the Participant furnish a written representation that he or she is holding the shares of Stock for investment and not with a view to resale or distribution to the public.

8. **Protections Against Violations of Agreement.** No purported sale, assignment, mortgage, hypothecation, transfer, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of,

or creation of a security interest in or lien on, any of the Restricted Stock Units by any holder thereof in violation of the provisions of this Agreement shall be valid. The Restricted Share Units do not constitute shares of Stock unless and until the shares of Stock issued in settlement of the Restricted Stock Units are registered in his or her name in accordance with the terms of this Agreement and the Participant shall not, as a result of this Agreement, be a stockholder of the Company. The foregoing restrictions are in addition to and not in lieu of any other remedies, legal or equitable, available to enforce said provisions.

9. Taxes. The Participant understands that he or she (and not the Company) shall be responsible for any tax obligations that may arise as a result of the transactions contemplated by this Agreement and shall pay to the Company the amount determined by the Company to be such tax obligation at the time such tax obligation arises. If the Participant fails to make such payment, the number of shares of Stock necessary to satisfy the tax obligations shall be withheld from any distribution in settlement of Restricted Stock Units and shall be used to satisfy the Participant's tax obligations. Without limiting the generality of the foregoing, (a) the Company has the right to withhold any shares of Stock to satisfy any applicable withholding taxes required by law, to the extent that the Company determines it is required to do so by law, and (b) the Participant agrees to pay to the Company (and hereby authorizes the Company to withhold from other amounts that are otherwise payable to him or her from the Company if he or she fails to make such payment) the amount of the Participant's portion of any required employment taxes (e.g., FICA and Medicare taxes) that are due upon the vesting of all or any portion of the Restricted Stock Units, which payment shall be made at such time specified by the Company in order to enable the Company to meet its legal obligations with respect to such payments.

10. Failure to Enforce Not a Waiver. The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

11. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware without regard to its principles of conflict of laws.

12. Amendments. Except as provided in Section 16, this Agreement may be amended or modified at any time only by an instrument in writing signed by each of the parties hereto.

13. Survival of Terms. This Agreement shall apply to and bind the Participant and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

14. Agreement Not a Contract for Services. Neither the grant of Restricted Stock Units, this Agreement nor any other action taken pursuant to this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Participant has a right to continue to provide services as an officer, director, employee or consultant of the Company for any period of time or at any specific rate of compensation.

15. Severability. If a provision of this Agreement is held invalid by a court of competent jurisdiction, the remaining provisions will nonetheless be enforceable according to their terms. Further, if any provision is held to be over broad as written, that provision shall be amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and enforced as amended.

16. Special Section 409A Rules. Notwithstanding any other provision of this Agreement to the contrary, if any payment or benefit hereunder is subject to section 409A of the Code, and if such payment

or benefit is to be paid or provided on account of the Participant's termination of employment (or other separation from service):

- (a) and if the Participant is a specified employee (within the meaning of section 409A(a)(2)(B) of the Code) and if any such payment or benefit is required to be made or provided prior to the first day of the seventh month following the Participant's separation from service or termination of employment, such payment or benefit shall be delayed until the first day of the seventh month following the Participant's separation from service; and
- (b) the determination as to whether the Participant has had a termination of employment (or separation from service) shall be made in accordance with the provisions of section 409A of the Code and the guidance issued thereunder without application of any alternative levels of reductions of bona fide services permitted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement, effective as of the date first noted above.

PDI, INC.

PARTICIPANT

Jennifer Leonard
SVP, HR& IT

Graham Miao

**FORM OF
PDI, INC.
STOCK APPRECIATION RIGHTS (“SARs”)
INDUCEMENT AGREEMENT FOR
Graham Miao
October 20, 2014**

This Stock Appreciation Rights (“SAR”) Inducement Agreement (the “Agreement”) is made as of **October 20, 2014** (the “Date of Grant”) between PDI, Inc., a New Jersey corporation, (the “Company”), and **Graham Miao** (the “Recipient”), an employee of the Company.

In order to induce the Recipient to join the Company and to align the Recipient’s financial interests with those of the Company’s stockholders, the Board has approved this SAR award, subject to the restrictions and on the terms and conditions contained in this Agreement. This grant is intended to constitute a non-plan based “inducement grant,” as described in the NASDAQ Listing Rule 5635(c)(4).

The Company maintains the PDI, Inc. 2004 Stock Award and Incentive Plan (the “Plan”). This award is not awarded pursuant to the Plan, but rather is intended to constitute a non-plan based “inducement grant.” Nonetheless, the terms and provisions of the Plan are hereby incorporated into this Agreement by this reference, as though fully set forth herein, as if this award was granted pursuant to the Plan. Unless the context herein otherwise requires, the terms defined in the Plan shall have the same meanings herein.

Section 1. Stock Appreciation Rights Award. The Company grants to the Recipient, on the terms and conditions hereinafter set forth, the right to receive the Appreciation in Value of 117,187 shares of the Company’s Common Stock (the “SAR Shares”). For purposes of this Agreement, “Appreciation in Value” shall mean the difference between the Fair Market Value of each SAR share as of the Date of Grant (\$1.79) and the Fair Market Value of each SAR share on the date the Recipient exercises such SAR.

