



CLX Medical, Inc.

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(OTC BB: CLXN)

29970 Technology Drive, Suite 203, Murrieta, CA 92563

Telephone: (951) 677-6735 / Facsimile: (951) 677-6573

investors@clxmedical.com

www.clxmedical.com

September 2008 Newsletter

CLX Medical Announces Definitive Agreement for the Acquisition of the ThyroTest(R) Rapid Screening Device

Inside This Issue

CEO Greeting
Page 2

CLX Directors File Stock Ownership Forms
Page 2

Long-term Contract Executed with CEO
Page 2

8-K Filed on ThyroTest Acquisition
Page 3

About the Company

CLX Medical, Inc. holds a 51% equity interest in Zonda, Inc., which has developed several rapid point of care tests for medical and non-medical markets, including a rapid test for Chlamydia. CLX recently announced a definitive agreement to acquire ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease. CLX Medical is focused on the successful worldwide distribution of these and any additional products it may acquire or license. For more information, please visit the CLX website at www.clxmedical.com and the Zonda website at www.zondaincusa.com.

CLX Medical Inc., which is focused on the marketing and distribution of unique medical diagnostic testing products, has announced that the company has executed a definitive agreement to acquire ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease. ThyroTest® is FDA cleared and has also achieved CLIA waived status, so the test can be administered in the more than 100,000 CLIA waived doctors' offices in the U.S., as well as in any non-waived laboratory.

A Current Report on Form 8-K regarding the Definitive Agreement was subsequently filed with the Securities and Exchange Commission (see page 3).



The definitive agreement was signed with ThyroTec, LLC, the developer of the ThyroTest® device. ThyroTec develops and markets medical diagnostic devices and products for use and application in the medical services industry.

"We are very pleased to announce the definitive agreement for the acquisition of ThyroTest®, which we believe is significantly superior to competitive products," stated Vera Leonard, chief executive officer of CLX Medical. "There will be more information regarding the details of the acquisition released over the next several days, including in the 8-K, which will be filed later today. We believe that the acquisition of ThyroTest® will be a major milestone in the development of CLX Medical as we seek to develop long-term value for the company's shareholders," Ms. Leonard added.

ThyroTest® is FDA cleared and has also achieved CLIA waived status, so the test can be administered in the more than 100,000 CLIA waived doctor's offices in the U.S., as well as in any non-waived laboratory. The simple rapid diagnostic test is a qualitative measurement that allows physicians to screen adult patients for hypothyroidism in approximately ten minutes with a whole blood sample.

Hypothyroidism develops when the thyroid gland does not produce enough thyroid hormone to properly regulate the body's metabolism. A lack of thyroid hormone affects many body systems. The incidence of hypothyroidism tends to increase with age, with older people, especially women, at highest risk. Common symptoms include weight gain, fatigue, mood swings, weakness, dry and coarse skin and hair, hair loss, depression, decreased libido, trouble swallowing, increased cholesterol, heavy or irregular periods or trouble getting pregnant.

(continued on page 3)

Greetings from the CEO



The following is an excerpt from the recent discussion with Ms. Vera Leonard, CEO of CLX Medical, Inc., pertaining to the planned acquisition of ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease.

"The ThyroTest® product offers a unique opportunity. Its success will be realized through establishing the concept of in-office testing for hypothyroidism. Getting practicing physicians

to incorporate a new test into their office routine requires intense, focused effort. Often, large companies, particularly those that operate in multiple markets, manage multiple sales forces and must move quickly to make strategic acquisitions, find that the return-on-investment from building a new opportunity from the ground up is not as attractive as that offered by an accretive acquisition. A single product, even one with the potential of ThyroTest®, can get lost in this environment.

"Having impact on the way a doctor manages a disease state requires exquisite focus. We believe that as a small company CLX Medical can, and will, give ThyroTest® the focused support it needs in order to capture this largely unrecognized and untapped market opportunity.

"We will not be distracted in our pursuit of establishing ThyroTest® as the dominant player in what we expect to be a \$1 billion-plus worldwide screening market. We believe that once the product is established and the diagnostic world recognizes the opportunity, we will see other companies launch similar products. That is where being first-to-market comes in as a key strategy. Once other players enter the market, the market grows and the product at the top of it grows exponentially larger and faster than the newcomers. In other words, the pie gets bigger and the first-to-market company continues to enjoy a bigger piece of the bigger pie.

"I hope this brief discussion regarding the potential of ThyroTest® will help CLX Medical shareholders understand why we are so optimistic about the product's potential and why we are so focused on closing this acquisition so our marketing and distribution strategy can be implemented."

Long Term Employment Agreement Completed With CEO Vera Leonard

CLX Medical Inc., today announced a three year employment agreement with Chief Executive Officer Vera Leonard.

Ms. Leonard's compensation package includes a combination of a base salary, a schedule of salary increases based on a variety of factors including the company's revenue and profit performance, the granting of restricted common stock, medical coverage, and expense reimbursements. Ms. Leonard's full employment agreement will be filed as an exhibit to the company's annual report for the fiscal year ending September 30, 2008.

The employment contract was executed as CLX prepares to close the acquisition of ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease.

"I am pleased to have reached agreement on a long term employment agreement with the CLX Medical board and look forward to the successful implementation of our strategy to build value for CLX Medical shareholders," stated Ms. Leonard. "The pending acquisition of ThyroTest® is expected to be a major milestone in our efforts to establish value in the company based on revenues from worldwide sales of this device and additional products that may be distributed in the future."

Robert McCoy, chairman of CLX Investment Company, commented, "The Board believes that Ms. Leonard is the right person to implement the marketing and distribution strategy for ThyroTest®, and the execution of this employment agreement, which ties increases in her compensation to the revenue and profit performance of CLX Medical, is the right step for the company at this time. We look forward to seeing the further development of CLX Medical under her leadership."

Form 4 Filings Reported on Increase in Common Stock Ownership by CLX Medical Board of Directors

CLX Medical Inc., has announced Form 4 filings by the company's Board of Directors.

On September 12, 2008, Directors Robert McCoy, Patrick Edgerton and James Bickel each filed a Form 4 Statement of Change in Beneficial Ownership of Securities with the Securities and Exchange Commission. The stock acquired by each of the Directors was granted by the company dating back as far as January 2007 as part of their respective compensation packages.

A link to the company's SEC filings can be found in the "Corporate" section of the CLX Medical website.

"The service of CLX Medical's Board of Directors has been integral to the effective execution of the company's business strategy, especially as it relates to the expected acquisition of ThyroTest®," commented CEO Vera Leonard. "We are pleased that the Board has expressed confidence in the company and is vested in its long term success by receiving restricted common stock as part of their compensation packages."

Forward-Looking Statements

All statements included in this release, including statements regarding potential future plans and objectives of CLX Medical are forward-looking statements. Such statements are necessarily subject to risks and uncertainties, some of which are significant in scope and nature beyond CLX Medical's control. There can be no assurance that such statements will prove accurate. Actual results and future events could differ materially from those anticipated in such statements depending on many factors. Historical results are not necessarily indicative of future performance.

Form 8-K Filed on CLX Medical's Definitive Agreement for the Acquisition of the ThyroTest Rapid Screening Device

CLX Medical Inc., has filed a Current Report on Form 8-K regarding its planned purchase of ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease.

The Form 8-K can be accessed through a link to SEC filings in the "Corporate" section of the CLX Medical website.

The Form 8-K reports that on September 9, 2008, CLX Medical entered into a product purchase agreement with ThyroTec, LLC, the developer of the ThyroTest® device, pursuant to which CLX Medical will acquire from ThyroTec the exclusive, worldwide rights to ThyroTest®, together with related packaging and marketing materials. The purchase price for the acquisition consists of a cash payment of \$750,000 upon closing and the issuance of Series C convertible preferred stock of CLX Medical convertible into fifteen percent (15%) of the total, fully-diluted common stock of the company.

Upon closing, Jim Small, ThyroTec's chief executive officer, or his designate will be appointed as a member of CLX Medical's board of directors. Mr. Small has 30 years of thyroid related pharmaceutical experience and is the co-founder of ThyroTec. A detailed biography of Mr. Small will be included in a Form 8-K filing at the time he is appointed to the company's Board of Directors.

The product purchase agreement, which was filed as an exhibit to the Form 8-K filing, reports that CLX Medical will acquire from ThyroTec: 1) a present, exclusive and irrevocable assignment and transfer, applicable globally, of all rights applied for and/or granted relating to ThyroTest®; 2) the Trademark or Tradename 'ThyroTest®'; 3) all rights to the packaging and design used on said packaging; any customer lists in ThyroTec's possession at the time of close of escrow; 4) assignment of agreements with any factories, manufacturing facilities, suppliers and distributors related to ThyroTest® to which ThyroTec is a party; 5) all formula(e) in the possession of ThyroTec pertaining to the production and manufacture of this product; 6) assignment of all branding rights which have been developed and promoted through American Health Partners of Oklahoma City and others; 7) identity of national sales partners; training information and material; 8) the results and protocol of all testing done on or with this product; and 9) all other documents, notes, memoranda, drawings, sketches and any other written material relating ThyroTest® that are in ThyroTec's possession.

The agreement outlines that at closing, subject to completion and satisfaction of all terms and conditions described in the agreement, CLX Medical agrees to purchase and

ThyroTec agrees to sell and transfer all of the items shown and described in the exhibit as listed above for and upon the following consideration: 1) cash payment of \$750,000 at closing; 2) issuance to ThyroTec of Series C Convertible Preferred Shares of CLX convertible into 15% of the total, fully-diluted CLX equity after taking into account all equity or equity equivalents issued at closing, including but not limited to: equity or equivalents issued as part of the current \$3 million fund raising and all equity or equivalent securities issued to existing shareholders, management and related parties; and 3) Mr. Small or his designate will serve as a member of CLX's Board of Directors for an initial term and subject to reelection by CLX's shareholders.

Under terms of the agreement, closing and transfer of the technology upon payment of the consideration shall occur on or before 60 days from the execution by both parties of the definitive agreement, but in any instance, not later than November 1, 2008. If the parties do not agree in writing to extend the closing date to a later time, the agreement shall be canceled and considered null and void if the transfer and assignment does not occur by December 1, 2008.

"The Form 8-K describes the details and terms of our agreement to acquire the ThyroTest® product, and our attention is now focused primarily on meeting the conditions necessary to close the acquisition," stated Vera Leonard, chief executive officer of CLX Medical. "As we have stated since identifying ThyroTest® as an acquisition target, we believe that this is a product that has tremendous potential as part of CLX Medical, and we look forward to the closing and execution of our post-acquisition marketing and distribution plan for ThyroTest®."

Definitive Agreement Signed for the Acquisition of the ThyroTest Device

(continued from page 1)

Approximately 120 million thyroid-related lab tests are performed in the United States each year. At an estimated average cost of \$40 per test, the U.S. market is currently valued at nearly \$5 billion. Approximately 45 million of those tests are conducted in order to diagnose thyroid dysfunction. CLX believes that ThyroTest® is an appropriate, cost-effective first-step for those 45 million diagnostic TSH tests. This current U.S. market opportunity is amplified by the CLIA waived status, which makes the opportunity to meet American Thyroid Association recommendations for screening every individual at age 35 and every five years thereafter a reality.