

**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: November 3, 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:

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(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 2.02 Results of Operations and Financial Condition**

On November 3, 2014, PDI, Inc. issued a press release announcing its results of operations and financial condition for the quarter ended September 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**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release dated November 3, 2014.

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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/ Graham G. Miao

Graham G. Miao

Chief Financial Officer

Date: November 3, 2014

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**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release dated November 3, 2014.



**INVESTOR CONTACT:**

Bob East  
Westwicke Partners  
(443) 213-0500  
[bob.east@westwicke.com](mailto:bob.east@westwicke.com)

**PDI Reports 2014 Third Quarter Financial Results;  
Acquires RedPath Integrated Pathology**

*Management Will Host Conference Call Today November 3 at 8:00 am ET*

**Parsippany, N.J., November 3, 2014** - PDI, Inc. (Nasdaq: PDII), today reported financial and operational results for the fiscal third quarter ended September 30, 2014. Developments during the quarter and recent weeks subsequent to the quarter include:

- Revenue of \$29.2 million for the third quarter of 2014 in line with our expectations
- Two significant commercialization service contracts with a total value of approximately \$140 million have been awarded and in contracting stage
- PDI acquired miR *Inform* Thyroid and Pancreas cancer molecular diagnostic tests from Asuragen, Inc.
- Subsequent to the end of the third quarter, PDI acquired RedPath Integrated Pathology, Inc., a molecular diagnostics company focused on gastrointestinal cancers through its proprietary *PathFinderTG*® platform, to further expand PDI's molecular diagnostic portfolio
- Appointed Graham G. Miao, MBA, Ph.D., as the company's new Chief Financial Officer to help drive its healthcare commercialization services and molecular diagnostics businesses
- PDI acquired JS Genetics, Inc., a CLIA-certified and CAP-accredited molecular diagnostics lab and
- On track to launch the next generation of miR *Inform* Thyroid (brand name ThyGenX) on Next-Gen Sequencing (NGS) platform

"We are pleased to announce that we have been awarded, and are in the contracting stage, two meaningful commercialization contracts that should contribute significantly in 2015. The first, a Sales Service CSO contract with a major U.S. pharma company, could generate revenue of up to \$30 million in 2015 and approximately \$60 million over two years. The second, a product commercialization for a medical device, is expected to add approximately \$12 million in 2015 and produce approximately \$80 million over the life of the contract. We are pleased that PDI has been selected as the commercialization partner of choice, given the competitive nature of the CSO business. These significant contract awards continue to demonstrate PDI's ability to successfully commercialize products to health care providers, a core capability we will now be leveraging for our Interpace Diagnostic subsidiary. We are privileged to work with our partners on these important device and prescription products," commented Nancy Lurker, CEO of PDI, Inc.

"Today, we also announced the acquisition of RedPath Integrated Pathology, a molecular diagnostics company with a platform to help physicians better manage patients at risk for certain types of gastrointestinal

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cancers through its proprietary *PathFinderTG*<sup>®</sup> platform. This is a transformational acquisition for Interpace Diagnostics and will establish us as a pioneer and leader in the upper gastroenterology cancer diagnostic market. This transaction, combined with our acquisition of the Asuragen thyroid oncology tests, the JS Genetics New Haven, Conn. laboratory, and our planned launch of ThyGenX later this year provides us a growth platform in the diagnostic oncology space, particularly in endocrine and GI cancer.”

“Furthermore, we are very pleased that Graham Miao has joined PDI at this important stage of the company’s growth. We intend to leverage the extensive experience of our new CFO, who brings to PDI a unique background of both financial and operational leadership roles in the pharmaceutical, biotechnology, medical device and business information industries. We welcome Graham and are excited to see the contributions he’ll bring to PDI.”

“In terms of third quarter results, our revenue of \$29 million is in line with our expectations. Gross margins of 13%, while down slightly compared to last year, are in line with current industry norms. Our adjusted EBITDA loss of \$3.3 million in the quarter was primarily driven by spending on our key strategic initiatives and revenue contract mix and timing that impacted gross profit,” said Nancy Lurker, CEO.

Ms. Lurker continued, “As for our outlook for the year, we anticipate revenue in our core business to be in the range of \$120 to \$122 million. We expect an operating loss in the range of \$7 to \$8 million and adjusted EBITDA of approximately \$(2) to \$(3) million in the core business for the full year 2014. Incorporating today’s RedPath announcement within our Interpace Diagnostics subsidiary, we expect total revenue of approximately \$121 to \$123 million and adjusted EBITDA in the range of \$(12) to \$(13) million.”

