posco

2Q 2007
Operating Performance

July 16, 2007

Agenda

1. 2Q '07 Operating Performance
2. Activities & Accomplishments
3. Steel Industry Environment
4. 2007 Business Plan

Figures provided in this presentation are based on unaudited financial statements of the Company. Certain contents in this presentation are subject to change during the course of auditing process.

Production/Sales

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❑ Production up due to Completion of Major Renovations in 1Q and Operation of No.1 Finex

- New Facilities: Dephosphorizer in Pohang (Mar.17) & Commercial FINEX (May.30)
- Rationalization: Gwangyang #2 HR (Feb.1~Feb.20), Pohang #2 CR (Nov.29,’06~Mar. 29,’07)

❑ Sales up to meet Growing Demand with Increased Production

(in thousand tons)	2006 2Q	2007 1Q	2007 2Q	YoY	QoQ
Crude Steel	7,310	7,552	7,817	6.9%	3.5%
Finished Products (FP)	6,964	7,179	7,611	9.3%	6.0%
FP Sales	6,951	7,295	7,549	8.6%	3.5%
Domestic	4,888	5,081	5,221	6.8%	2.8%
Exports (%)	2,063 (29.7%)	2,214 (30.3%)	2,328 (30.8%)	12.8% (1.1%)	5.1% (0.5%)
FP Inventory	617	767	761	23.3%	△0.8%

Sales by Product

❑ Sales of Strategic Products (Auto, High-end API, Electrical steel, etc) Continue to Grow

Sales of Strategic Products

(in thousand tons)

	'06. 4Q		'07. 1Q		'07. 2Q
Automotive Steel	1,304	→	1,341	→	1,490
Electrical Steel	53		77		118

(in thousand tons)	2006 2Q	2007 1Q	2007 2Q	YoY	QoQ
Hot Rolled	2,119	2,047	1,991	△6.0%	△2.7%
Plate	937	919	995	6.2%	8.3%
Wire Rod	420	483	531	26.4%	9.9%
Cold Rolled	2,528	2,798	3,024	19.6%	8.1%
Elec. Steel	126	215	238	88.9%	10.7%
S T S	489	491	436	△10.8%	△11.2%
Others	332	342	334	0.6%	△2.3%
Total	6,951	7,295	7,549	8.6%	3.5%

Income Summary

GLOBAL POSCO WAY

❑ Sales & Op. Income up due to Favorable Market Condition and Cost Savings

- Carbon Steel Price (thous KRW) : 579(3Q.'06) → 587(4Q) → 590(1Q.'07) → 597(2Q)

  * Price raised (Apr.'07, thous KRW/ton) : +20(Plates), +220(Grain-oriented electrical steel)

❑ Transferred Burden of High Nickel Cost to STS Price

- Nickel Price (LME, U$) : 29,154(3Q.'06) → 33,129(4Q) → 41,440(1Q.'07) → 48,055(2Q)
- STS Price (thous KRW) : 2,486(3Q.'06) → 2,828(4Q) → 3,101(1Q.'07) → 3,196(2Q)

  * Price raised (thous KRW/ton) : +350(Apr), +400(May), △400(Jun)

(in billion KRW)	2006 2Q	2007 1Q	2007 2Q	YoY	QoQ
Sales	4,672	5,701	5,815	24.5%	2.0%
CoGS	3,473	4,270	4,245	22.2%	△0.6%
Operating Income	941	1,113	1,247	32.5%	12.1%
OP Margin	20.1	19.5	21.5	1.4%	2.0%
Net Income	716	982	1,113	55.5%	13.3%
Profit Margin	15.3	17.2	19.1	3.7%	1.9%

Summarized Income Statement (POSCO)

(in billion KRW)	2006 2Q	2007 1Q	2007 2Q	QoQ
Revenue	4,672	5,701	5,815	2.0%
Gross income (Gross margin)	1,199 (25.7%)	1,431 (25.1%)	1,570 (27.0%)	9.7% (1.9%)
S G & A	258	318	323	1.6%
Operating income (Operating margin)	941 (20.1%)	1,113 (19.5%)	1,247 (21.5%)	12.1% (2.0%)
Non-op income (expense)	(44)	166	221	33.1%
-interest income	(2)	3	(1)	-
-dividend income	11	32	11	△65.6%
-equity method gains	42	188	188	-
-FX related gain	(4)	(22)	50	-
-others	(91)	(35)	(27)	-
Net income (Profit margin)	716 (15.3%)	982 (17.2%)	1,113 (19.1%)	13.3% (1.9%)

*2007 2Q equity method gains: Domestic KRW 99.9bn (PoscoE&C 63.6, POSCO SS 22.9,etc)
Overseas KRW 88.3bn (Zhangjiagang 39.5, Qingdao 5.9,etc)

Financial Structure

❑ **Assets Up due to Increase in Investments**

❑ **Liabilities Up due to Increase in Debt**

(in billion KRW)		2006 2Q	2007 1Q	2007 2Q	YoY	QoQ
Assets		24,115	27,016	28,686	19.0%	6.2%
	Current Assets	6,672	7,530	8,204	23.0%	9.0%
	Non-current Assets	17,443	19,486	20,482	17.4%	5.1%
Liabilities		4,190	5,307	5,594	33.5%	5.4%
	Debt	2,228	2,365	2,809	26.1%	18.8%
S/H Equity		19,925	21,709	23,092	15.9%	6.4%

* 2Q Major Financial Activities

- Issuance of domestic bond : KRW 500.0 bn (May 11, '07)
- Share buyback : KRW 220.7 bn (Apr. 2~17, '07)

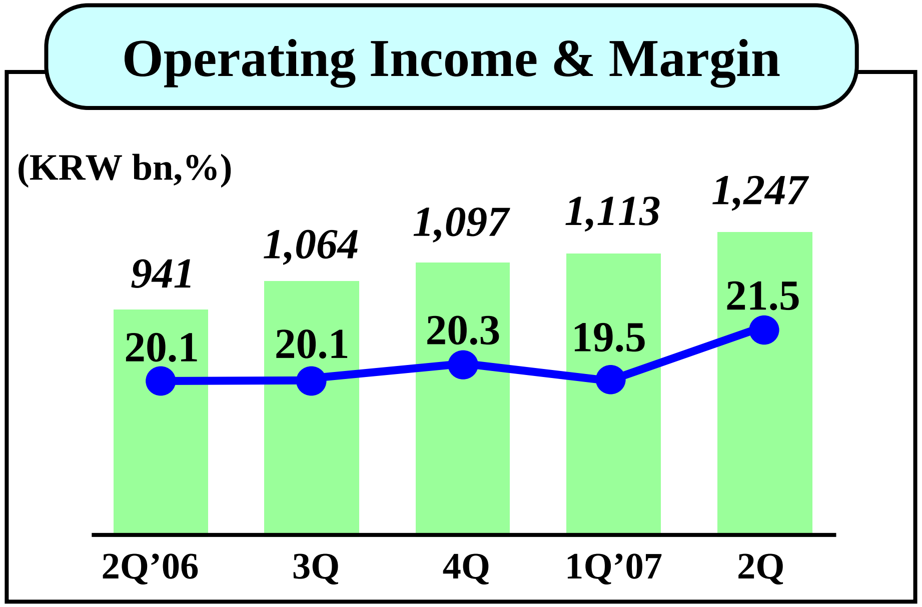
Summarized Balanced Sheets (POSCO)

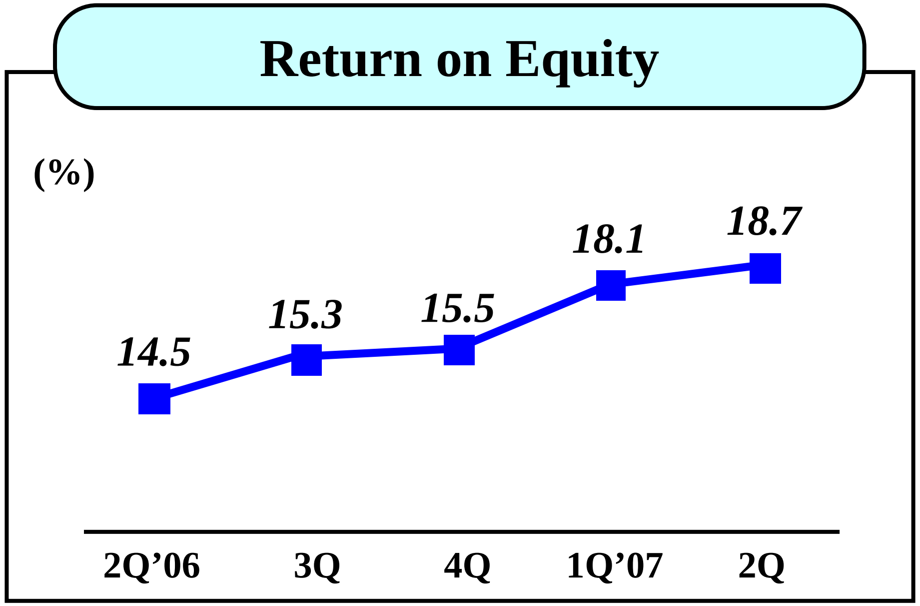
GLOBAL POSCO WAY

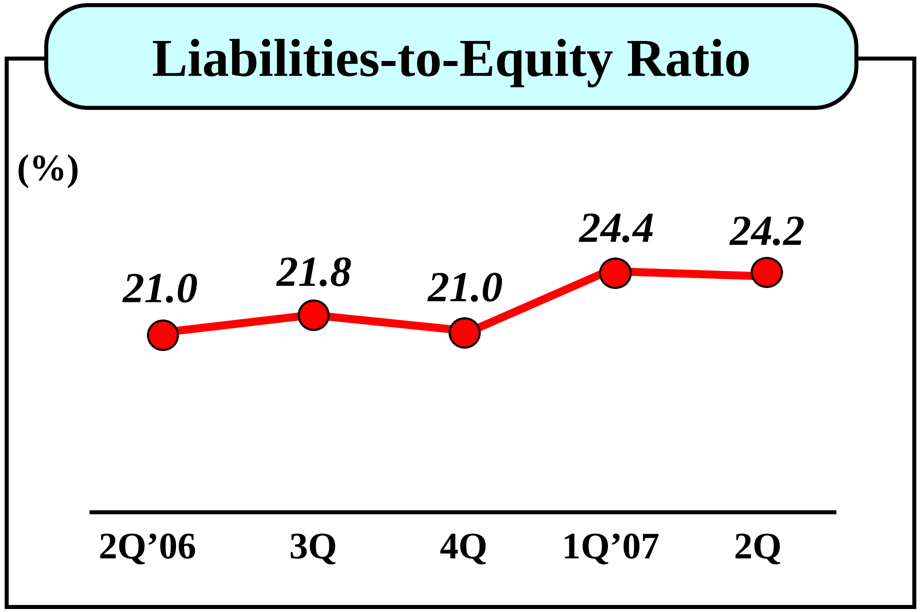
(in billion KRW)	2006 2Q	2007 1Q	2007 2Q	QoQ
Current assets	6,672	7,530	8,204	9.0%
Cash equivalent assets*	2,512	2,838	2,950	3.9%
Notes receivable	1,530	1,790	1,939	8.3%
Inventory	2,460	2,739	3,164	15.5%
Long-term assets	17,443	19,486	20,482	5.1%
Investment securities	4,852	6,499	7,392	13.7%
Fixed assets	12,202	12,615	12,710	0.8%
Total assets	24,115	27,016	28,686	6.2%
Liabilities	4,190	5,307	5,594	5.4%
Current liabilities	2,026	2,359	2,083	△11.7%
Long-term liabilities	2,164	2,948	3,511	19.1%
(Interest bearing debt)	2,228	2,365	2,809	18.8%
Equity	19,925	21,709	23,092	6.4%
Total Liabilities& Equity	24,115	27,016	28,686	6.2%

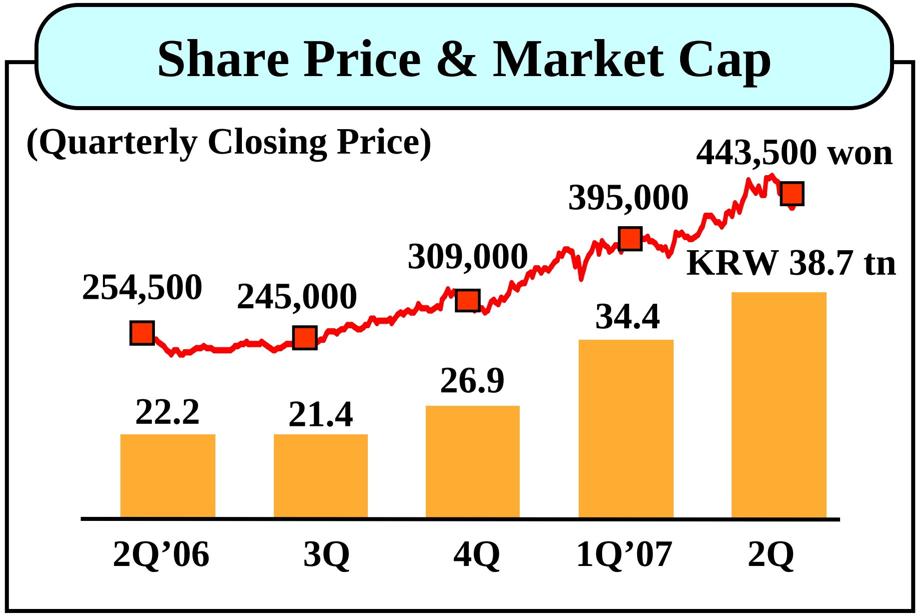
* Cash equivalent assets: Cash & cash equivalent, short-term financial instruments, trading securities

Financial Ratios









Consolidated Financial Summary

- ❑ Sales, Operating Income Up due to Sales Increase in Steel & E&C Sector
- ❑ Total Assets Increased due to Addition of Subsidiaries and Increase in Investments

No. consolidated subsidiaries

	’06/E		’07.1Q		’07.2Q	
Total	69	→	77	→	81	consolidate 61, equity method 20
Domestic	23		24		25	
Overseas	46		53		56	

(in billion KRW)		2006 2Q	2007 1Q	2007 2Q	YoY	QoQ
I/S	Sales	5,985	7,742	8,234	37.6%	6.4%
	OP Income	1,043	1,331	1,417	35.9%	6.5%
	(OP Margin)	(17.4%)	(17.2%)	(17.2%)	(△0.2%)	-
	Net Income	700	1,010	1,081	54.4%	7.0%
B/S	Asset	28,504	32,806	34,880	22.4%	6.3%
	Liability	8,278	10,385	11,118	34.3%	7.1%
	Equity	20,226	22,421	23,762	17.5%	6.0%

Consolidated Financial Summary

Income Summary by Sectors

(in billion KRW)		2006 2Q	2007 1Q	2007 2Q	QoQ
	Steel	6,698	8,740	9,130	4.5%
	E & C	1,100	753	895	18.9%
	Energy	139	126	112	△11.1%
	IT & Others	134	121	113	△6.6%
	Total	8,071	9,740	10,250	5.2%
	Consolidated	5,985	7,742	8,234	6.4%
	Steel	1,016	1,265	1,448	14.5%
	E & C	84	33	52	57.6%
	Energy	18	16	15	△6.3%
	IT & Others	8	6	0.3	△95%
	Total	1,126	1,320	1,515	15.0%
	Consolidated	1,043	1,331	1,417	6.5%

Consolidated Financial Summary

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Balance Sheet by Sectors

(in billion KRW)	Asset		Liability		Equity	
	2007		2007		2007	
	1Q	2Q	1Q	2Q	1Q	2Q
Steel	33,366	35,659	8,695	9,308	24,671	26,351
E & C	2,893	3,052	1,623	1,742	1,270	1,310
Energy	887	953	389	446	498	507
IT & Others	760	784	319	336	441	448
Total	37,906	40,448	11,026	11,832	26,880	28,616
Consolidated	32,806	34,880	10,385	11,118	22,421	23,762

Ratios

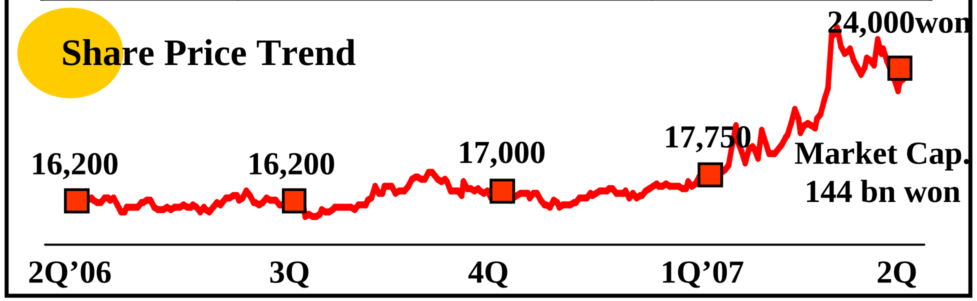
(%)	2006		2007	
	3Q	4Q	1Q	2Q
Sales Increase	11.1	10.7	5.1	6.4
Op Income	18.0	16.8	17.2	17.2
ROE	14.8	15.7	18.0	18.1
Liab./Equity	42.1	39.0	46.3	46.8

Operating Performances of Listed Subsidiaries

POCOS (Coated steel)

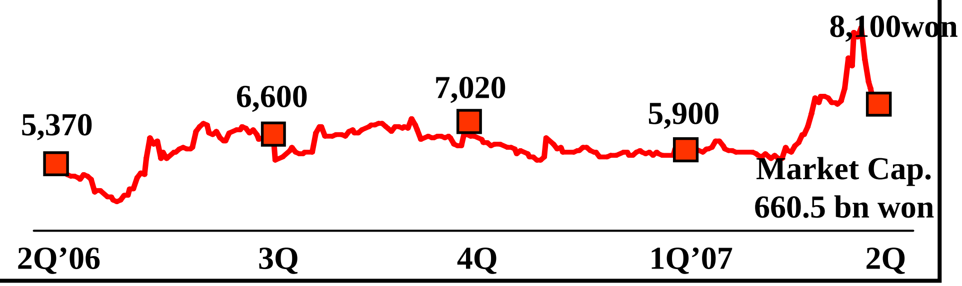
(bn KRW)	’06.2Q	3Q	4Q	’07.1Q	2Q
Sales	153.0	145.3	156.1	154.3	178.0
OP Income	-2.3	7.0	2.7	2.7	2.7
Net Income	-3.0	12.6	4.1	1.9	3.2

Share Price Trend



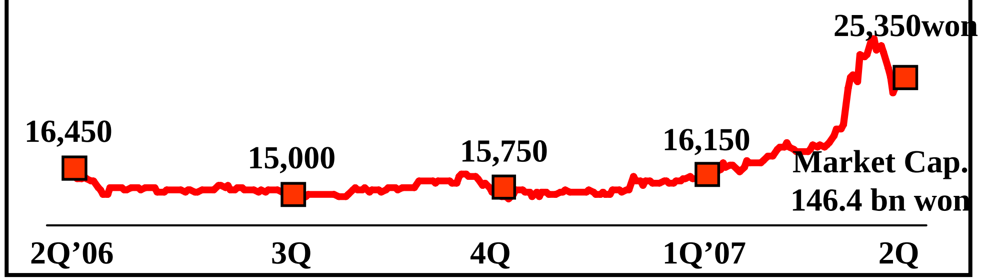
POSDATA (IT)

(bn KRW)	’06.2Q	3Q	4Q	’07.1Q	2Q
Sales	86.6	77.2	99.0	81.1	76.3
OP Income	2.7	2.0	3.5	0.7	△0.5
Net Income	2.0	0.2	3.7	0.6	△1.3



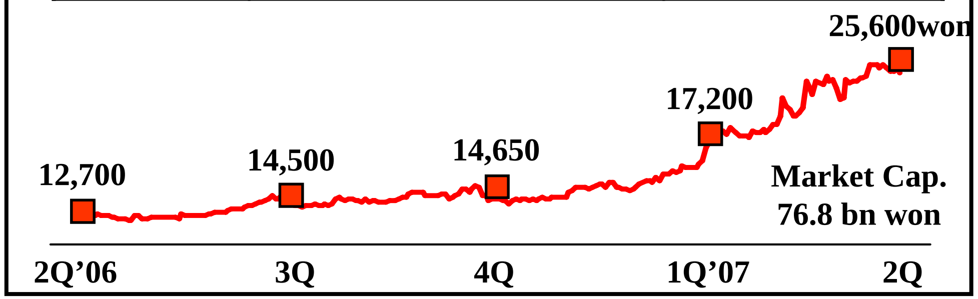
POSREC (Refractory)

(bn KRW)	’06.2Q	3Q	4Q	’07.1Q	2Q
Sales	65.0	64.7	70.0	68.4	67.8
OP Income	3.8	4.3	5.6	2.5	6.2
Net Income	2.8	3.6	4.3	2.2	5.5



Samjung P&A (Packaging/Processing)

(bn KRW)	’06.2Q	3Q	4Q	’07.1Q	2Q
Sales	53.3	56.7	55.9	57.2	70.5
OP Income	2.2	2.0	3.0	2.6	5.0
Net Income	1.2	1.5	4.1	2.8	6.6



Agenda

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1. 2Q ’07 Operating Performance
2. **Activities & Accomplishments**
3. Steel Industry Environment
4. 2007 Business Plan

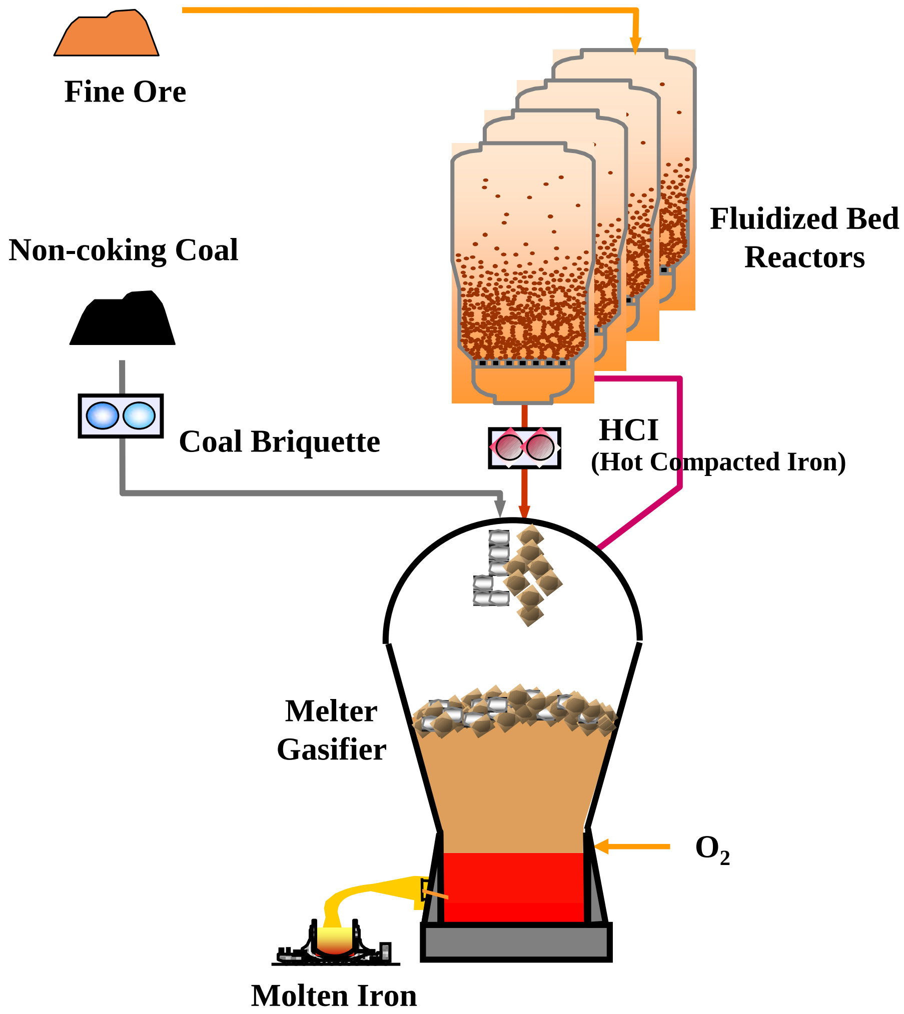
Commercialization of FINEX

❑ Secured Global Technology Leadership with Successful Development of Revolutionary Process

