
**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): June 1, 2011

Marshall Edwards, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-50484
(Commission
File Number)

51-0407811
(I.R.S. Employer
Identification No.)

11975 El Camino Real, Suite 101, San Diego, California 92130
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (858) 792-6300

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 (see General Instruction A.2. below):

- 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 1.01 Entry into a Material Definitive Agreement.

The disclosures set forth under Item 5.02 below are hereby incorporated by reference into this Item 1.01.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 2, 2011, Marshall Edwards, Inc. (the "Company") announced Dr. Robert Mass's appointment as Chief Medical Officer of the Company, effective June 1, 2011.

Dr. Mass, age 56, has more than 20 years of experience as a medical oncologist in both clinical practice and clinical drug development. Dr. Mass held a number of leadership positions at Genentech, Inc. from 1998 to 2009, most recently as Head of Medical Affairs, BioOncology, a position created to strategically integrate and optimize all of the non-sponsored clinical programs within Genentech's oncology portfolio. He also served on the Executive Development Review Committee at Genentech, which was responsible for the review and approval of all sponsored clinical programs across Genentech's therapeutic portfolio. Previously he served as clinical science leader for Herceptin from 1999 to 2002, Tarceva from 2002 to 2003, and Avastin, currently the leading oncology therapeutic worldwide, from 2003 to 2007. After leaving Genentech, Dr. Mass provided consulting services to several oncology companies. Prior to joining Genentech, he practiced Hematology and Medical Oncology from 1988 to 1998. Dr. Mass earned his bachelor's degree in economics from Tufts University and his medical degree from Oregon Health & Science University. He is certified by the American Board of Internal Medicine in both Internal Medicine and Medical Oncology.

In connection with Dr. Mass's appointment as Chief Medical Officer, the Company has entered into an Employment Letter, dated June 1, 2011, with Dr. Mass (the "Employment Letter"). Dr. Mass's Employment Letter provides for an annual base salary of \$350,000, subject to upward adjustment at the discretion of the Compensation Committee of the Board of Directors of the Company. Dr. Mass will also have the opportunity to earn an annual cash bonus in an amount up to a maximum of 20% of the base salary based on the achievement of milestones established by the Board of Directors. The Employment Letter requires Dr. Mass to devote at least 25% of his total working time, attention and energies to the Company through June 1, 2012, and up to 100% thereafter. Dr. Mass's base salary and any annual cash bonus will be pro-rated if and to the extent Dr. Mass is not working a full-time schedule.

Pursuant to the terms of Dr. Mass's Employment Letter, Dr. Mass will also receive an initial grant of options to purchase 177,620 shares of the Company's common stock, with an exercise price per share equal to the closing price of the Company's common stock on June 1, 2011, pursuant to the terms and conditions of the Employment Letter and the applicable stock option grant agreement. Of Dr. Mass's options, 25% will vest one year from the effective date of the Employment Letter and, thereafter, the remaining 75% of Dr. Mass's options will vest in equal monthly installments over the following thirty-six (36) months. In the event of a Change in Control of the Company, as defined in the Employment Letter, Dr. Mass's options will become fully vested. In addition to certain customary anti-dilution provisions, the Company has agreed in the Employment Letter, as an additional anti-dilution measure, that until June 1, 2012, upon the occurrence of an event that reduces the level of Dr. Mass's equity interest in the Company, the Board of Directors will take such actions as may be necessary to restore Dr. Mass's equity interest to the level as in effect before such event. Unless terminated earlier in accordance with the terms of the Employment Letter or the stock option grant agreement, the options will terminate on May 31, 2016.

Dr. Mass may terminate his employment at any time other than for Good Reason (as defined in the Employment Letter), upon providing two (2) months advance notice to the Company. Dr. Mass may terminate his employment with Good Reason by providing the Company with notice within sixty (60) days of the event giving rise to the Good Reason (and the Company does not cure the Good Reason event within thirty (30) days after receiving notice). The Company has the right to terminate Dr. Mass's employment with or without Cause (as defined in the Employment Letter) at any time. If Dr. Mass's employment is terminated by the Company without Cause or by Dr. Mass for Good Reason, Dr. Mass will be entitled to (i) a lump sum payment in an amount equal to twelve (12) months of his base salary, pro-rated if and to the extent that Dr. Mass is not working a full-time

schedule, and (ii) accelerated vesting of his options such that Dr. Mass will be vested in the same number of options as if he had continued to be employed by the Company for an additional twelve (12) months. The Employment Letter contains confidentiality provisions.

There is no arrangement or understanding between Dr. Mass and any other persons pursuant to which he was selected as Chief Medical Officer. Dr. Mass does not have any family relationships with any director, executive officer or person nominated by the Company to become a director or executive officer. There are no relationships between Dr. Mass and the Company that would require disclosure pursuant to Item 404(a) of Regulation S-K.

