



# CLX Medical, Inc.

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## November 2008 Newsletter

### CLX Medical Announces Agreement to Close Acquisition of the ThyroTest(R) Rapid Screening Device

#### Agreement Paves the Way for Cashless Close Expected Within the Next Several Days

**C**LX Medical Inc., which is focused on the marketing and distribution of unique medical diagnostic testing products, has announced the signing of an amendment to its agreement to purchase the ThyroTest® product, which will allow CLX to close the acquisition through the issuance of preferred stock and a note in the amount of \$750,000.

ThyroTest® is a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism in adults, a common thyroid disease. CLX entered into a definitive agreement with ThyroTec, LLC, the developer of the ThyroTest® device, on September 8, 2008.

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.

Terms of the amendment to the definitive agreement include the issuance to ThyroTec of Series C Convertible Preferred Shares of CLX Medical and a note in the amount of \$750,000 at 6% interest for a term of 30 months, secured by the assets of the corporation. During the period of the note or until the principal is paid in full, CLX agrees to pay to ThyroTec a royalty of 10% of net sales of the ThyroTest® product.

An escrow will be established, into which the technology, the \$750,000 note and the 750,000 shares of Series C Preferred Shares will be deposited. The opening of the escrow will be considered the closing, which is expected to be completed by November 14, 2008.

"We are pleased to enter into this agreement, which allows CLX to close the acquisition of ThyroTest® without raising additional capital for the close," commented Vera Leonard, chief executive officer and director of CLX Medical.

"We look forward to a fast close under the terms of this amended agreement, so we can move forward with the execution of our post-acquisition marketing and distribution plan for ThyroTest®," she added.

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### 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](http://www.clxmedical.com) and the Zonda website at [www.zondaincusa.com](http://www.zondaincusa.com).

## Greetings from the CEO



*The following address was extracted from a recent public comment made by CEO Vera Leonard regarding the expected cashless close of CLX's acquisition of ThyroTest®, a rapid thyroid stimulating hormone (TSH) screening device used for the detection of hypothyroidism, a common thyroid disease, in adults.*

Given the current condition of U.S. financial markets and its impact on the investment community, closing the acquisition of ThyroTest® in a cashless transaction is the ideal scenario for CLX Medical. This allows us to focus immediately on the successful marketing and distribution strategy for the product rather than on capital raising efforts.

Our first order of business will be closing negotiations that are currently underway for distribution within the United States. Then we will implement the process of acquiring CE certification so that we can begin marketing the product through our existing and new distributors in Europe. We expect the CE certification process to be a relatively fast one, since the product is already FDA cleared in the U.S. All of this activity is geared toward generating revenue as soon as possible so that we can complete the product acquisition, continue with R&D activities with regard to the chlamydia product and, most importantly, deliver value to our shareholders.

Regards,  
Vera Leonard, Chief Executive Officer

## Kurt Kalm Agrees to Serve as Interim CFO for CLX Medical

An agreement has been reached with Kurt Kalm, an executive with over 30 years of international financial experience, to serve as interim chief financial officer of CLX Medical effective at the close of the company's planned acquisition of ThyroTest®.

Mr. Kalm has served as CFO of ThyroTec, LLC, the developer of the ThyroTest® device, since 2004. A former CPA, Mr. Kalm possesses investment banking experience in both the United States and Europe, including with Dillon Read and Arnhold and S. Bleichroeder. His financial management employment includes with General Mills and Honeywell International.

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## Vera Leonard Appointed to the CLX Medical Board of Directors

Chief Executive Officer Vera Leonard has been appointed to the CLX Medical Board of Directors. The appointment was reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission.

Ms. Leonard has also filed a Form 4 Statement of Change in Beneficial Ownership of Securities with the Securities and Exchange Commission reflecting the acquisition of restricted common stock granted as part of her compensation package.

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

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, which includes the condition that she will serve on the Board of Directors through the term of the 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, a common thyroid disease.

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®. In addition to working to close the transaction, Ms. Leonard and CLX Medical management is focused on the execution of a post-acquisition marketing and distribution plan for ThyroTest®.

"I am pleased to join the Board of Directors as we chart the future of CLX Medical and implement our strategy for the successful marketing and distribution of the ThyroTest® product," stated Ms. Leonard. "There is much to be accomplished, but we are confident that the development of revenues from worldwide sales of ThyroTest® and additional products that may be distributed in the future will ultimately be reflected in the value of the company's stock. For this reason, I am also pleased to report acquisition of restricted common stock as part of my compensation package."

### 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.

# CLX Reaches Agreement to License Additional Point-of-Care Diagnostic Testing Devices and Announces the Outcome of the HandiLab-C Chlamydia Laboratory Study

CLX Medical Inc. has announced a letter of intent to license additional medical diagnostic testing devices from Intellect Holdings, Ltd., research and development company focusing on the development of innovative products for the healthcare industry.

In addition to the rapid point-of-care products CLX Medical has targeted to license for marketing and distribution in the United States and worldwide markets, the letter of intent includes an agreement to develop a unique CLIA waivable device for the detection of Chlamydia utilizing Intellect Holdings' proprietary device system.

"As part of CLX Medical's core focus to identify and license or acquire unique medical diagnostic testing products for marketing and distribution in the United States and worldwide markets, we continue to seek additional licensing and acquisition candidates, and the agreement with Intellect Holdings provides another source for products that may be represented by CLX Medical," stated Vera Leonard, chief executive officer of CLX Medical.

The letter of intent with Intellect Holdings will also allow CLX to pursue a parallel path in preparing a product for the estimated \$300 million CLIA waived Chlamydia market.

The results of the laboratory tests validating the efficacy of the HandiLab-C Chlamydia test were inconclusive. Presumably, the chlamydia organisms grown in human tissue cell cultures failed to generate sufficient enzyme to trigger the response in the testing devices using this type of laboratory testing approach.

"This is certainly a disappointment," stated Ms. Leonard. "We, and our shareholders, have invested a great deal of resources to capitalize on this very lucrative market opportunity.

"Our strategy at this time will be to go forward with the ThyroTest® acquisition and focus aggressively on its launch as a means of generating revenue and building value for our shareholders. In the meantime, we will

continue our work on the HandiLab-C product as a secondary focus.

"With the letter of intent announced today, we will pursue, in parallel, an alternative technology that we believe could also allow us to pursue the CLIA waived chlamydia testing market. It is possible that this product would be ready for clinical trials sooner and face fewer regulatory hurdles than the HandiLab-C product, so we are pleased to have this alternative available to us," added Ms. Leonard.

Intellect Holdings, Ltd. is a strong research and development company focusing on to the development of innovative products for the healthcare industry. Among the innovative new products under development are kits for early cancer detection such as breast cancer monitoring, strep throat detection, prostate PSA and flu virus screening.

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## Kurt Kalm to Serve as Interim CFO for CLX Medical

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Mr. Kalm was an early stage investor in New River Pharmaceuticals, which was eventually acquired by Shire Pharmaceuticals for \$2.6 billion.

"We are extremely pleased that Kurt Kalm has agreed to join the CLX Medical team as CFO, effective at the close of our anticipated acquisition of ThyroTest®," commented Vera Leonard, chief executive officer of CLX Medical.

"His extensive experience in high level investment banking and financial management is expected to be a great asset to the company as it implements a comprehensive marketing and distribution program for the ThyroTest® device," she added.

Mr. Kalm stated, "Having been involved with the ThyroTec since 2004, I look forward to working with the CLX Medical team to implement the company's business strategy related to the ThyroTest® device."

