

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

DAVID SHAPIRO, On Behalf of Himself and
All Others Similarly Situated,

Plaintiff,

vs.

MATRIXx INITIATIVES, INC., WILLIAM J.
HEMELT, SAMUEL C. COWLEY, TIMOTHY L.
CLAROT, and CARL J. JOHNSON,

Defendants.

No. CV-09-1479-PHX-ROS

CLASS ACTION

NOTICE OF PROPOSED CLASS
ACTION SETTLEMENT

If you purchased or otherwise acquired the publicly traded common stock of Matrixx Initiatives, Inc. ("Matrixx") during the period between December 22, 2007 and June 15, 2009, inclusive (the "Class Period"), and are not otherwise excluded from the Class, you could get a payment from a class action settlement.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Security and Time Period: Matrixx common stock purchased or otherwise acquired between December 22, 2007 and June 15, 2009, inclusive.

Settlement Fund: \$4,500,000 in cash.¹ Your recovery will depend on the timing of your purchases and any sales of Matrixx common stock during the Class Period. Based on the information currently available to Lead Plaintiff's Counsel and the analysis performed by their damage consultants, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution under the Plan of Allocation (described below), the estimated average distribution will be approximately \$1.02 for each share of Matrixx common stock before deduction of the cost of settlement administration and Court-approved attorneys' fees and expenses. Historically, actual claims rates are less than 100%, which result in higher distributions per share. Please see Question 9 for a detailed explanation of the proposed Plan of Allocation to distribute settlement proceeds among Class Members.

Reasons for Settlement: The Settlement provides the Class with a benefit now instead of years of uncertainty, including a contested trial and likely appeals with the possibility of no recovery at all.

If the Case Had Not Settled: Continuing with the case could have resulted in a loss by the Class at summary judgment, trial, or on appeal. The parties vigorously disagree on both liability and damages. Defendants deny that they are liable in any respect or that Lead Plaintiff and the Class suffered any injury. Among the many issues on which the parties do not agree are (1) whether any of the Defendants violated the securities laws; (2) whether the purported misstatements and omissions alleged by Lead Plaintiff were material, false, misleading, or otherwise actionable under the securities laws; (3) the extent (if any) that various misstatements and omissions alleged by Lead Plaintiff influenced the trading prices of Matrixx common stock during the relevant period; (4) the method for determining whether the price of Matrixx common stock was artificially inflated between December 22, 2007 and June 15, 2009, inclusive; (5) the amount (if any) of such inflation; and (6) the amount of damages (if any) that could be recovered at trial.

Attorneys' Fees and Expenses and Lead Plaintiff's Expenses: Court-appointed Lead Plaintiff's Counsel will ask the Court for attorneys' fees of 33 1/3% of the Settlement Fund and expenses not to exceed \$225,000 to be paid from the Settlement Fund. In addition, Lead Plaintiff will ask the Court for reimbursement of his own time and expenses not to exceed \$4,000. If the above amounts are requested and approved by the Court, the average cost per share will be approximately \$0.39 for each share of Matrixx common stock. Lead Plaintiff's Counsel have not received any payment for their work investigating the facts, prosecuting this Litigation and negotiating the Settlement on behalf of Lead Plaintiff and the Class.

¹ The complete terms and conditions of the Settlement are set forth in the Stipulation of Settlement dated as of January 30, 2013 ("Stipulation"), which can be downloaded at www.MatrixxSecuritiesLitigation.com or requested from Lead Plaintiff's Counsel at the telephone number and address listed herein.