Section 2. Vesting of SARs. Subject to Sections 4 and 5 hereof, the SARs shall vest in three (3) equal annual installments commencing as of the Date of Grant in accordance with the vesting schedule below.

<u>Vesting Date</u>	<u>Number of SARs</u>
October 20, 2015	39,062
October 20, 2016	39,062
October 20, 2017	39,063

Section 3. SAR Term. Subject to the provisions of Section 5 of this Agreement, the SARs that become vested pursuant to Section 2 hereof may be exercised at any time during the SAR Term. For purposes of this Agreement, the SAR Term expires on the date which is five (5) years after the Date of Grant, or October 20, 2019. Upon the expiration of the SAR Term, any vested and unexercised SARs shall be cancelled and no longer exercisable, and shall be of no further force or effect.

Section 4. SAR Exercise. Subject to the provisions of Section 5 hereof, you may inform the Company of your intention to exercise any portion (or all) of your vested SARs at any time prior to the expiration of the SAR Term by submitting the appropriate SAR exercise form to the Company. The SAR exercise form must be provided to the Company at least three (3) business days prior to the proposed exercise date, and

must: (i) state the number of SARs desired to be exercised; (ii) in the event that the SARs shall be exercised by any person other than the Recipient hereof, include appropriate proof of the right of such person to exercise the SAR; and (iii) comply with such further requirements consistent with the Plan as the Board or the Committee may from time to time prescribe. No exercise of any SARs will be effective until the appropriate and completed SAR exercise form is received and processed in the ordinary course by the Company.

Upon exercise, you will receive the Appreciation in Value in your exercised SAR Shares, determined as of the Exercise Date, in the appropriate number of unrestricted shares of Company common stock, subject to all applicable federal and state income tax and other appropriate deductions. You are responsible for the payment of all federal, state and local income taxes and other appropriate deductions associated with any SAR exercise, and the Company reserves the right to postpone the transfer of any common stock shares payable as a result of your SAR exercise until such amounts are paid. Nothing in this Agreement shall permit a participant to receive payment in any form other than shares of Company common stock, including cash. Subject to the above provisions, the Company common stock shares payable upon the exercise of SAR Shares shall be paid as soon as practicable following the exercise date; provided, however, that the Company may delay the issuance of such common stock shares to the extent necessary to comply with applicable federal and/or state laws and securities registration/ownership requirements.

Section 5. Termination of Service. If Recipient's service as an employee of the Company is terminated prior to any applicable vesting date as provided in Section 2 hereof for any reason, the Recipient shall: (i) immediately forfeit his interest in any SARs that have not yet become vested, which shall be cancelled and be of no further force or effect, and (ii) retain the right to exercise any SARs that have previously become vested until the expiration of thirty (30) days after the effective date of such termination of service; provided, however, that in the event such termination of service is as a result of the Recipient's Retirement or total and permanent disability (in accordance with the provisions of the Plan), the period during which an Recipient may exercise his or her vested SARs shall continue until the expiration of ninety (90) days after the date of employment termination. If the participant's employment terminates as a result of his or her death, (or if the participant should die after terminating his or her employment but prior to the expiration of the above referenced thirty (30) or ninety (90) day exercise period, as appropriate) the representative of the participant's estate shall have one (1) year from the employment termination date to exercise the participant's vested SARs.

Section 6. No Rights as Stockholder or Employee.

(a) The Recipient shall not have any rights and privileges of a stockholder of the Company with respect to any SARs, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which shares of Common Stock are entitled with respect to any such SARs.

(b) Nothing in this Agreement shall confer upon the Recipient any right to continue as an employee of the Company or to interfere in any way with the right of the Company to terminate the Recipient's employment at any time to the same extent as such right may exist in the absence of this Agreement.

Section 7. Adjustments. If at any time while any SARs are outstanding, the number of outstanding shares of Common Stock is changed by reason of any events described in the Plan, the number of SAR Shares granted under this Agreement, and any and all rights with regard to same, may be adjusted in accordance with the provisions of the Plan, in the sole discretion of the Company or its duly authorized designee.

Section 8. Restriction on Transfer of SAR Shares. No SAR Shares (or the option to exercise same) may be transferred, pledged, assigned, hypothecated or otherwise disposed of in any way by the Recipient, except to the Company upon termination of the Recipient's employment as provided for in the Plan. In the event a Recipient becomes legally incapacitated and terminates his or her employment, his SARs shall be exercisable by his or her legal guardian, committee or legal representative, in accordance with the provisions of Section 5 hereof. If the Recipient dies, the SAR shall thereafter be exercisable by the Recipient's

designated beneficiary or, absent such a designation, by the executors or administrators of Recipient's estate, in accordance with Section 5 hereof. Any attempted assignment, transfer, pledge, hypothecation or other disposition of any SAR Shares (or rights to exercise same) contrary to the provisions hereof, or the levy of any execution, attachment or similar process upon such SAR Shares, shall be null and void and without effect.

