

BACKGROUNDER

NINTENDO FURTHERS DEVELOPMENT OF HOME ENTERTAINMENT SYSTEMS CATEGORY

-- New Players of All Ages Support Continued Growth --

By the end of 1988, 12 percent of all U.S. households had a Nintendo Entertainment System^R (NES). Following strong title releases, such as "Tetris"TM and "Dragon Warrior,"TM and revolutionary hardware introductions, such as Game Boy,TM 1989 ended with Nintendo^R fans in one in every five households in America.

Since 1986, Nintendo has seen its market share climb steadily. The company attributes its market share increase in part to the evolving profile of the NES user. No longer exclusively limited to 8-15 year-old males, the demographics of Nintendo's player group have changed to include a significant percentage of adult and female users. The introduction of the All-Family Series, featuring more adult-oriented games, such as "Tetris," which challenges cognitive skills, and the launch of game show titles, such as "Wheel of Fortune," continue to fuel interest among adult players. In fact, 43 percent of

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Nintendo Furthers Development
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Nintendo's primary players are over the age of 18, a figure which has more than doubled since 1986. Likewise, the number of female players has grown. In fact, in the most recent period, 32.6% of Nintendo's current primary users are female.

According to Peter Main, vice president of marketing at Nintendo of America Inc., Americans are viewing video games as an entertainment system for the entire family. As Nintendo applies that philosophy to title development and tempers the introduction of new games with strict quality control, the home entertainment systems category can continue to be developed.

The home video game industry achieved 100 percent growth from 1987 to 1988, topping off at \$2.3 billion in retail sales. That industry growth rate reached new heights in 1989, with \$3.4 billion in sales, surpassing the first generation home video game market peak. Nintendo and its licensees alone captured \$2.7 billion. And 1990 will be even more successful. Total sales for Nintendo are predicted to exceed \$4.1 billion, figures which include hardware, software and accessories to both the Nintendo Entertainment System and Game Boy.

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Testimony to Nintendo's strength and continued momentum as market leader, **PLAYTHINGS** magazine's retail survey of the top twenty best-selling toys is consistently dominated by Nintendo products. In fact, Nintendo products have filled each of the ten of those slots, and Nintendo of America Inc. has ranked number one in the "Best Selling Brands" category each month since June of 1988.

Since October of 1987, the Nintendo Entertainment System has also ranked as the number one selling toy by **TOY & HOBBY WORLD** magazine's retail survey. In fact, the NES has injected significant momentum into toy industry sales over the last three holiday seasons, and has offered opportunities for other major toy manufacturers -- such as Mattel, Milton Bradley Company and Matchbox Toys -- to profit as licensees.

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