

January 26, 2009

Notice Concerning Revisions to Business Forecasts

In view of recent trends in operating results, Melco Holdings Inc. has revised its forecasts as follows. These forecasts replace the forecasts that were announced on November 11, 2008.

(Yen in millions)

Revisions to full year consolidated forecasts for the year ending March 2009
(April 1, 2008 to March 31, 2009)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	140,000	5,000	5,000	2,700	116.75 yen
Revised forecast (B)	120,000	2,100	2,100	900	38.91 yen
Increase/decrease (B-A)	(20,000)	(2,900)	(2,900)	(1,800)	
Percentage change (%)	(14.3)	(58.0)	(58.0)	(66.7)	
(Reference)Previous results (Year ended Mar. 2008)	139,571	5,232	5,439	3,615	156.74 yen

Reason for revisions

Signs of a worldwide recession are emerging as the global financial crisis is having a larger than expected effect on the real economy. The Japanese economy became progressively weaker each month during the fiscal year's third quarter (October to December) due to a downturn in external demand and the yen's strength. As a result, consumer sentiment has become even weaker. With quick recovery unlikely, the performance of the Melco Group is certain to be affected by a prolonged economic downturn.

In the third quarter, the group's performance dropped sharply beyond the lackluster market for PC products, due in part to inventory reductions at retailers. In addition, there was a valuation loss on the group's inventory of components as weakening global demand for computers and the yen's strength caused prices of imported components to fall. Earnings were further impacted by an increase in inventory compensation payments associated with the decline in selling prices of products. In the fourth quarter, these negative factors will ease somewhat, but there are still no signs of a recovery in market conditions.

In response to these rapid changes in the operating environment, the Melco Group is taking steps aimed at capturing a greater market share. Actions include strengthening product strategies and becoming more price competitive by cutting the cost of sales and operating expenses. Furthermore, with market conditions expected to become even more challenging, the group is building a more powerful operating framework in order to survive.

For these reasons, the forecast for the fiscal year has been revised.

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