Section 9. Notices. Any notice hereunder by the Recipient shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the Company's office at Morris Corporate Center 1, Building A, 300 Interpace Parkway, Parsippany, NJ 07054, Attn: Human Resource Department, or at such other address as the Company may designate by notice to the Recipient. Any notice hereunder by the Company shall be given to the Recipient in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Recipient may have on file with the Company.

Section 10. Construction. The construction of this Agreement is vested in the Board or the Committee, as applicable, and their respective construction shall be final and conclusive.

Section 11. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New Jersey, without giving effect to the choice of law principles thereof.

Grant Date: October 20, 2014 PDI, Inc.

By: _____

Name: _____ Jennifer Leonard

RECIPIENT

Signature: _____

Print Name: Graham Miao



PDI, Inc. Announces Appointment of Graham G. Miao, MBA, Ph.D. as Chief Financial Officer

Brings Over 20 Years of Combined Financial and Healthcare Experience

Parsippany, NJ, October 14, 2014 - PDI, Inc. (Nasdaq: PDII), a leading healthcare commercialization company, announced the appointment of Graham G. Miao, MBA, Ph.D., as its new Executive Vice President (EVP) and Chief Financial Officer (CFO), responsible for overseeing the company's financial and operational management to help drive its healthcare commercialization services and molecular diagnostics businesses. He will report to Nancy Lurker, PDI's Chief Executive Officer, and begin his new role on October 20, 2014.

Mr. Miao brings to PDI a unique set of skills and valuable experience in financial and operational leadership within the pharmaceutical, biotechnology, medical device and business information industries. From 2011 to 2014, he was the EVP and CFO and later added additional roles as interim Co-President & Co-CEO of Delcath Systems, Inc., a publicly traded specialty pharmaceutical and medical device company, responsible for all finance-related functions and operations including strategy, financings, investor relations, accounting and financial reporting, corporate and business development, mergers and acquisitions and the legal and human resource departments.

Prior to Delcath, Mr. Miao served as Chief of Staff for the Global CFO organization at Dun & Bradstreet Corporation and EVP and CFO at Pagoda Pharmaceuticals. He has also held various finance positions of increasing responsibility at leading global pharmaceutical and finance companies, including Schering-Plough Corporation, Pharmacia Corporation and J.P. Morgan & Company.

"Graham's financial management experience within the healthcare sector will be invaluable as PDI's business continues to evolve," said Ms. Lurker. "His strong track record of providing financial leadership and strategically repositioning companies to drive sustained growth, combined with his dynamic management capabilities, makes him a strong addition to PDI's executive leadership team."

Mr. Miao earned an MBA in finance and a Ph.D. in biological sciences from Columbia University, an M.S. in molecular biology from Arizona State University, and a B.S. in biology from Fudan University in Shanghai.

"This is an exciting time to join PDI as it becomes established in new markets and continues to grow its core businesses," said Mr. Miao. "I look forward to contributing to the company's growth by seeking to maximize profitability from its core healthcare service business and helping develop and grow its higher margin molecular diagnostic business, while building PDI shareholder value and the company's investor base."

Mr. Miao replaces former EVP and CFO Jeffrey Smith. Smith was instrumental in streamlining PDI's infrastructure and leading its strategic shift as it enters the molecular diagnostics space. He also played a critical role in maintaining the competitiveness of the company's sales services business.

"On behalf of PDI, I thank Jeff for his valuable CFO leadership, hard work and his countless contributions and long-standing dedication, all of which guided PDI's direction over these last eight years," Ms. Lurker continued. "His sound guidance and counsel extended into so many areas of PDI beyond his role of CFO"

and were critical to maintaining our core business and helping establish PDI in the molecular diagnostic arena.”

In connection with the appointment of Mr. Miao, PDI's Compensation and Management Development Committee approved an award of restricted stock units (RSUs) and stock appreciation rights (SARs) on October 14, 2014, with a grant date fair value of \$75,000 each, contingent upon and effective as of Mr. Miao's start date with PDI (Start Date), which is expected to be October 20, 2014. The awards will be made pursuant to the NASDAQ inducement grant exception as a component of Mr. Miao's employment compensation, and are being made as an inducement material to Mr. Miao's acceptance of employment with PDI in accordance with NASDAQ Listing Rule 5635(c)(4).

Mr. Miao will be granted a number of SARs equal to \$75,000, as determined by the Company on the Start Date. The SARs will have a base price equal to the closing price of PDI's common stock on the Start Date and a 5-year term. The SARs vest over three years, with one-third of the SARs vesting on each of the first three anniversaries of the Start Date. Mr. Miao will also be granted a number of RSUs equal to \$75,000 divided by the closing price of PDI's common stock on the Start Date. The RSUs will vest in full on the third anniversary of the Start Date.

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. The company's Contract Sales business unit (CSO) is a leading provider of outsourced pharmaceutical, medical device and diagnostics sales teams. PDI's Interpace Diagnostics subsidiary is working to develop and commercialize molecular diagnostic tests leveraging the latest technology and personalized medicine for better patient diagnosis and management. 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. 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 Forms 10-Q and Forms 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.

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