### **Third Quarter Business Review**

**Revenue-** For the third quarter of 2014, revenue of \$29.2 million was \$5.0 million or 15% lower than the third quarter of 2013 driven by a combination of contract expirations and relatively lower volumes of new contracts being executed in 2014.

- Sales Services revenue of \$28.2 million was \$2.6 million lower than the third 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 \$1.0 million was \$0.2 million higher than the third quarter of 2013.
- Product Commercialization Services revenue was \$2.7 million lower than the third quarter of 2013 due primarily to the natural expiration of the company’s sole Product Commercialization contract at the end of the second quarter of 2014. The revenue recorded by the company in the third quarter of 2014 was attributable to the *miRInform* test acquired from Asuragen, Inc.

**Gross Profit-** For the third quarter of 2014, gross profit of \$3.7 million was \$1.0 million lower than the third quarter of 2013 and, as expected, the overall gross profit percentage decreased to 13% in 2014 from 14% in 2013.

- Sales Services gross profit of \$4.1 million was in line with the third quarter of 2013.
  - Marketing Services gross profit for the third quarter of 2014 was a negative \$0.3 million due primarily to the costs associated with right-sizing the Group DCA work force.
  - Product Commercialization Services gross profit of a negative \$0.1 million was \$0.7 million lower compared to the third quarter of 2013 primarily due to the natural expiration of the of company’s Product Commercialization contract at the end of the second quarter of 2014.
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**Total Operating Expenses-** Total operating expenses for the third quarter of 2014 were \$8.0 million as compared to \$6.7 million for the same period in 2013. Included in the third quarter 2014 operating expenses are \$2.1 million of costs related to investment in our molecular diagnostics strategic initiative. Excluding these costs, total operating expenses for the third quarter of 2014 were \$5.9 million, \$0.9 million lower than 2013 operating expenses.

**Operating Loss-** The operating loss for the third quarter of 2014 was \$4.2 million, compared to \$2.1 million for the same period in 2013. The 2014 operating loss was primarily the result of the expected 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 third quarter of 2014 was \$(3.3) million compared to \$(1.3) million in the third quarter of 2013. Cash and cash equivalents at the end of the third quarter were \$27.0 million, down \$18.6 million from December 31, 2013 due primarily to investments in our strategic initiatives, including the acquisition of Asuragen assets, and increases in working capital requirements. The company estimates year-end 2014 cash of \$21-\$23 million including the acquisitions of Asuragen assets and RedPathas well as funding from the company's financing agreement.

### 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.

	<b>Adjusted EBITDA (Unaudited)</b>			
	<b>(\$ in thousands)</b>			
	<b>3rd Quarter Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Operating loss</b>	<b>\$ (4,223)</b>	<b>\$ (2,052)</b>	<b>\$ (8,243)</b>	<b>\$ (646)</b>
<b>Depreciation and amortization</b>	<b>491</b>	<b>345</b>	<b>1,328</b>	<b>922</b>
<b>Stock compensation</b>	<b>406</b>	<b>446</b>	<b>1,764</b>	<b>1,519</b>
<b>Adjusted EBITDA</b>	<b>\$ (3,326)</b>	<b>\$ (1,261)</b>	<b>\$ (5,151)</b>	<b>\$ 1,795</b>

### Conference Call

As previously announced, PDI will hold a conference call Monday, November 3, 2014 to discuss financial and operational results of the third quarter ended September 30, 2014. Details as follows:

Time: 8:00 AM (ET)

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

Conference ID#: 25037513

Live webcast: [www.pdi-inc.com](http://www.pdi-inc.com), under "Investor Relations"

The teleconference replay will be available two hours after completion through December 3, 2014 at (855) 859-2056 (U.S. and Canada) or (404) 537-3406. The replay pass code is 25037513. 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. The company's Sales Services business unit (CSO) is a leading provider of outsourced pharmaceutical, medical device and diagnostics sales teams. PDI's Product Commercialization Services, including Interpace Diagnostics, provides full product commercialization and is working to develop and commercialize molecular diagnostic tests leveraging the latest technology and personalized medicine for better patient diagnosis and management. Its Marketing Services 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](http://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, estimated gross profit and anticipated internal rate of return on investments 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, the inability to secure additional business or our inability to develop more predictable, higher margin business through in-licensing or other means. 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*