Deadlines:

Submit Claim: August 15, 2013

File Objection: August 22, 2013

Court Hearing on Fairness of Settlement: September 5, 2013

More Information: www.MatrixxSecuritiesLitigation.com or

Claims Administrator:	Representative of Lead Plaintiff's Counsel:
<p><i>Matrixx Securities Litigation</i> Claims Administrator c/o Rust Consulting, Inc. P.O. Box 2840 Faribault, MN 55021-8644 Telephone: (877) 896-4219</p>	<p>SAXENA WHITE P.A. Joseph E. White, III 2424 N. Federal Hwy., Suite 257 Boca Raton, FL 33431 Telephone: (561) 394-3399 FARUQI & FARUQI LLP Nadeem Faruqi 369 Lexington Avenue, Tenth Floor New York, NY 10017-6531 Telephone: (212) 983-9330</p>

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	The only way to get a payment.
OBJECT	You may write to the Court if you do not like this Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up your rights.

- These rights and options — *and the deadlines to exercise them* — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased Matrixx common stock between December 22, 2007 and June 15, 2009, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it and after any objections or appeals (if there are any) are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the District of Arizona (the "Court") and the case is known as *Shapiro v. Matrixx Initiatives, Inc., et al.*, No. CV-09-1479-PHX-ROS (D. Ariz.). The individual that leads the Litigation, Axel Alegre de la Soujeole, is called the Lead Plaintiff, and the parties he sued are called Defendants. Defendants in this case are Matrixx, Carl J. Johnson, William J. Hemelt, Samuel C. Cowley and Timothy L. Clarot.

2. What is this lawsuit about?

David Shapiro filed the original purported securities class action complaint in this case on July 17, 2009, in the United States District Court for the District of Arizona, alleging that Matrixx and the Individual Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder, during the Class Period. Thereafter, on July 28, 2010, the Court appointed Axel Alegre de la Soujeole as “Lead Plaintiff” pursuant to the requirements of the Private Securities Litigation Reform Act of 1995 and approved Mr. de la Soujeole’s selection of lead and liaison counsel. On September 27, 2010, Lead Plaintiff filed his Amended Class Action Complaint for Violations of the Federal Securities Laws (“Complaint”).

On July 31, 2012, the Court issued an order appointing Lead Plaintiff as class representative and certifying a Class that consists of:

All persons and entities who purchased or otherwise acquired the publicly traded common stock of Matrixx Initiatives, Inc. from December 22, 2007 through June 15, 2009, inclusive, and who were damaged thereby. Excluded from the Class are Defendants and their respective officers, affiliates and directors, members of their immediate families and their legal representative, heirs, successors or assigns and any such excluded party and any entity in which Defendants have or had a controlling interest.

Defendants have filed an Answer denying all material allegations of the Complaint and have asserted numerous defenses. The parties are currently engaged in discovery, which includes, without limitation, the review and analysis of thousands of pages of documents and the taking of depositions.

After extensive settlement discussions during the course of the Litigation, the parties participated in a mediation session with JAMS mediator Jed Melnick on October 19, 2012. Prior to the mediation, each side submitted comprehensive mediation statements setting forth the strengths and weaknesses of their case. The parties reached an agreement-in-principle to settle the Litigation at the mediation that was set forth in a Memorandum of Understanding dated October 19, 2012. After further negotiations, the parties reached an agreement on the settlement terms set forth herein.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case, the Court-appointed Lead Plaintiff and class representative, Axel Alegre de la Soujeole) sue on behalf of those who have similar claims. All of these people and/or entities are called a class or class members. One court resolves the issues for all class members, except for those who exclude themselves from the class. In this case, Chief United States District Court Judge Roslyn O. Silver is in charge of this case.

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiff or Defendants. Instead, the lawyers for the parties of the lawsuit have negotiated a settlement that they believe is in the best interests of their respective clients. The Settlement allows all parties to avoid the risks and cost of lengthy and uncertain continued litigation and the uncertainty of a trial and appeals, and permits Class Members to be compensated now. Lead Plaintiff and Lead Plaintiff’s Counsel think the Settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

5. How do I know if I am part of the Settlement?

On July 31, 2012, the Court certified a Class that includes all persons and entities who purchased or otherwise acquired the publicly traded common stock of Matrixx Initiatives, Inc. from December 22, 2007 through June 15, 2009, inclusive, and who were damaged thereby.

