

PUMA BIOTECHNOLOGY, INC.
Form DFAN14A
December 10, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN CONSENT STATEMENT

SCHEDULE 14A INFORMATION

Consent Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Consent Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Consent Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

PUMA BIOTECHNOLOGY, INC.

(Name of Registrant as Specified in Its Charter)

FREDRIC N. ESHELMAN, PHARM.D.

JAMES M. DALY

SETH A. RUDNICK, M.D.

KENNETH B. LEE, JR.

(Name of Persons(s) Filing Consent Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

Destroying

Selected slides from Puma Biotechnology Inc. s presentation, dated December 4, 2015.

This presentation represents Dr. Fredric N. Eshelman s commentary on Puma s arguments.

1
Debunking Puma's Claim To Be Developing
Stockholder Value
Management
and
Board
unable

to
unlock
stockholder
value:
Puma
has
a
valuable
asset
that
could
generate
significant value for stockholders if managed correctly.
To date, Puma's current Board and management team have
failed to do so.
Lack
of
strategic
plan:
Puma's
current
Board
does
not
appear
to
have
an
overall
business
plan
to
successfully
bring
Puma's product to market.
Stockholder hopes are pinned to an eventual acquisition.
The
nominees
DO
have
a
plan:
We
have
outlined
a
full
set
of
business

initiatives
in
the
areas
of
commercialization,
marketing,
sales
and
manufacturing

topics
that
the
Company
has
never
addressed
publicly

as
well
as
finance,
business development and corporate governance.

Puma's
current
Board
has
been
tested
and
failed:

The
current
Board
is
not
up
to
the
task

of
generating
acceptable

value for stockholders from Puma's asset. The four highly qualified and experienced nominees Dr. Eshelman proposes for election will bring critical skills to the Board and equip it to oversee a successful strategy for realizing the value of neratinib.

Puma's
inability

to
manage
market
expectations
creates
risk:
Mismanagement
of
market
expectations,
as

evidenced by Puma's long history of overpromising and delays in presenting trial results, has greatly contributed to recent stock price volatility and could create significant additional downside risks for investors. More effective Board oversight of management is the only way to correct this.

Inadequate
transparency
and
skin

in
the
game :
Puma

has
exhibited
an
alarming
lack
of
transparency
with

investors, including Dr. Eshelman, something the Nominees will seek to immediately address if elected. In addition, the four independent directors' interests are inadequately aligned with those of stockholders. Rather than show how it intends to Develop Shareholder Value, the Company's presentation demonstrates the need for a change.

On
8/10/15
anticipated
publishing
in
Q3
15.

On
5/11/15 and 3/2/15 anticipated publishing mid-
2015.

Stated on 11/13/14 would file in 1H
15.

There are

only 3.5
weeks left in
4Q
15
yet
no definite
dates, places
or journals
(other than
SABCS) have
been
disclosed or
publicly
scheduled.

In light of
Puma's
history of
delays, it
seems highly
unlikely that
these things
will happen
on the
schedule
described
here.

Still haven't
disclosed
which data
(two days
before).
On 8/10/15
anticipated
completing in 3Q
15.

On 5/11/15 and
3/2/15
anticipated
completing in 1H
15.

On 11/10/14
anticipated
presenting data
in 4Q
14.

Stated on 11/10/15 that it was expected in 2H
15.

All
of
these
offerings
took
place
before
the

current
board
failed
to
manage
investor
expectations
surrounding
the ExteNET
data, leading to the stock's plummeting after the May 2015 ASCO Annual Meeting.

The Company fails to take responsibility
for the role its failure to manage market
expectations played in the stock's
heightened volatility.

We agree that
there is
significant
potential value
but improved
oversight and
additional
experience on
the board is
needed for that
value to be
realized. The
Company has not
explained how
they intend to
achieve this long-
term significant
value.

The Company does not identify a peer group for
executive compensation benchmarking in its proxy
statement. Therefore, Dr. Eshelman chose Clovis,
Oncology, Inc., Seattle Genetics, Inc., Medivation, Inc.,
ARIAD

Pharmaceuticals, Inc., and bluebird bio, Inc.
because, of the comparable companies provided by
Capital IQ, these were the closest to Puma in
development stage and market cap.

The Company
has consistently
claimed that it is
developing three
drug candidates
in numerous SEC
filings, including
its most recent
10-K. Puma has

never explained
what happened
to the
development of
these
candidates.

