

October 8, 2008

Notification of Revision in Forecasts

In view of recent trends in operating results, Melco Holdings Inc. has revised as follows its forecasts announced on April 24, 2008.

(Yen in millions)

Revision to consolidated forecasts for the six month ended Sept. 30, 2008 (Apr. 1, 2008 to Sept. 30, 2008)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	71,000	3,000	3,000	1,700	73.51
Revised forecast (B)	63,000	2,300	2,300	1,300	56.21
Increase/decrease (B-A)	(8,000)	(700)	(700)	(400)	
Percentage change (%)	(11.3)	(23.3)	(23.3)	(23.5)	
(Reference) Previous 2Q results (2Q of the year ended Mar. 2008)	66,868	1,405	1,597	923	39.96

Reasons for revisions**(1) Consolidated forecasts for the six months ended Sept. 30, 2008**

Melco Holdings Group's sales for the first half are expected to fall short of the initial forecast. This is mainly because the sales of summer in the consumer market were poor and decline in consumer spending in early summer brought into clear focus and the corporate demand weakened reflecting an economic downturn.

In addition, overseas sales which enjoyed rapidly increasing sales over the last few years remained unchanged from the previous year due to the effects of avoiding excessive sales expansion before the introduction of new product in the second half and a decline in sales of network products in the United States which is involved in a patent dispute.

With regard to products, sales of memory products which have declined in selling price saw negative growth compared with the previous year as the price of semiconductor parts declined. As for the storage and NAS products which showed strong growth on a volume basis, unit price declined and expenses related to inventory guarantees (sales allowance to stay competitive) rose. As a result, sales increased only slightly compared with the previous year.

Melco Holdings shifted its policy to focus on sales in the second quarter and launched price offensive in the market. However, sales were sluggish in the latter half of the second quarter due to a downturn in the PC-related market. In accordance with this, profits are also expected to fall short of the initial plan.

Due to the above factors, Melco Holdings will revise its forecasts for the six months ended September 30, 2008.

(2) Full-year consolidated forecasts

Full-year forecasts are now being assessed and will be announced in the consolidated financial statements (scheduled for October 27, 2008 (Monday) for the second quarter of 2008.

(Note) Above forecasts regarding future performance are based on information available at the time this report was prepared. Therefore, actual results may differ from these forecasts.