6. Are there exceptions to being included in the Class?

Yes. Excluded from the Class are Defendants and their respective officers, affiliates and directors, members of their immediate families and their legal representative, heirs, successors or assigns and any such excluded party and any entity in which Defendants have or had a controlling interest.

7. I’m still not sure if I am included.

If you still are not sure whether you are included, you can ask for free help. You can call the Claims Administrator at (877) 896-4219 or visit www.MatrixxSecuritiesLitigation.com for more information; you can e-mail a representative of Lead Plaintiff’s Counsel, Joseph E. White, III at jwhite@saxenawhite.com or Nadeem Faruqi at nfaruqi@faruqilaw.com for more information; or you can fill out and return the claim form described in Question 10 to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

8. What does the Settlement provide?

Defendants have agreed to pay or cause to be paid \$4,500,000 in cash (the “Settlement Fund”). The Settlement Fund will be divided among all eligible Class Members who send in valid claim forms (“Authorized Claimants”), after payment of Court-approved attorneys’ fees and expenses, taxes, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the “Net Settlement Fund”).

9. How much will my payment be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in, the amount of those claims, and how many shares of Matrixx common stock you purchased during the Class Period and when you bought and sold them. The Net Settlement Fund shall be distributed to the Class Members as described in this section (the “Plan of Allocation”).

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The allocation is based on the following closing prices:

June 15, 2009:	\$19.24 per share
June 16, 2009:	\$ 5.78 per share
Decline:	\$13.46 per share

For shares of Matrixx common stock that were *purchased from December 22, 2007 through June 15, 2009*, and

- (a) sold prior to June 15, 2009, the claim per share is \$0;
- (b) retained at the end of June 15, 2009, the claim is the purchase price per share less \$5.78 per share (June 16, 2009 closing price).

For Class Members who held Matrixx common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, the sales of Matrixx common stock during the Class Period will be matched in chronological order, first against common stock held at the beginning of the Class Period. The remaining sales of common stock during the Class Period will then be matched, in chronological order, against common stock purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in Matrixx common stock during the Class Period are subtracted from all losses. However, the proceeds of sales from securities which have been matched against securities held at the beginning of the Class Period will not be used in the calculation of such net loss. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Class Members. No Person shall have any claim against Lead Plaintiff, Plaintiff’s Counsel, or any claims administrator or other Person designated by Lead Plaintiff’s Counsel or Defendants and/or Defendants’ Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

HOW YOU GET A PAYMENT – SUBMITTING A PROOF OF CLAIM

10. How will I get a payment?

To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it postmarked no later than August 15, 2013.

11. When would I get my payment?

The Court will hold a hearing on September 5, 2013, at 10:00 a.m., to decide whether to approve the Settlement. If Judge Silver approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing but likely will take longer. Please be patient.

12. Can I sue the Defendants for the same thing?

No. Since you did not exclude yourself from the Class prior to the deadline established by the Court, you gave up any right to sue the Released Persons, including the Defendants, for the claims resolved by the Settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately.

THE LAWYERS REPRESENTING YOU

13. Do I have a lawyer in this case?

The Court appointed the law firms of Saxena White P.A. and Faruqi & Faruqi LLP to represent you and other Class Members. These lawyers are called Lead Plaintiff's Counsel. The Court also appointed Tiffany & Bosco, P.A. as Lead Plaintiff's Liaison Counsel. You will not be charged for these lawyers' work. If you want to be represented by your own lawyer, you may hire one at your own expense.