(Tables to Follow)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue, net	\$ 29,245	\$ 34,260	\$ 93,601	\$ 114,428
Cost of services	25,510	29,564	79,966	94,410
Gross profit	3,735	4,696	13,635	20,018
Compensation expense	3,678	4,231	11,081	13,300
Other selling, general and administrative expenses	4,280	2,517	10,797	7,364
Total operating expenses	7,958	6,748	21,878	20,664
Operating loss	(4,223)	(2,052)	(8,243)	(646)
Other expense, net	(20)	3	(50)	(30)
Loss from continuing operations before income tax	(4,243)	(2,049)	(8,293)	(676)
Provision for income tax	64	64	194	192
Loss from continuing operations	(4,307)	(2,113)	(8,487)	(868)
Loss from discontinued operations, net of tax	(29)	(28)	(118)	(31)
Net loss	<u>\$ (4,336)</u>	<u>\$ (2,141)</u>	<u>\$ (8,605)</u>	<u>\$ (899)</u>
Basic and diluted loss per share of common stock:				
From continuing operations	\$ (0.29)	\$ (0.14)	\$ (0.57)	\$ (0.06)
From discontinued operations	-	(0.01)	(0.01)	-
Net loss per basic and diluted share of common stock	<u>\$ (0.29)</u>	<u>\$ (0.15)</u>	<u>\$ (0.58)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares and common share equivalents outstanding:				
Basic	14,938	14,740	14,886	14,708
Diluted	14,938	14,740	14,886	14,708

**Segment Data (Unaudited)**  
**(\$ in thousands)**

	<b>Sales Services</b>	<b>Marketing Services</b>	<b>PC Services*</b>	<b>Consolidated</b>
<b>Three months ended September 30, 2014:</b>				
Revenue, net	\$ 28,186	\$ 1,006	\$ 53	\$ 29,245
<b>Gross profit (loss)</b>	<b>\$ 4,069</b>	<b>\$ (257)</b>	<b>\$ (77)</b>	<b>\$ 3,735</b>
Gross profit %	14.4%	-25.5%	-145.3%	12.8%

<b>Three months ended September 30, 2013:</b>				
Revenue, net	\$ 30,748	\$ 781	\$ 2,731	\$ 34,260
<b>Gross profit (loss)</b>	<b>\$ 4,038</b>	<b>\$ (10)</b>	<b>\$ 668</b>	<b>\$ 4,696</b>
Gross profit %	13.1%	-1.3%	24.5%	13.7%

	<b>Sales Services</b>	<b>Marketing Services</b>	<b>PC Services*</b>	<b>Consolidated</b>
<b>Nine months ended September 30, 2014:</b>				
Revenue, net	\$ 85,048	\$ 2,623	\$ 5,930	\$ 93,601
<b>Gross profit (loss)</b>	<b>\$ 13,577</b>	<b>\$ (951)</b>	<b>\$ 1,009</b>	<b>\$ 13,635</b>
Gross profit %	16.0%	-36.3%	17.0%	14.6%

<b>Nine months ended September 30, 2013:</b>				
Revenue, net	\$ 101,267	\$ 3,966	\$ 9,195	\$ 114,428
<b>Gross profit</b>	<b>\$ 16,609</b>	<b>\$ 1,012</b>	<b>\$ 2,397</b>	<b>\$ 20,018</b>
Gross profit %	16.4%	25.5%	26.1%	17.5%

\* Product Commercialization (PC) Services

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

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Cash and cash equivalents	\$ 27,005	\$ 45,639
Total current assets	\$ 42,206	\$ 62,709
Total current liabilities	28,667	31,400
Working capital	\$ 13,539	\$ 31,309
Total assets	\$ 62,227	\$ 69,064
Total liabilities	\$ 36,803	\$ 36,585
Total stockholders' equity	\$ 25,424	\$ 32,479

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

	<b>Nine months ended September 30,</b>	
	<b>2014</b>	<b>2013</b>
Net loss	\$ (8,605)	\$ (899)
Non-cash items:		
Depreciation and amortization	1,328	922
Stock-based compensation	1,764	1,519
Other	106	115
Net change in assets and liabilities	(2,559)	(1,420)
Net cash (used in) provided by operations	\$ (7,966)	\$ 237
Change in cash and cash equivalents	\$ (18,634)	\$ (3,156)

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