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THE BUSINESS OF CAPITAL "SINCE 1843"

Marshall Edwards, Inc., (NASDAQNM: MSHL) is a subsidiary of the Australian pharmaceutical company, Novogen Limited. MEI has been formed to commercialize an important recent discovery in the oncology field — a new family of chemicals known as multiple signal transduction regulators (MSTRs). For more information please visit MEI at:
www.marshalledwardsinc.com or call 61-2-8877-6136
Christopher Naughton, President and Chief Executive Officer,
spoke with ***Wall Street Reporter Magazine***, on January 14, 2004.

WSR: *For those members of our audience not familiar with Marshall Edwards, Inc., let us start with a timeline of the company in a brief overview.*

MSHL: Marshall Edwards, Inc. made its public debut in an initial public listing on the London Stock Exchange's Alternative Investment Market in 2002. That had a limited number of public shareholders and was a vehicle by which Novogen Limited could develop the anti-cancer program for its lead candidate, Phenoxodiol. Marshall Edwards, Inc. has the rights to develop and commercialize Phenoxodiol plus it also has the rights to take on, on a first and last option basis, any other anti-cancer drugs coming out of the Novogen pipeline as they go into the clinical trial stage. So investment was sought and received for direct funding into Marshall Edwards, Inc. through the London market in 2002. The company has been trading publicly since then. In December 2003, we successfully brought the company to the NASDAQ national market where further stock was issued to US investors only and the company had a very successful entry into the US market through the NASDAQ national market. The issue was oversubscribed, priced well above the indicated range, and has traded at double the price of its issue price since listing some weeks ago. So it has been a very successful entrance into the US public market.

WSR: *Let us talk a bit about this focus on oncology products such as Phenoxodiol. Tell us more about it and where you stand in the clinic as things are progressing.*

MSHL: The immediate business of Marshall Edwards, Inc. is the clinical development of the anti-cancer drug, Phenoxodiol, which is currently in Phase II trials at the Yale Medical Center in the US. The cancer being investigated in that trial is ovarian cancer. The trial is almost complete and we are looking for some interim results to be discussed at cancer conferences in the US this quarter. The product is also under clinical trial in Phase II in Australia for prostate cancer. In that case, it is in the oral form; in the ovarian trial, it is in intravenous form. With successful Phase II results expected during this year, we would propose to go forward into more pivotal Phase II studies. So Phenoxodiol, currently, has had some excellent Phase I results by reference to abstracts presented by the various clinicians as the Phase I program had developed, and the important feature of Phenoxodiol in the clinical setting is its apparent safety in the hands of patients. So we are treating late-stage cancer patients with a compound that today has demonstrated a very effective safety profile. We are also seeing some efficacy in the program already. That has been indicated by the researchers in public statements, but we as a company await more formal findings presented in conferences and abstracts in the coming quarter.

WSR: *Now understanding Phenoxodiol as an anti-cancer drug, it belongs to a new generation of drugs as signal transduction inhibitors. Can you tell us a bit about how they work?*

MSHL: The signal transduction approach to anti-cancer is becoming much more understood and much more popular as an area for investigation because signal pathway intrusion has seemed to be a more effective and specific anti-cancer approach than general cell toxins which have had some success in the past. There are a number of signal transduction drugs currently coming to the market. Invariably they treat just one signal pathway, which requires a very specific cancer type for their effectiveness, sometimes a particular mutation of a particular cell in order to be effective. This limits the number of potential patients and the applicability of those drugs. However, with Phenoxodiol, it has multiple signal pathway activity and therefore, is expected to have a much broader application across cancers, and that is why we are able to run tri-

als here as we currently are with ovarian cancer and prostate cancer. We are currently also in the clinic with a skin cancer trial and we have foreshadowed developments in the clinic with respect to cervical cancer. So the opportunity for various solid tumor treatment with the one drug is evident already. The signal transduction approach is very specific to cancer cells. That is the benefit with respect to phenoxodiol's safety profile affecting a cancer-only signal transduction mechanism. In the case of Phenoxodiol, its effect on normal cells is limited and sometimes non-existent. The effect on the patient safety and well-being is, of course, then very evident.

WSR: *Now let us talk about the trends here from a regulatory standpoint. What is the FDA's approach here and what is the outlook on trying to get promising cancer drugs like this out to the market?*

MSHL: It is very timely that we have Phenoxodiol at this stage in the clinic at the same time as the FDA has a stated and practiced preference for treatments such as this. Treatments which are effective or expected to be effective against certain diseases for which there is no current therapy which offer patients the results they are looking for. In other words, the new FDA and Commissioner McCellan have, by word and deed, demonstrated that products like Phenoxodiol will be reviewed sympathetically from the FDA's point of view. So we are very confident that the appropriate data will receive a very positive response and an expedited response from the FDA, and we will be pursing that obviously during this year.

WSR: *What are the factors here that you would like to highlight, in the course of the past year in development for '03, that we should note about Marshall Edwards, Inc.?*

MSHL: The Phenoxodiol program is, of course, very public now and very open for interpretation because of its clinical status. Marshall Edwards also has the rights to further anti-cancer compounds that are coming from the vast library of compounds now under development in the Novogen portfolio. Novogen Limited actually owns currently 87.5% of Marshall Edwards Inc. and has an agreement with Marshall Edwards to offer it on a first-and-last basis any anti-cancer compounds coming into the clinic at Novogen. Now, there are a couple of new clinical developments foreshadowed for 2004, which we will be looking at very closely, and if appropriate, we will see a potentially very large growth in the Marshall Edwards portfolio of clinical programs this year. That is a very exciting development because these compounds are very closely related to Phenoxodiol and the results we are seeing with Phenoxodiol, particularly with respect to safety, are we expect, likely to be replicated with the new drug compounds. They will be specific to different cancer types and so a very comprehensive portfolio on anti-cancer drug development could be in the hands of Marshall Edwards by the end of this year.

WSR: *Now, looking at this time period ahead, what are some other milestones that we should look and keep on our radar screens here?*

MSHL: Well, in February coming, there is an anti-cancer conference in San Diego where an abstract and poster presentation will be presented by the Yale researchers. This relates to earlier work with Phenoxodiol, but it is the beginning of some public statements. Later in the year, there will be further cancer conferences where we expect to see some mention of the Phenoxodiol development program and clinical work probably predated by many months because of the timing of the conference and the timing of the abstracts, but it will begin to paint the picture of Phenoxodiol's safety profile. That is the public story. The private developments are the further extension of the clinical program for Phenoxodiol and the entree into the clinic of follow-on compounds.

WSR: *Now when we are looking at that value proposition, for those out there who look at the shares and the company in the market here in the US on the NASDAQ, what would you highlight here in closing on that value proposition in Marshall Edwards?*

MSHL: The current stock and the current market cap of the company are very modest with respect to comparable companies and certainly extremely modest with respect to the upside potential of a successful anti-cancer compound with the expected profile of Phenoxodiol. So we are looking at a probability-weighted outcome that would suggest that the current price of the stock represents an undervaluation, and that the upside potential is as high as one would possibly hope for with a revolutionary and worldwide opportunity that is presenting itself to us with this drug. ■