14. How will the lawyers be paid?

At the fairness hearing, Lead Plaintiff's Counsel will request the Court to award attorneys' fees of up to 33 1/3% of the Settlement Fund and for expenses up to \$225,000, which were incurred in connection with the Litigation. Class Members are not personally liable for any such fees or expenses. To date, Lead Plaintiff's Counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiff and the Class, nor have counsel been paid for their expenses. The fee requested will compensate Lead Plaintiff's Counsel for their work in achieving the Settlement Fund and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

15. How do I tell the Court that I do not like the Settlement?

If you are a Class Member, you can object to the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the Settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in *Shapiro v. Matrixx Initiatives, Inc., et al.*, No. CV-09-1479-PHX-ROS (D. Ariz.). Be sure to include your name, address, telephone number, your signature, the number of Matrixx Securities you purchased between December 22, 2007 and June 15, 2009, inclusive, and the reasons you object to the Settlement, the requested attorneys' fees and expenses, or the Plan of Allocation. Any objection to the Settlement, the requested attorneys' fees and expenses, or the Plan of Allocation must be mailed or delivered such that it is received by each of the following on or before August 22, 2013:

Court:	Co-Lead Plaintiff's Counsel:	Counsel for Defendants:
Clerk of the Court UNITED STATES DISTRICT COURT DISTRICT OF ARIZONA Sandra Day O'Connor United States Courthouse 401 West Washington Street Suite 130, SPC 1 Phoenix, AZ 85003-2118	Joseph E. White, III SAXENA WHITE P.A. 2424 North Federal Highway Suite 257 Boca Raton, FL 33431 Nadeem Faruqi FARUQI & FARUQI LLP 369 Lexington Avenue 10th Floor New York, NY 10017	Michael G. Yoder O'MELVENY & MYERS LLP 610 Newport Center Drive Suite 1700 Newport Beach, CA 92660

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend, but you do not have to.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a hearing at 10:00 a.m., on September 5, 2013, at the Sandra Day O'Connor United States Courthouse, United States District Court, District of Arizona, 401 West Washington Street, Phoenix, Arizona. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court will also decide whether to approve the payment of fees and expenses to Lead Plaintiff's Counsel and the Plan of Allocation. We do not know how long the hearing will take or whether the Court will make its decision about the Settlement, the request for the payment of fees and expenses, or the Plan of Allocation on the day of the hearing or sometime later.

17. Do I have to come to the hearing?

No. Lead Plaintiff's Counsel will answer questions Judge Silver may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

18. May I speak at the hearing?

You may ask the Court to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in *Shapiro v. Matrixx Initiatives, Inc., et al.*, No. CV-09-1479-PHX-ROS (D. Ariz.). Be sure to include your name, address, telephone number, your signature, and the number of Matrixx Securities you purchased between December 22, 2007 and June 15, 2009, inclusive. Your notice of intention to appear must be received no later than August 22, 2013, by the Clerk of the Court and counsel at the addresses listed in Question 15.

IF YOU DO NOTHING

19. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement because you must submit a Proof of Claim.

GETTING MORE INFORMATION

20. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation, which has been filed with the Court. You can get a copy of the Stipulation from the Clerk's office at the United States District Court, District of Arizona, Sandra Day O'Connor United States Courthouse, 401 West Washington Street, Suite 130, SPC 1, Phoenix, Arizona, during regular business hours, or it can be viewed or downloaded at www.MatrixxSecuritiesLitigation.com, or you may contact the Claims Administrator at (877) 896-4219.

21. How do I get more information?

You can call (877) 896-4219 or write to a representative of Lead Plaintiff's Counsel, Joseph E. White, III or Nadeem Faruqi, or go to www.MatrixxSecuritiesLitigation.com for additional information regarding the Settlement or the Litigation. **Please do not call the Court or the Clerk of the Court for additional information about the Settlement.**

22. Special notice to nominees

If you hold any Matrixx Securities purchased between December 22, 2007 and June 15, 2009, inclusive, as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Matrixx Securities Litigation
Claims Administrator
c/o Rust Consulting, Inc.
P.O. Box 2840
Faribault, MN 55021-8644

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: May 1, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA