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MGA Sued for Copying Innovation First's HEXBUG® Nano™ Toy

Popular HEXBUG® Nano™ Toys Defended Across the Entire Supply Chain

Greenville, Texas – October 5, 2010 – A lawsuit asserting claims for common law misappropriation and unjust enrichment was filed last week against MGA Entertainment, Inc. in the 354th Judicial District Court for Hunt County, Texas. The lawsuit accuses MGA of manufacturing, advertising, promoting, distributing and/or selling products that were derived from innovative components of the HEXBUG® Nano™ micro robotic toy, created by Innovation First. The HEXBUG® Nano™—a toy that moves with quick, random insect-like motion, and rights itself if flipped on its back—is offered by leading retailers in the U.S. including Walmart, Target, Toys“R”Us, Kmart, RadioShack, Walgreens and Brookstone. Most recently, the HEXBUG® Nano™ was featured in The Toy Insider's HOT 20 TOYS for the 2010 holiday season and has received numerous other influential industry awards.

This lawsuit is in keeping with Innovation First's history of protecting its brands and products from competitors' wrongful actions. The company has filed, and continues to file, for domestic and international intellectual property protection for virtually every aspect of the robotic creatures, from their utility and function to their packaging, trade dress and associated accessories and materials. "Innovation First has spent extensive resources to engineer, develop, and perfect the HEXBUG® Nano™, and we won't hesitate to sue companies throughout the supply chain that attempt to take a free ride off our hard-earned efforts by producing, distributing or selling copycat products," said Tony Norman, President and Chief Executive Officer of Innovation First International, Inc.

In accordance with the Texas common law of misappropriation, the lawsuit alleges that MGA has copied the HEXBUG® Nano™ motor assembly, components, housing and legs and is using them in the Legend of Nara Battling Bugs toy in competition with Innovation First. Moreover, the lawsuit contends, MGA even copied non-functional portions of the Innovation First design, making the misappropriation even more blatant and obvious. The lawsuit contends that MGA has gained an unfair advantage in competition with Innovation First because it is burdened with little or none of the development expenses or development time that were incurred in developing the misappropriated aspects of the HEXBUG® Nano™. The lawsuit also alleges that MGA has taken undue advantage of the time, labor, skill, money and other resources expended to create the HEXBUG® Nano™. The lawsuit seeks to recover any profits MGA has made, or may make, from the sale of the Legend of Nara Battling Bugs products that incorporate these misappropriated elements of the HEXBUG® Nano™ and may also seek to prevent MGA and those acting in concert with MGA from selling such products.

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About HEXBUG and Innovation First:

HEXBUG® is a product line developed by Innovation First Inc., and distributed and marketed by Innovation First Labs, Inc., both wholly owned subsidiaries of privately held Innovation First International, Inc. The company was founded on the belief that innovation very early in the design process is necessary to produce simple and elegant product designs. Innovation First began developing electronics for unmanned mobile ground robots and is now an industry leader in research and development for the hobby, competition, education and toy markets.

Innovation First International's three main subsidiaries, VEX Robotics, Inc., Innovation First Labs, Inc. (makers of HEXBUG® Micro Robotic Creatures), and RackSolutions, Inc. span the education, consumer and business-to-business markets. The VEX® Robotics Design System is the leading platform for middle school and high school education and competitive robotics. Leveraging the company's core competency in electrical and



mechanical engineering, the RackSolutions® division works closely with all major computer OEMs to provide custom mounting solutions and industry-wide rack compatibility for data installations of all sizes.

In the 2009 the company added offices in Hong Kong, China and the United Kingdom to better serve the global marketplace. This network was expanded to Canada in 2010 with the addition of an office, warehouse and distribution center located in Toronto. With an advanced in-house metal fabrication plant, distribution center and corporate office located together in a 13-acre complex in Greenville, Texas, the company is poised to continue on a rapid growth path. Please visit www.innovationfirst.com for additional information.