

BACKGROUNDER

NINTENDO ANTICIPATES PROSPEROUS NEW YEAR FOR THE VIDEO GAME INDUSTRY AS A RESULT OF STRONG 1989 SALES

– Industry Reaches \$3.4 Billion;
Nintendo and Licensees at \$2.7 Billion –

Exceptional sales figures for the Nintendo Entertainment System^R (NES) in 1989, soaring Game BoyTM sales and the results of the fourth annual "North Pole Poll," have Nintendo of America Inc. optimistic about the continued growth of the home video game industry.

According to Peter Main, vice president of marketing for Nintendo of America Inc., "Total 1989 home video game industry sales reached \$3.4 billion while Nintendo^R and its licensees accounted for approximately \$2.7 billion of the industry figures." The Nintendo sales figures are composed of \$2.6 billion from the NES product line and \$100 million from the Game Boy product line.

Main said that 1989 sales continued to be affected by a worldwide chip shortage, particularly through the first half.

-- more --

Nintendo Anticipates Prosperous New Year
2-2-2-2-2

"Strong software sales were primarily the result of the popularity of the 'new generation' of games, such as 'Dragon Warrior'TM and 'Tetris',TM plus the popular sequels 'Zelda II--The Adventure of Link',TM and 'Super Mario Bros. 2',TM and the marketing and advertising support that Nintendo gave these titles," he added.

The newest member of the Nintendo product line, portable Game Boy (introduced in the fall of 1989), reached a sales level roughly equivalent to that of the entire home video game industry in 1985. Its 1 million hardware units sold and nearly 3 million software units sold racked up over \$100 million worth of consumer confidence in the future of video gaming during 1989. Projections for 1990 rival the \$1.1 billion figure posted by the entire home video game industry in 1987, with 5 million hardware units and 20 million software units predicted on retailers' shelves this year.

"We're expecting these titles to appeal to the diverse player franchise Game Boy has already created for itself," said Main. "In fact, while 6 to 11-year-olds account for about 28 percent of Game Boy's initial users -- 12 to 14-year-olds, 18 to 24-year-olds, and 25 to 34-year-olds each comprise about 15 percent of total players.

Nintendo Anticipates Prosperous New Year
3-3-3-3-3

And, we have a very healthy 63 percent male/37 percent female gender split among users -- this in our first few months of sales," he added. Game Boy will be supported by a substantial, dedicated marketing program with advertising, promotion, merchandising and public relations elements.

"We think Game Boy just showed a shred of its potential in 1989, and we're looking forward to more phenomenal sales in 1990," Main said.

In late November, a robust sales pattern became apparent as the results of a survey called the "North Pole Poll" were announced. The survey, conducted by an independent research firm, queried 200 leading toy retailers and 400 consumers across the U.S. about their predictions of the top-selling toys for the 1989 holiday season. Four of the top five toys selected by retailers were Nintendo products, and the Nintendo Entertainment System^R was once again their number one choice. Concurrently, a majority of the parents felt the Nintendo Entertainment System and Nintendo game cartridges would top their children's wish lists. Proof that retailers are convinced video games are more than just another passing toy craze, 85 percent surveyed believe video game sales will increase again this year.

-- more --

Nintendo Anticipates Prosperous New Year
4-4-4-4-4

Nintendo continued to capture the number one spot as the nation's best-selling toy on **TOY & HOBBY WORLD'S** Toy Hit Parade. Nintendo has maintained that position since the fall of 1987. **TOY & HOBBY WORLD** conducts a monthly survey of more than 3,000 retailers across the U.S. The survey asks retailers to name their top-selling toy, in terms of unit volume, for that month. It is unusual for a high-ticket item, such as the NES, to dominate a retailer survey based on unit volume.

With the "new generation" of state-of-the-art, technologically advanced hardware and software, a growing library of licensee titles, and strategic marketing and distribution plans for 1990, Nintendo is confident that the video game industry is here to stay. And Nintendo is determined to keep its spot at the top.

-- more --

Nintendo Anticipates Prosperous New Year
5-5-5-5-5

Nintendo of America Inc. sells personal, home and arcade video games in the United States. The Redmond, Washington-based company is the headquarters for the company's marketing operations in the North America; and is a subsidiary of the world's largest manufacturer and marketer of video games, Nintendo Co. Ltd.

#

For more information: Richard Lindner
or Lynne Gray
Hill and Knowlton Inc.
213/937-7460

NMKA.NPC