The foregoing summary description of Dr. Mass's Employment Letter is qualified in its entirety by reference to the text of the Employment Letter, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On June 2, 2011, the Company issued a press release announcing the appointment of Dr. Mass as Chief Medical Officer. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

None of the information furnished in this Item 7.01 and the accompanying Exhibit 99.1 will be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor will it be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Letter, dated June 1, 2011, between Marshall Edwards, Inc. and Dr. Robert Mass.
10.2	Non-Qualified Stock Option Grant Agreement, dated June 1, 2011, between Marshall Edwards, Inc. and Dr. Robert Mass.
99.1	Press Release, dated June 2, 2011.

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.

MARSHALL EDWARDS, INC.

By: /s/ Daniel P. Gold
Daniel P. Gold
President and Chief Executive Officer

Dated: June 2, 2011

Index to Exhibits

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MARSHALL EDWARDS, INC.

June 1, 2011

Dr. Robert D. Mass
106 Elinor Avenue
Mill Valley, CA 94941

Dear Robert:

On behalf of Marshall Edwards, Inc. (the "Company"), I am pleased to confirm your offer of employment on the following terms and conditions as set forth in this letter agreement between you and the Company (the "Letter Agreement"):

1. Employment. You will be employed by the Company as its Chief Medical Officer. You will report to the Company's Chief Executive Officer or such persons as designated by the Company, and shall perform such duties as may be assigned to you. You may also be appointed to serve, and agree to serve, as an officer and/or director of one or more subsidiaries and/or affiliates of the Company. Your employment will start on June 1, 2011 (the "Effective Date"). The period during which you are actually employed by the Company is referred to as the "Employment Period". This offer of employment is contingent upon the Company's satisfactory review and check of your references. In the performance of your duties, you agree to use your best efforts to perform your duties faithfully and while you remain employed, not to engage in any other business activity that is in conflict with your duties and obligations to the Company; provided, that, with the Company's approval, you may serve on the board of directors or in other consultative positions of other companies. In addition, except as otherwise mutually agreed to by you and the Company, you agree to devote a percentage of your total working time, attention and energies to the businesses of the Company and its subsidiaries that is (i) no less than: 25% during the one-year period following the Effective Date, and (ii) up to 100% thereafter.
2. Base Salary. You will be paid a base salary ("Base Salary") at an annual rate of \$350,000, payable in installments in accordance with the Company's regular payroll policies as in effect from time to time. Your Base Salary will be pro-rated if and to the extent that you are not working a full-time schedule. Your Base Salary will be reviewed at least annually, and may be subject to upward adjustment at the Company's discretion.
3. Annual Bonus. In addition to a Base Salary, you will be eligible for a cash bonus for any fiscal year of the Company that ends during the Employment Period in an amount up to a maximum of 20% of your Base Salary as then in effect. Payment of the bonus shall be

contingent upon the attainment of milestone goals established by the Company's Board of Directors (the "Board") and Chief Executive Officer and communicated to you as soon as administratively practicable after the beginning of the fiscal year for which the annual bonus will be paid. As with your Base Salary, your annual bonus shall be pro-rated if and to the extent that you are not working a full-time schedule.

4. Stock Options. You will receive options to purchase shares of the Company's common stock ("Shares") in accordance with this Paragraph 4.

(a) Amount. You will receive an initial grant of 177,620 options equivalent to 2% of current outstanding Shares. These options will be granted to you as soon as administratively practicable (but in no event more than 30 days) following the Effective Date. In all cases, the Company's obligation to grant these options (and any additional options pursuant to Paragraph 4(e)) shall be contingent upon the availability of a sufficient number of shares under the Option Plan (as defined below) and the Company satisfying any applicable exchange listing or other legal requirements to make these grants.

(b) Exercise Price. The exercise price for your options will be equal to the fair market value of the Shares on the date of the option grant.

(c) Vesting. Your options will be subject to a vesting schedule such that: (i) 25% of the Shares subject to a particular option grant will vest on the first anniversary of the date of the option grant, and (ii) thereafter, the remaining 75% of the Shares subject to that option grant will vest in equal, monthly installments over the following 36 months. In the event of a Change in Control (as that term is defined in the Company's 2008 Stock Omnibus Equity Compensation Plan (the "Option Plan")), your options will accelerate and become fully vested. In addition, your options may be subject to additional vesting in accordance with the termination provisions in Paragraph 6.

(d) General Terms and Conditions. The options granted pursuant to Paragraph 4(a) shall be subject to the terms and conditions of the Option Plan and the model option grant agreement as attached hereto as Exhibit A.

(e) Anti-Dilution. During the 12-month period following the Effective Date, your equity interest in the Company will be protected against further dilution. That is, if an event occurs during this 12-month period that reduces the level of your equity interest in the Company (as a percentage of the Company's outstanding Shares), the Board shall take such actions as may be necessary (the form and nature of such actions to be determined by the Board in its sole discretion) to restore your equity interest in the Company to the level as in effect before such event. This anti-dilution protection applies only to the equity interest you hold as of the date of the diluting event and does not apply to equity interest grants made to you after the diluting event.

(f) Additional Options. Upon the 12-month anniversary of the Effective Date and thereafter, the Board will determine whether additional grants of options will be made to

you. Any such additional option grants will be subject to the terms and conditions (for example, the amount, exercise price, vesting, performance requirements, etc.) as determined by the Board in its sole discretion.

5. Benefits; Vacation; and Reimbursement of Expenses.

(a) Benefits. You will be entitled to participate in all employee retirement and welfare benefit plans and programs made available by the Company to its employees from time to time, subject to whatever generally applicable eligibility and participation requirements apply to the particular plan. Nothing in this Letter Agreement will prevent the Company from amending or terminating any of its employee benefit plans at any time for any reason.

(b) Vacation. You will be entitled to reasonable periods of vacation each year in accordance with the Company's vacation practices and as determined by the Company.

(c) Expenses. You will be reimbursed for your reasonable business expenses incurred in the course of your employment with the Company; provided, that any requests for reimbursement of expenses are substantiated and submitted to the Company in accordance with the Company's expense reimbursement policies.

6. Termination.

(a) Generally. Except as otherwise provided below, either party may terminate your employment by giving advance notice to the other party.

(b) Your Voluntary Termination. You may terminate your employment voluntarily, other than for Good Reason (as defined below), at any time by providing the Company with two months' advance notice (or such shorter period of notice as the Company may accept). Upon your voluntary termination of employment other than for Good Reason, you are eligible to receive only such amounts that you have earned but that have not yet been paid to you. You are not eligible for any severance pay or other benefits from the Company.

(c) Termination by the Company for Cause. The Company may terminate your employment for Cause (as defined below). If the Company terminates your employment for Cause, the Company shall not be required to provide you with any advance notice. Upon your termination for Cause, you are eligible to receive only such amounts that you have earned but that have not yet been paid to you. You are not eligible for any severance pay or other benefits from the Company.

(d) Termination by the Company Other Than for Cause. The Company may terminate your employment other than for Cause. Upon your termination of employment other than for Cause, if you are working no less than 25% of a full-time schedule, the Company will: (i) make a payment to you in lieu of notice in an amount equal to twelve months of your Base Salary (as in effect at the time of your termination from

employment, but pro-rated if and to the extent that you are not working a full-time schedule), and (ii) accelerate the vesting of your options so that you will be vested in the same number of Shares subject to the options as if you had continued to be employed by the Company for an additional twelve months. Such payment and additional option vesting shall be conditional upon your execution of a customary release of claims in favor of the Company and its affiliates, in a form prescribed by the Company. This payment in lieu of notice shall be paid to you in a single lump sum payment as soon as administratively practicable after the maximum review and revocation period for the release agreement as may be required under applicable law, if any, or such earlier date as determined in the Company's sole discretion, but in no event more than 60 days after your termination of employment. Except for providing you with this payment in lieu of notice and additional option vesting, you are not eligible for any severance pay or other benefits from the Company.

(e) Your Termination for Good Reason. You may terminate your employment for Good Reason by providing written notice to the Company within 60 days after the occurrence of the event(s) constituting Good Reason. The written notice shall contain a detailed description of the event(s) giving rise to your termination for Good Reason. Following the receipt of your notice, the Company shall have a period of 30 days in which it may correct the act or failure to act that constitutes the grounds for Good Reason as set forth in your notice of termination. If the Company does not correct the act or failure to act, you must terminate your employment for Good Reason within 30 days after the end of the cure period, in order for the termination to be considered a Good Reason termination. Upon your termination of employment for Good Reason during this 30-day period, you will receive the same payment in lieu of notice and additional option vesting as provided in the event of a termination by the Company without Cause as described in Paragraph 6(d); provided, that the payment and option vesting shall be subject to your execution of a release as described in Paragraph 6(d). Except for providing you with this payment in lieu of notice and additional option vesting, you are not eligible for any severance pay or other benefits from the Company.

(f) Definition of Cause. For purposes of this Letter Agreement, the term "Cause" means a finding by the Company that you have: (i) committed a felony or a crime involving moral turpitude; (ii) committed any act of gross negligence or fraud; (iii) failed, refused or neglected to substantially perform your duties (other than by reason of a bona fide physical or mental impairment) or to implement the directives of the Company that continued for 30 days after you had been provided adequate and specific written notice thereof; or (iv) willfully engaged in conduct that is materially injurious to the Company, monetarily or otherwise.

(g) Definition of Good Reason. For purposes of this Letter Agreement, the term "Good Reason" shall mean the occurrence of one or more of the following without your consent: (i) a material diminution by the Company of your authority, duties or responsibilities; (ii) a material diminution in your Base Salary; or (iii) any action or inaction that constitutes a material breach by the Company of this Agreement.

7. Assignment of Inventions/Confidentiality.

(a) Confidential Information. You acknowledge and agree that the information, observations, and data obtained by you while employed by the Company or any of its affiliates concerning the business affairs of the Company or any affiliate of the Company which is non-public and confidential in nature ("Confidential Information") are the property of the Company or such affiliate. Consequently, you agree that, except to the extent required by applicable law, statute, ordinance, rule, regulation or orders of courts or regulatory authorities, you shall not at any time (whether during or after the Employment Period) disclose to any unauthorized person or use for your own account any Confidential Information without the prior written consent of the Company, unless and to the extent that the aforementioned matters become generally known to and available for use by the public other than as a result of your acts or omissions to act or as required by law. The term "Trade Secrets or other Confidential Information" includes, by way of example and without limitation, matters of a technical nature, such as scientific, trade and engineering secrets, "know-how", formulas, secret processes, drawings, works of authorship, machines, inventions, computer programs (including documentation of such programs), services, materials, patent applications, new product plans, other plans, technical information, technical improvements, manufacturing techniques, specifications, ideas, manufacturing and test data, progress reports and research projects, and matters of a business nature, such as business plans, prospects, financial information, proprietary information about costs, profits, markets, sales, lists of customers and suppliers, procurement and promotional information, credit and financial data, plans for future development, information relating to the Company's management, operation and planning, and other information of a similar nature to the extent not available to the public, of or relating to the Company, its subsidiaries and affiliates, and their business, customers and suppliers, the disclosure of which to competitors of the Company or others would cause the Company to suffer substantial and irreparable damage. After expiration or termination of your employment with the Company for any reason, you shall not use or disclose Trade Secrets or other Confidential Information. You shall deliver to the Company at the termination of your employment, or at any other time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information, Work Product (as defined below) and the business of the Company or any affiliate of the Company which you may then possess or have under your control.

(b) Inventions and Patents. You agree that all inventions, innovations, improvements, developments, methods, designs, analyses, drawings, reports, and all similar or related information which relates to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by you during the Employment Period ("Work Product") belong to the Company. You will promptly disclose such Work Product to the Company and perform all actions reasonably requested by the Company (whether during or after the Employment Period) to establish and confirm such ownership (including, without limitation, assignments, consents, powers of attorney and other instruments).

8. Section 409A.

(a) This Letter Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and its corresponding regulations (“Section 409A”), or an exemption thereto, and payments may only be made under this Letter Agreement upon an event and in a manner permitted by Section 409A, to the extent applicable. Separation pay provided under this Letter Agreement is intended to be exempt from Section 409A under the “separation pay exception,” to the maximum extent applicable. Further, any payments that qualify for the “short-term deferral” exception or another exception under Section 409A shall be paid under the applicable exception. Notwithstanding anything in this Letter Agreement to the contrary, if you are considered a “specified employee” for purposes of Section 409A and if payment of any amounts under this Letter Agreement is required to be delayed for a period of six months after separation from service pursuant to Section 409A, to avoid the application of Section 409A to amounts payable hereunder, payment of such amounts shall be delayed as required by Section 409A, and the accumulated amounts shall be paid in a lump sum payment after the end of the six-month period, but not later than 10 days thereafter.

(b) All separation payments to be made upon a termination of service under this Letter Agreement may only be made upon a “separation from service” under Section 409A. For purposes of Section 409A, any right to a series of installment payments shall be treated as a right to a series of separate payments. In no event may you, directly or indirectly, designate the calendar year of a payment. All reimbursements and in-kind benefits provided under the Letter Agreement shall be made or provided in accordance with the requirements of Section 409A to avoid the application of Section 409A to such amounts, including, where applicable, the requirement that: (i) any reimbursement is for expenses incurred during the period of time specified in this Letter Agreement; (ii) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. Notwithstanding anything in this Letter Agreement to the contrary, any right of the Company to offset or otherwise reduce any sums that may be due or become payable by the Company to you or for your account, by any overpayment or indebtedness, shall be subject to limitations imposed by Section 409A.

9. Survivorship. The respective rights and obligations of the parties under this Letter Agreement shall survive any termination of the Employment Period to the extent necessary to the intended preservation of such rights and obligations. Without limiting the foregoing, for the sake of clarity, your obligations under Paragraph 7 shall survive the termination of the Employment Period.

10. Taxes and Withholding. The Company may withhold from any compensation or payments due under this Letter Agreement all federal, state and local taxes that the Company is required to withhold pursuant to any law or governmental rule or regulation. You will be responsible for all federal, state and local taxes due with respect to any compensation or payment received under this Letter Agreement.
11. Notices. For the purpose of this Letter Agreement, any notice or demand, hereunder to or upon any party hereto required or permitted to be given or made, shall be deemed to have been duly given or made for all purposes if (a) in writing and sent by (i) messenger or an overnight courier service against receipt, or (ii) certified or registered mail, postage paid, return receipt requested, or (b) sent by telefax, telex, or similar electronic means; provided, that a written copy thereof is sent on the same day by postage paid first-class mail, to such party at the following address:
- In your case, to you at:
- 106 Elinor Avenue
Mill Valley, CA 94941
- or at your last known address contained in the personnel records of the Company.
- In the case of the Company, to it at:
- Marshall Edwards, Inc.,
11975 El Camino Real, Suite 101
San Diego, CA 92130
Attention: Daniel Gold
Fax: 858-792-5406
- with a copy to:
- Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10022
Attention: Steven A. Navarro
Fax: (212) 309-6001
12. Governing Law. The terms of this Letter Agreement, and any action arising hereunder, shall be governed by and construed in accordance with the domestic laws of the State of California, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of California; provided, that the grant of the option set forth in Paragraph 4 above shall be governed by the laws of the State of Delaware, as set forth in the Option Plan.