However, on slide 11 the Company manages to identify 10 peers in order to show that 2 other life sciences companies also have 5 directors. The Company provides no discernible basis or source for its list of peers.

Our concern is if

Puma

management is

left unchecked

there is potential

for significant

downside from

continued

overstatements -

as we saw

recently with

Clovis Oncology,

Inc.

Puma s 4 independent
directors own very little
stock:

Combined 3.22%
beneficial ownership

Combined 0.003% of
shares held directly.

Each independent
director on average
owns less than

0.007%, excluding options and shares which directors do not have any pecuniary interest.

NOT

No independent director has purchased shares within the last two years.

The overwhelming majority of shares beneficially owned by the independent directors are options granted as part of compensation, or were acquired in the Company's early stages when the stock price was cheap, and do not reflect actual financial commitment.

This is a false and misleading accusation. Dr. Eshelman expressly offered that potentially material information be redacted and stated that he

was not seeking material nonpublic information. Rather, he sought to analyze and value his ownership stake and ascertain whether the Board members acted appropriately in connection with the consideration of any business combinations, asset sales, mergers or other strategic transactions.

The Company gave no such assurances

. We made no such assumption and clearly identified the shareholder plaintiff claims as allegations.

Dr. Eshelman

fully understands the relevant metrics and has used Kaplan-Meier for years. The Company continues to avoid the issue of how its optimistic statements about the ExteNET data led investors and analysts to consistently expect that there would be a 3-5% increase in absolute DFS, which was not the reality and caused stockholder value to plummet. The Company also fails to address the other cases in which its optimistic statements were followed by high expectations for data releases and other milestones that were not realized.

The Company only responded as required by Delaware law when Dr. Eshelman filed for expedited proceedings.

Puma s
The motion does not demonstrate

the truth of the statements. The court has not ruled on the motion, and demonstration of truthfulness is not the legal standard.

Each only serves on one other public board. Dr. Eshelman would leave certain current private boards if appointed as a director of Puma.

Dr. Eshelman has extensive experience in early stage cancer companies.

Dr. Rudnick developed two different biological

compounds
used in
cancer
treatment
and led their
approval
process.
Our nominees
would add
significantly to the
board:

Over a century
of combined
industry
experience

Key roles in
over \$10 billion
in M&A
sales.

Central roles in
developing or
launching
numerous
pharmaceutical
products.

Exponentially
higher levels of
board and
governance
experience.

Far broader
investment and
finance
experience.

Dr. Eshelman was not replaced as CEO. Rather, he initiated and was fully involved in planning and executing the company's succession plan. The Company

neglects that most of these analyst statements came during a two-year period when the overall market was significantly down due to the financial crisis. Dr.

Eshelman's tenure at PPDI was approximately 20 years.

By the standards the current board uses to judge its own past, PPDI compares very favorably. PPDI sold at an increase of 421% over its initial listing price, while Cougar's value only increased by 140%, and was even more volatile in the interim than PPDI, twice experiencing declines that brought it back to its initial listing price.

Regarding
the
carcinogenicity
studies,
Auerbach
claimed
in
December
2014
that

he
anticipated
that
these
studies
would
be
complete by November 2015:

These
carcinogenicity
studies
with
neratinib
are
anticipated
to
be
completed
in
November
2015 .

On November 30, 2015, he disclosed that only preliminary data was ready for the meeting with the EMA:

What
we
showed
them

we
don't
have
the
final
reports
yet.

What
we
showed
them
was
the
top
line
data,
so
kind
of
the

draft, if you will. We do not have the full report yet.

Now the Company claims that it intends to complete these studies at some unspecified point (we would note that the fact these studies were incomplete was also the cause for the original delay of the NDA filing from 2015 to 2016).

We are not reassured.

If the current board really has an overall strategic business plan, beyond hoping for an eventual acquisition, it has never described it. The current board should outline its own strategic plan for investors and provide evidence that the necessary groundwork is being laid.

The Nominees have discussed and outlined a full set of business initiatives in the areas of commercialization, marketing and sales, and manufacturing (topics that the Company has never publicly discussed beyond vague and canned statements), as well as finance, business development, and corporate governance.

The Company has a track record of delays, lack of transparency and mismanaging of expectations for all 3 of these items.

See our investor presentation.

Certain Disclosures

9

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