13. Modification; Waiver; Severability. This Letter Agreement may not be released, changed or modified in any manner, except by an instrument in writing signed by you and the Company. The failure of either party to enforce any of the provisions of this Letter Agreement shall in no way be construed to be a waiver of any such provision. No waiver of any breach of this Letter Agreement shall be held to be a waiver of any other or subsequent breach. If any portion or application of this Letter Agreement should for any reason be declared invalid, illegal or unenforceable, in whole or in part, by a court of competent jurisdiction, such invalid, illegal or unenforceable provision or application or part thereof shall be severable from this Letter Agreement and shall not in any way affect the validity or enforceability of any of the remaining provisions or applications.
14. Assignment. This Letter Agreement is personal to you. You shall not assign this Letter Agreement or any of your rights and/or obligations under this Letter Agreement to any other person. The Company may, without your consent, assign this Letter Agreement to any affiliate or successor to its business.
15. Dispute Resolution. To benefit mutually from the time and cost savings of arbitration over the delay and expense of the use of the federal and state court systems, all disputes involving this Letter Agreement, including claims of violations of federal or state discrimination statutes or public policy, shall be resolved pursuant to binding arbitration in California. In the event of a dispute, a written request for arbitration shall be submitted to the San Francisco, California office of the American Arbitration Association under its Resolution of Employment Dispute Rules. The award of the arbitrators shall be final and binding and judgment upon the award may be entered in any court having jurisdiction thereof. This procedure shall be the exclusive means of settling any disputes that may arise under this Letter Agreement. All fees and expenses of the arbitrators and all other expenses of the arbitration, except for attorneys' fees and witness expenses, shall be shared equally by you and the Company. Each party shall bear its own witness expenses and attorneys' fees.
16. No Conflicts. You represent and warrant to the Company that your acceptance of employment and the performance of your duties for the Company will not conflict with or result in a violation or breach of, or constitute a default under any contract, agreement or understanding to which you are or were a party or of which you are aware and that there are no restrictions, covenants, agreements or limitations on your right or ability to enter into and perform the terms of this Letter Agreement.
17. Entire Agreement. This Letter Agreement supersedes all previous and contemporaneous communications, agreements and understandings, whether oral or written, between you, on the one hand, and the Company or any of its affiliates, on the other hand, and constitutes the sole and entire agreement between you and the Company pertaining to the subject matter hereof.

18. Counterparts. This Letter Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other party.

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If the foregoing is acceptable to you, kindly sign and return to us one copy of this letter.

Sincerely yours,

Marshall Edwards, Inc.

By: /s/ Daniel P. Gold

Name: Daniel P. Gold, Ph.D.

Title: Chief Executive Officer

AGREED TO AND ACCEPTED BY:

By: /s/ Robert Mass

Robert Mass

MARSHALL EDWARDS, INC.

NONQUALIFIED STOCK OPTION GRANT

This NONQUALIFIED STOCK OPTION GRANT, dated as of June 1, 2011 (the "Date of Grant"), is delivered by Marshall Edwards, Inc. (the "Company") to Robert D. Mass (the "Grantee").

RECITALS

A. The Compensation Committee has decided to make an Option grant as an inducement for the Grantee to commence employment with the Company and its Affiliates and to promote the best interests of the Company and its stockholders. References in this Agreement to the Compensation Committee shall include any successor thereto.

B. This Option grant is not being made pursuant to the terms of the Marshall Edwards, Inc. 2008 Stock Omnibus Equity Compensation Plan (the "Plan") or any other stockholder approved plan or arrangement. Notwithstanding the foregoing, the Option grant shall be subject to the terms and conditions of the Plan as if it had been granted under the Plan; provided, that this Option grant shall not be subject to: (i) the Share limits set forth in Section 3 of the Plan, (ii) any obligation to comply with Code section 162(m) as set forth in Sections 11, 17 and 18 of the Plan, and (iii) any obligation to obtain stockholder approval to amend or terminate the Plan or the Option as set forth in Section 18 of the Plan. Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth in the Plan.

NOW, THEREFORE, the parties to this Agreement, intending to be legally bound, hereby agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth in this Agreement and in the Plan, the Company hereby grants to the Grantee a nonqualified stock option (the "Option") to purchase 177,620 Shares at an Exercise Price of \$1.28 per Share. The Option shall become exercisable according to Paragraph 2 below.

2. Exercisability of Option. The Option shall become exercisable on the following dates, if the Grantee continues to be employed by, or provide service to, the Company and any Affiliate on the applicable date:

(a) the Option shall become exercisable with respect to 25% of the Shares subject to the Option on the 12-month anniversary of the "Effective Date" (as that term is defined in that certain employment agreement between the Grantee and the Company dated June 1, 2011 (the "Employment Agreement")); and

(b) the Option shall become exercisable with respect to 2.0833% of the Shares subject to the Option on the first day of each of the next 36 calendar months following the 12-month anniversary of the Effective Date; provided, that

(c) in the event that the Grantee's employment is terminated by the Company other than for "Cause" or by the Grantee for "Good Reason" (as those terms are defined in the Employment Agreement), in addition to those Shares for which the Option is already exercisable as determined in accordance with Paragraphs (a) and (b) hereof, upon such termination of employment, the Option shall become exercisable with respect to an additional number of Shares as would have been exercisable pursuant to Paragraphs (a) and (b) hereof had the Grantee continued employment with the Company for an additional 12 months; and provided, further, that

(d) in the event of a Change in Control, immediately before the Change in Control, the Option shall become fully exercisable with respect to all of the Shares subject to the Option

The exercisability of the Option is cumulative, but shall not exceed 100% of the Shares subject to the Option. If the foregoing schedule would produce fractional Shares, the number of Shares for which the Option becomes exercisable shall be rounded down to the nearest whole Share. Notwithstanding the foregoing, upon the occurrence of a Change in Control, the Option shall accelerate and become fully exercisable.

3. Term of Option.

(a) The Option shall have a term of five years from the Date of Grant and shall terminate at the expiration of that period (May 31, 2016), unless it is terminated at an earlier date pursuant to the provisions of this Agreement or the Plan.

(b) The Option shall automatically terminate upon the happening of the first of the following events:

(i) The ninety-first day following the date the Grantee is no longer employed by, or providing service to, the Company and any Affiliate, if the termination is for any reason other than Disability, death or Cause.

(ii) The first anniversary of the date the Grantee is no longer employed by, or providing service to, the Company and any Affiliate on account of the Grantee's death or Disability.

(iii) The date on which the Grantee ceases to be employed by, or provide service to, the Company and any Affiliate for Cause. Notwithstanding the prior provisions of this Paragraph 3, if the Grantee engages in conduct that constitutes Cause at any time while the Grantee is employed by, or provides service to, the Company and any Affiliate or after the Grantee's termination of employment or service, the Option shall immediately terminate, and the Grantee shall automatically forfeit all Shares underlying any exercised portion of the Option for which the Company has not yet delivered the Share certificates, upon refund by the Company of the Exercise Price paid by the Grantee for such Shares. Upon any exercise of the Option, the Company may withhold delivery of Share certificates pending resolution of an inquiry that could lead to a finding resulting in forfeiture.

(iv) The date of cancellation, termination, or expiration of the Option pursuant to action taken by the Compensation Committee in accordance with Sections 13 or 16 of the Plan.

Notwithstanding the foregoing, in no event may the Option be exercised after the date that is immediately before the fifth anniversary of the Date of Grant. Any portion of the Option that is not exercisable at the time the Grantee ceases to be employed by, or provide service to, the Company and any Affiliate shall immediately terminate.

4. Exercise Procedures.

(a) Subject to the provisions of Paragraphs 2 and 3 above, the Grantee may exercise part or all of the exercisable portion of the Option by giving the Company written notice of exercise in the manner provided in this Agreement, specifying the number of Shares as to which the Option is to be exercised and the method of payment. Payment of the Exercise Price shall be made in accordance with procedures established by the Compensation Committee from time to time based on the type of payment being made but, in any event, prior to issuance of the Shares. The Grantee shall pay the Exercise Price (a) in cash, (b) unless the Compensation Committee determines otherwise, by delivering Shares owned by the Grantee and having a Fair Market Value on the date of exercise at least equal to the Exercise Price, or by attestation (on a form prescribed by the Compensation Committee) to ownership of Shares having a Fair Market Value on the date of exercise at least equal to the Exercise Price, (c) by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (d) by such other method as the Compensation Committee may approve. In addition, in the event the Compensation Committee so determines, to the extent the Option is at the time exercisable for vested Shares, all or any part of that vested portion may be surrendered to the Company for an appreciation distribution payable in Shares with a Fair Market Value at the time of the Option surrender equal to the dollar amount by which the then Fair Market Value of the Shares subject to the surrendered portion of the Option exceeds the aggregate Exercise Price payable for those Shares. Notwithstanding any provision contained herein, Shares used to exercise the Option shall have been held by the Grantee for the requisite period of time necessary to avoid adverse accounting consequences to the Company with respect to the Option.

(b) The Company's obligation to deliver Shares upon exercise of the Option shall be subject to all applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate by the Compensation Committee, including such actions as Company counsel shall deem necessary or appropriate to comply with relevant securities laws and regulations. The Company may require that the Grantee (or other person exercising the Option after the Grantee's death) represent in writing that the Grantee is purchasing Shares for the Grantee's own account and not with a view to or for sale in connection with any distribution of the Shares, or such other written representation as the Compensation Committee deems appropriate.

(c) All obligations of the Company under this Agreement shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable. Subject to Compensation Committee approval, the Grantee may elect to satisfy any tax withholding obligation of the Company and any Affiliate, as applicable with

respect to the Option by having Shares withheld up to an amount that does not exceed the Grantee's minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities. The election must be in a form and manner prescribed by the Compensation Committee.

(d) Payment for the Shares to be issued or transferred pursuant to the Option and any required withholding taxes must be received by the Company by the time specified by the Compensation Committee depending on the type of payment being made, but in all cases prior to the issuance or transfer of such Shares.

5. Change in Control. Subject to the obligation to accelerate the exercisability of the Option as described in Paragraph 2 hereof, the provisions of the Plan applicable to a Change in Control shall apply to the Option, and, in the event of a Change in Control, the Compensation Committee may take such actions as it deems appropriate pursuant to and in accordance with the Plan.

6. Restrictions on Exercise. Except as the Compensation Committee may otherwise permit pursuant to the Plan, only the Grantee may exercise the Option during the Grantee's lifetime and, after the Grantee's death, the Option shall be exercisable (subject to the limitations specified in the Plan) solely by the personal representatives of the Grantee, or by the person who acquires the right to exercise the Option by will or by the laws of descent and distribution, to the extent that the Option is exercisable pursuant to this Agreement.

7. Grant Subject to Plan Provisions. Except as otherwise provided in the recitals above, this grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and exercise of the Option are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Compensation Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (a) legal requirements applicable to issuance of the Shares, (b) changes in capitalization of the Company and (c) other requirements of applicable law. The Compensation Committee shall have the authority to interpret and construe the Option pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder. In the event that there is a conflict between the terms and provisions of the Plan and the terms and provisions of this Agreement, the terms and provisions of the Plan shall govern.

8. No Employment or Other Rights. The grant of the Option shall not confer upon the Grantee any right to be retained by, or in the employ or service of, the Company and any Affiliate and shall not interfere in any way with the right of the Company and any Affiliate to terminate the Grantee's employment or service at any time. The right of the Company and any Affiliate to terminate at will the Grantee's employment or service at any time for any reason is specifically reserved.

9. No Stockholder Rights. Neither the Grantee, nor any person entitled to exercise the Grantee's rights in the event of the Grantee's death, shall have any of the rights and privileges of a stockholder with respect to the Shares subject to the Option, until certificates for Shares have been issued upon the exercise of the Option.

10. Assignment and Transfers. Except as the Compensation Committee may otherwise permit pursuant to the Plan and as otherwise provided in this Agreement, the rights and interests of the Grantee under this Agreement may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Grantee, by will or by the laws of descent and distribution. In the event of any attempt by the Grantee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or any right hereunder, except as provided for in the Plan and this Agreement, or in the event of the levy or any attachment, execution or similar process upon the rights or interests hereby conferred, the Company may terminate the Option by notice to the Grantee, and the Option and all rights hereunder shall thereupon become null and void. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and Affiliates. This Agreement may be assigned by the Company without the Grantee's consent.

11. Applicable Law. The validity, construction, interpretation and effect of this instrument shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware. To the extent the Grantee is a party to any employment agreement with the Company or any of its subsidiaries that provides for binding arbitration of employment disputes, then any disputes between the Company and the Grantee arising under the Plan or this Agreement shall be arbitrated in accordance with the procedures set forth in such employment agreement.

12. Notice. Any notice to the Company provided for in this instrument shall be addressed to the Company at Marshall Edwards, Inc., 11975 El Camino Real, Suite 101, San Diego, CA 92130, and any notice to the Grantee shall be addressed to such Grantee at the current address shown on the payroll of the Company and any Affiliate, as applicable, or to such other address as the Grantee may designate in writing. Any notice shall be delivered by hand or by a recognized courier service such as FedEx or UPS, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

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IN WITNESS WHEREOF, the Company has caused its duly authorized officers to execute and attest this Agreement, and the Grantee has executed this Agreement, effective as of the Date of Grant.

Marshall Edwards, Inc.

Attest:

/s/ Thomas M. Zech

By: /s/ Daniel P. Gold

I hereby accept the Option described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all of the decisions and determinations of the Compensation Committee shall be final and binding.

Grantee: /s/ Robert D. Mass

Date: June 1, 2011



Contact:

Pete De Spain
Sr. Director, Investor Relations &
Corporate Communications
(858) 792-3729
pete.despain@marshalledwardsinc.com

**MARSHALL EDWARDS ADDS FORMER GENENTECH HEAD OF MEDICAL AFFAIRS
ROBERT MASS AS CHIEF MEDICAL OFFICER**

Company Approves Grant Under Nasdaq Rule 5635

San Diego – June 2, 2011 – Marshall Edwards, Inc. (Nasdaq: MSHL), an oncology company focused on the clinical development of novel therapeutics targeting cancer metabolism, announced today the appointment of Robert Mass, M.D., as Chief Medical Officer. Dr. Mass joins Marshall Edwards after more than a decade at Genentech, where he played a leading role in the clinical development of blockbuster oncology drugs Herceptin®, Tarceva® and Avastin®. Dr. Mass has served as a consultant for Marshall Edwards since October 2010.

“Dr. Mass is the ideal choice to be Marshall Edwards’ Chief Medical Officer,” said Daniel P. Gold, Ph.D., President and Chief Executive Officer. “He brings incomparable expertise in all facets of oncology drug development, from creating an efficient clinical development strategy to managing multiple concurrent trials to effectively communicating with the FDA. In addition, Dr. Mass further bolsters our oncology presence with invaluable, hands-on experience treating patients. His appointment, combined with the recent closing of our private placement and asset purchase transactions, positions us very well as we prepare for the next phase of development.”

Dr. Mass has more than 20 years of experience as a medical oncologist in both clinical practice and clinical drug development. He held a number of leadership positions at Genentech from 1998 to 2009, most recently as Head of Medical Affairs, BioOncology, a position created to strategically integrate and optimize all of the non-sponsored clinical programs within the company’s oncology portfolio. He also served on the Executive Development Review Committee at Genentech, which was responsible for the review and approval of all sponsored clinical programs across the company’s therapeutic portfolio. Previously he served as clinical science leader for Herceptin from 1999 to 2002, Tarceva from 2002 to 2003, and Avastin, currently the leading oncology therapeutic worldwide, from 2003 to 2007. Prior to joining Genentech, he practiced Hematology and Medical Oncology from 1988 to 1998. Dr. Mass earned his bachelor’s degree in economics from Tufts University and his medical degree from Oregon Health & Science University. He is certified by the American Board of Internal Medicine in both Internal Medicine and Medical Oncology.

The Company also announced the approval of non-qualified stock option grants to Dr. Mass in accordance with Nasdaq Listing Rule 5635(c)(4).

On June 1, 2011, the Company agreed to grant Dr. Mass options to purchase 177,620 shares of the Company's common stock with an exercise price per share equal to the closing price of the Company's common stock on June 1, 2011.

Of Dr. Mass's options, 25% will vest one year from the date he commenced employment with the Company, and the remaining 75% of Dr. Mass's options will vest in equal monthly installments over the following 36 months. In the event of a Change in Control of the Company, as defined in Dr. Mass's employment agreement with the Company, Dr. Mass's options will become fully vested. The grants are outside the Company's 2008 Omnibus Stock Incentive Plan and were awarded to Dr. Mass in accordance with his acceptance of employment with the Company.

In addition to certain customary anti-dilution provisions, the Company has agreed in the Employment Letter, as an additional anti-dilution measure, that until June 1, 2012, upon the occurrence of an event that reduces the level of Dr. Mass's equity interest in the Company, the Board of Directors will take such actions as may be necessary to restore Dr. Mass's equity interest to the level as in effect before such event.

About Marshall Edwards

Marshall Edwards, Inc. (Nasdaq: MSHL) is a San Diego-based oncology company focused on the clinical development of novel anti-cancer therapeutics. The Company's lead programs focus on two families of small molecules that result in the inhibition of tumor cell metabolism. The first and most advanced is a NADH oxidase inhibitor program that includes lead drug candidate NV-143. The second is a mitochondrial inhibitor program that includes NV-128 and its next-generation candidate NV-344. Both programs are expected to advance into the clinic in 2011. For more information, please visit www.marshalledwardsinc.com.

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Under U.S. law, a new drug cannot be marketed until it has been investigated in clinical trials and approved by the FDA as being safe and effective for the intended use. Statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. You should be aware that our actual results could differ materially from those contained in the forward-looking statements, which are based on management's current expectations and are subject to a number of risks and uncertainties, including, but not limited to, our failure to successfully commercialize our product candidates; costs and delays in the development and/or FDA approval, or the failure to obtain such approval, of our product candidates; uncertainties or differences in interpretation in clinical trial results; our inability to maintain or enter into, and the risks resulting from our dependence upon, collaboration or contractual arrangements necessary for the development, manufacture, commercialization, marketing, sales and distribution of any products; competitive factors; our inability to protect our patents or proprietary rights and obtain necessary rights to third party patents and intellectual property to operate our business; our inability to operate our business without infringing the patents and proprietary rights of others; general economic conditions; the failure of any products to gain market acceptance; our inability to obtain any additional required financing; technological changes; government regulation; changes in industry practice; and one-time events. We do not intend to update any of these factors or to publicly announce the results of any revisions to these forward-looking statements.