Key advantages

- Lower cost: use of cheaper iron ore & coal
  - Fine-ore used (high Al/Zn content acceptable)
  - Semi-soft coking coal used (abundant reserve)
- Lower investment: omit raw mat'l pre-treatment
- Environment-friendly technology
  - Substantial reduction of SOx, NOx, Dust
- Better operation mgmt enables stable production
  - Separation of melting & reducing process

Process



Commercialization of FINEX

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Completion of Commercialized No.1 FINEX Plant after 15yrs of Intensive R&D

FINEX Demo Plant (600K tons)

- **Demo Plant Test Operation**
  - Establish melter/reactor linked operation process
  - Establish coal briquette/HCI production technology
  - Test technology & economy of commercial plant

Commercialized FINEX Plant (1.5 mn tons)

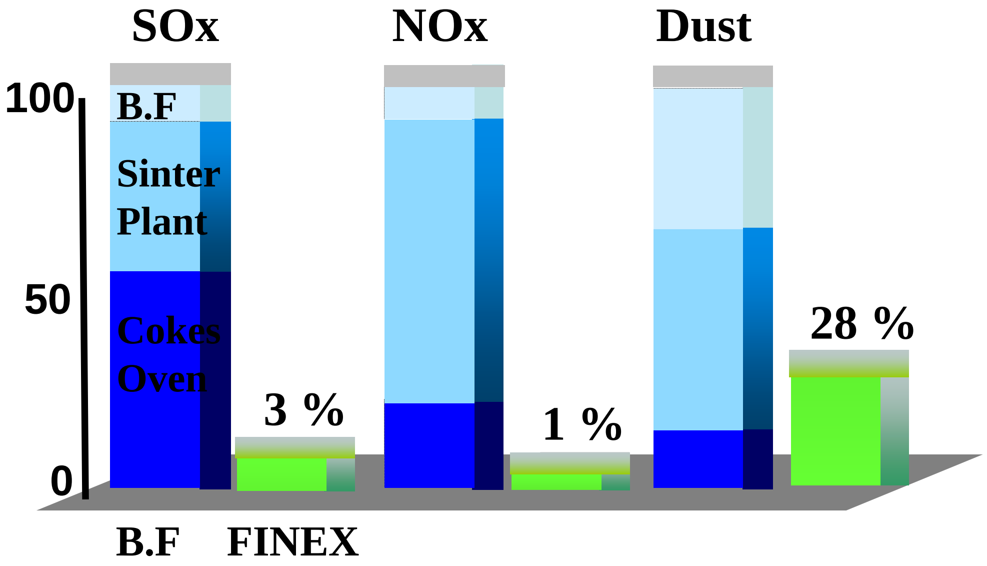
- **Completion of Commercialized FINEX Plant**
  - Verify superior efficiency over blast furnaces
  - Construction Period : Aug.2004 ~ Apr.2007
  - Operation Start : May.2007 (CAPEX: KRW 1.1tr)

FINEX History

1992	’01.1	’03.5	’05.12	’06.12 ~ ’07.5
FINEX Tech. R&D	Construction of Demo Plant	Demo Plant Operation & Modification	Demo Plant Optimizing Test	1.5mil ton #1 Plant Operation Start
• ’96. Model Plant operation(15t/day) • ’99. Pilot Plant operation (150t/day)	• ’01.1 Demo Plant Groundbreaking • ’02.8 Completes Coal Briquette Facility	• ’04.5 Achieve 0.8mil ton Prod	• Limit test using low-cost iron ore • Minimal cost operating test	

FINEX® Snapshot

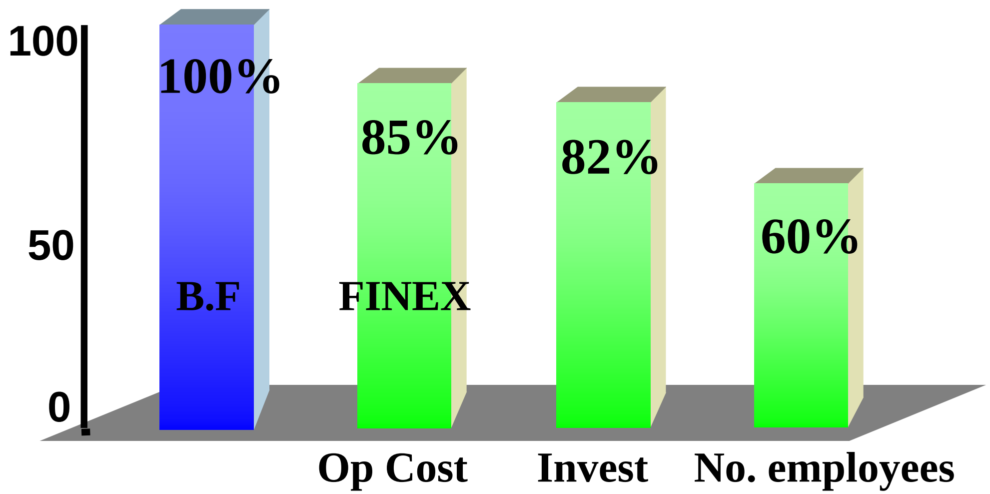
Pollutants Emission Comparison



Commercialized FINEX Plant Operation Status

		Normal Op Target	Result (May.'07)
Production	Per annum (mn ton)	1.5	1.35
	Per day (ton)	4,300	3,800 ~ 4,000
Rate of Op	%	95	95
Coal Rate	kg/tHM	750	830

Investment & Production Cost Comparison



Investment Comparison (FINEX 3.0 mn tons)

(%)

	B.F	FINEX
Main Facilities	100	81
Body	100	64
Total Investment	100	82

Progress on India Project

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❑ India Govt. Continues Support and Inter-dept Cooperation

- Prime Minister calls meetings to review progress (1st: Apr.19, 2nd:Jun.27)
- State continues support on land acquisition & promotion of community development
- Env't approval for port & plant through 'hand on' cooperation between Center & State

Progress	Plans

Progress

- Mining License
  - Admin procedure regarding duplicate applicants in process for prompt approval from Center
- Land Acquisition
  - State approved & recommended to Center forest diversion proposal (Jun.'07)
  - Demarcation & fencing around site to be done within '07 (reported at 2nd PM meeting)
- Construction
  - Center approved env't impact assessment
    - · Port (Apr.'07), Steel Mill (Jun.'07)
  - Utility & infrastructure route approval & design to be ready for land acquisition

Plans

- 4Q'07 - Acquire mining license and complete land acquisition
- 1H'08 - Begin foundation & port construction

India Works Landscape

❑ Strengthened Steel Investment in Vietnam

Construction of CR Mill

- **Overview**
  - Capacity : CR 1.2mn ton (F/H 50, CR 70)
  - Location : Phy-my #2 Plant, Southern Vung-Tau
  - Period : Nov.'07 ~ Dec.'09 (25months)

- **Benefits**
  - Set up a stepping stone into S.E.A market

* Steel industry in Vietnam
- Rapid growth of 20%/yr ('06 2.2mn ton net import)
- Lack of flat prod'n facilities, longs-based prod'n
  - · '06 self –supply rate : steel products 67%, sheets 33%

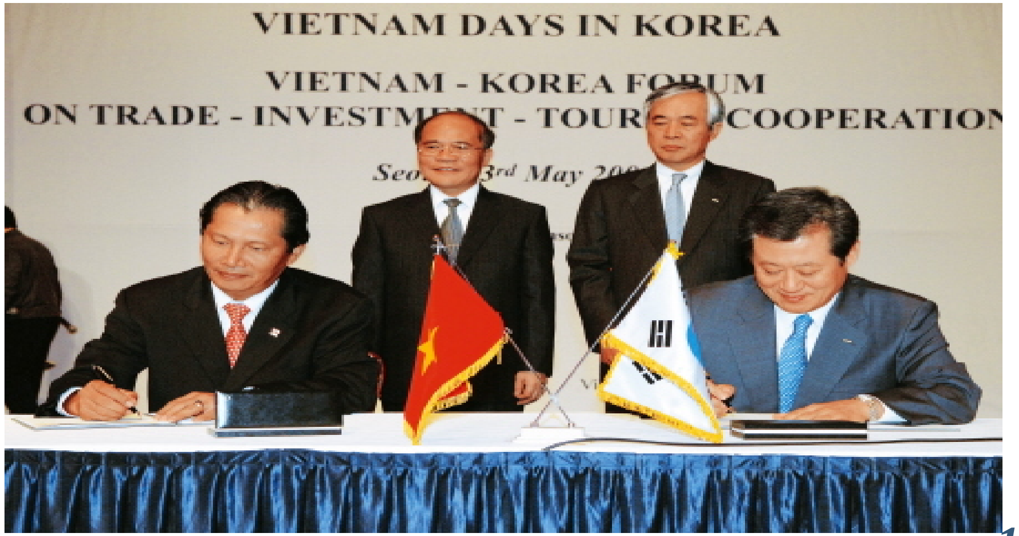
CR Demand/Supply Outlook in Vietnam (in mn tons)

	2010	2015	'05 ~ '15 Increase rate
Demand	1.73	2.54	9.2%/yr
Supply	0.92	0 .92	-
Shortage	△0.81	△1.62	-

Feasibility Study on Integrated Mill

- **Overview**
  - MOU with Vietnam's Vina-Shin Group
  - Inspect land & port, test facility & technology, raw mat'l sourcing, market supply/demand, etc

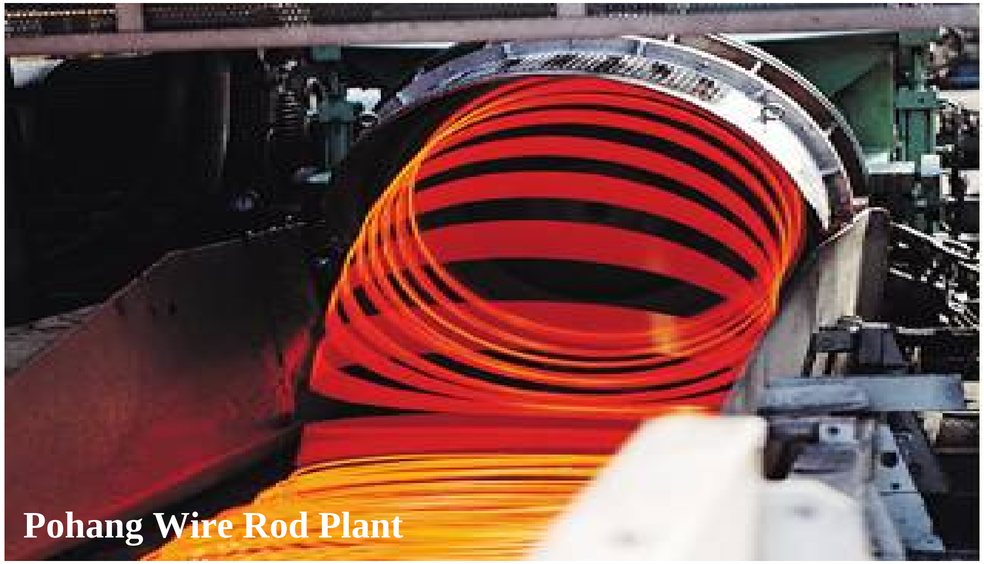
*Vina-Shin Group (Largest gov't operated shipbldr)
- Under direct control of Prime Minister
- Own apprx 100 companies in ship, E&C



R&D for premium products

Extremely thin tire cord

- **R&D overview**
  - Date : Jan.'06 ~ Apr.'07
  - JV with Koryo Steel Group
  - Dramatic improvement in strength
- **Benefits**
  - Substitute cords < 0.20mmΦ (20thous ton/yr)
  - Expand exports of high value-added product



Pohang Wire Rod Plant

New 400 series stainless steel

- **Overview**
  - Date : Sep.'05 ~ Jul.'07
  - Product : POS445NF
  - Characteristics equivalent to 300 series, despite no nickel and more chrome (18 → 21%)
- **Benefits**
  - Cost-savings to elevator & home app. producer
  - Secure tech & expand demand for high-Cr STS ('07 : 30thous tons/yr)

Pohang STS Steelmaking Plant

Magnesium Sheet Business

Business Overview

- **Overview**
  - Location : Hae-ryong Industrial Complex
  - Production Capacity : 3,000 ton/yr
  - CAPEX : KRW 25.3 bn
- **Progress**
  - Feb. ’04 Joint Venture with RIST started
  - Sep. ’06 Start construction of plant
  - Mar.’07 Registered to Nat’l Mg Association
  - Jul. ’07 Construction completion(tentative)
  - Aug. ’07 Initiate mass-production

Soonchun Plant

Features & Demand Forecast

- **Key Features**
  - Lightest practical metal: 23% vs.Steel, 67% vs. Al
  - Recyclable, easy to form
- **Demand Forecast**
  - Rapid growth expected as demand increase for mobile electronics & light-weighted vehicles

Magnesium Products

Beginning	Oct ’07~
Common products • Utensils, glass frame, suitcase, etc	Premium products • Cell phone, Laptops, etc


Glass Frame


Cell-phone Case


Steering Wheel


Suitcase


Laptop Case


Hood

Strategic Alliances to enhance Competitiveness

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❑ Strategic Alliances with Hyundai Heavy Industry & Dong-kuk Steel

Cross Shareholding

Hyundai Heavy Industries (Mipo Dockyard) → 1.9% → **POSCO**

POSCO → 1.0% → **Hyundai Heavy Industries (Mipo Dockyard)**

Dong Kuk Steel → 9.8% (Union Steel) → **POSCO**

POSCO → 9.8% (POCOS + POSCO) → **Dong Kuk Steel**

- **Tech. JV for premium shipment steel incl. TMCP**
- **Secure stable demand by customer lock-in**
  - ☞ **Sales to HHI(in thous ton) : Plates 980, GO.etc 40**

- **Stabilize domestic CR market**
- **secure supply of raw material (feed-stock)**

Hyundai Heavy Industries, Ul-san

Union Steel, Bu-san

Key Management Activities

VW Group Award

- **Awarded for**
  - Cost savings through suggesting Hot Dipped GI
  - Best technical service & process efficiency
- **Benefits**
  - Expand sales to Eastern Europe & Brazil plants
    - · Current sales about 100Kt to Mexico/China plants
  - Establish global total prod'n process for autos

※ Supplier Award from Honda ('03) : quality & service
Quality Certification from D-Chrysler ('06) : AHSS

VW Group Award

Cost Savings Continues

- '07 target revised

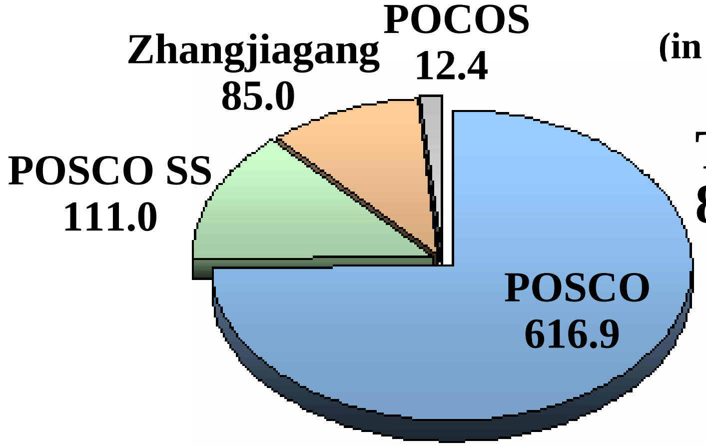
Original		1Q		2Q
487.2	⇨	604.1	⇨	616.9

Cost Savings Result

'07 Target	1st Half	Progress
KRW 616.9 bn	369.1 bn	60%

'07 Consolidated Savings Target

(in bn KRW)



Key Management Activities (Subsidiaries)

Steel

- POCOS : Invest coat/color plant in Vietnam
  - Construction : Jan.'08 ~ Aug.'09 (20mos.)
  - Capacity : 300K t/y
  - Benefits
    - ·Secure mkt for high-end Al & pre-painted sheet
- POSCO Specialty : Completed Forging Line
  - Construction : Dec.'05 ~ Jun.'07
  - Capacity : 62Kt/yr (tool 32, industrial 30Kt)
  - Improve profit with premium forged product

    ※ high VA ratio : 35%('07) → 67%('12)

New Forging Line

E&C (POSCO E&C)

- Develop New City in An Khanh, Vietnam
  - Location : Ha Tay Area, Vietnam
  - Development : '07 ~ '20 (Area 2.6 mn m^3)
    - ·Dec.'06 Dev. Approved & corp. established
    - ·Apr.'07 Initiation
  - First modern city in Vietnam, incorporating business, residence, education & entertainment
- Songdo International Business Community
  - Developer : Songdo New Town Dev't Co., Ltd.
  - Development : '03～'14 (KRW 5.5tn)
  - Jun.'07 Central Park I Groundbreaking

Landscape, New City V

Key Management Activities (Subsidiaries)

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Energy (PoscoPower)

- Renewable Energy – Fuel Cell Biz
  - May.'07 Group-wide MOU for cooperation
  - May.'07 MOA w/ Pohang City on fuel cell biz
  - ☞ To construct 100MW production base by '10
- Begin Plant Expansion
  - Feb. '07 tech assistance agreed with KOPEC
  - May.'07 contract w/ KEPCO for transmit fac.
  - Jun. '07 secure land for expansion
  - ☞ add'n 2,000MW generating capacity by '15

Landscape of PoscoPower

IT (Posdata)

- WiBro (mobile internet) Global Business
  - Field trial for overseas commercial supply
    - Malaysia, Singapore, Vietnam, China, etc.
  - IT Ministers(S.Africa, Czech) visited for coop
- Strengthen Convergence Business
  - Jun.'07orders for ETCS biz for express ways
  - Jul.'07 sales of ETCS set w/ integrated antenna
- Opened India ODC to enter global SI biz
  - Assist IT such as POSCO-India in proximity

Mobile Internet Experience Center

* ODC: Offshore Development Center
* ETCS: Electronic Toll Collection System

Demonstrating Corporate Citizenship

Dasan Business Award (June'07) (The Korea Economic Daily)

- Global Steel Company, Progress Overseas Growth

Most Respected Entrepreneur (May '07.5) (KMAC)

- Actively Promoting Foreign Project, Corporate Ethics, Technology Research

2007 Most Transparent Company (June'07) (Korea Accounting Association)

- Transparent Corporate Governance & Accounting System

Best Company in Corporate Governance Structure (June'07) (Corporate Governance Service)

- Best Practices in Protecting Shareholder Right & Management of BOD

The Award of Shareholders' Value (June'07) (Money Today)

- Active Shareholder Value Improvement

Contribution of Economic Cooperation for Korea/China ('07.6) (Maeil Business Newspaper)

- Economic Cooperation in Trades, Joint Venture, Technical Cooperation,etc

No.1 Company for CSR Suitability (June'07) (Economy 21)

- Community Services Performance

Agenda

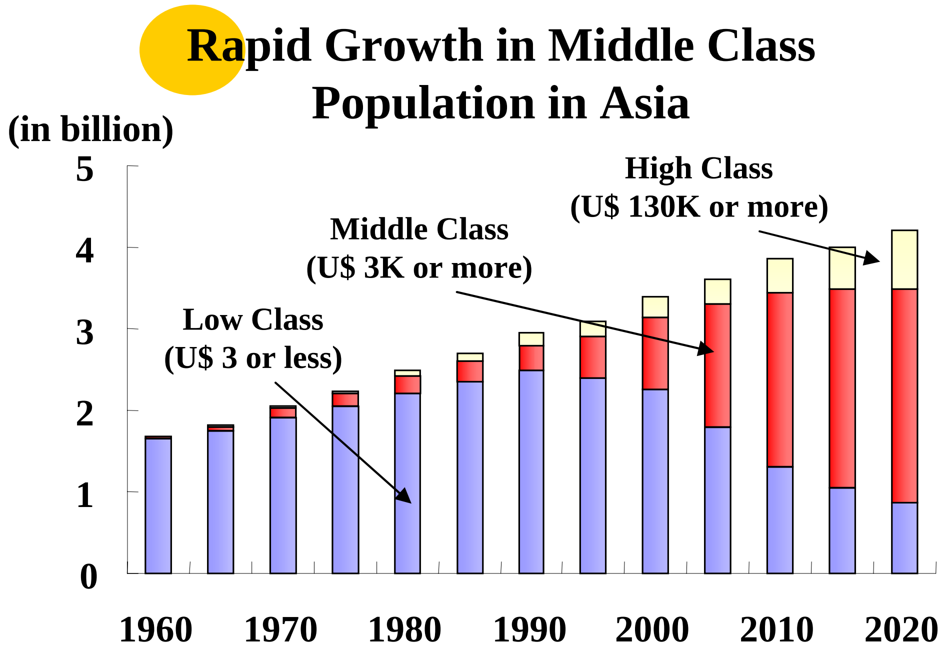
GLOBAL POSCO WAY

1. 2Q ’07 Operating Performance
2. Activities & Accomplishments
3. **Steel Industry Environment**
4. 2007 Business Plan

Global Steel Market Long-term Forecast

❑ Expecting 1.89 bn ton Steel Consumption by ’17, Driven by Growth in BRICs

- Rapid growth in mid-class population(China, India, etc) : 1.15 bn(’00) → 2.55(’10) → 3.35(’20)
  - ☞ Growth in steel-intensive sector : global auto prodn 73 mn(’07) → 86(’12) → 92(’17)
- Demand : 1.31bn tons (’07) → 1.89 (’17) (58 mn ton/yr increase)



* Source : POSRI (Jun.`07)

- Expecting high demand from BRICs & Next-11 as they move into fast-growth stage

	China	Indo	Russia	Brazil	S.E.A	Mid East
Demand CAGR(07~12)	6.5%	8.6%	6.8%	4.9%	7.9%	3.9%

* NEXT 11 : Countries w/ high potential to develop: Korea,Vietnam,Turkey,Indonesia,etc (Defined by Goldman Sachs)

Global Steel Market 1

❑ Global Steel Market to Maintain High Level of Production and Consumption

1 H '07 Overview

- **Despite production increase, price remained high & inventory low as market boomed**
  - Demand exceeding market expectation
    - · 1Q Consumption: China 18.6% ↑ , EU 7.7% ↑
  - Scrap & Slab price continued to be strong

2 H '07 Outlook

- **Expects 'De-Coupling' in global steel market**
  - Dev'd countries: strong demand & low inventory
  - China: slightly weak (prdn up & export control)
- **Chinese export regulation will be "key factor"**
  - Stronger control brings global stability
  - Chinese steel market reconstruction to accelerate

Global Steel Supply & Demand Forecast

	2006	2007(F)	2008(E)
Nominal Consumption (mn tons)	1,109	1,166	1,218
Year-on-Year (%)	7.5	5.1	4.5
Finished Steel Production (mn tons)	1,140	1,193	1,244
Year-on-Year (%)	8.7	4.6	4.3

(WSD, June '07)

GLOBAL POSCO WAY

❑ Steady Global Steel Price as Market Enters into a Seasonal Upturn

Regional HRC Spot Price

(in U$/T)

Soft market continues while import increase despite of inventory drop
Midwest : 694(Sept.'06) → 595(Dec) → 562(Feb.'07) → 639(April) → 617(May) → 584(June)

Turning soft as import increases & slow season nears
EU Avg : 635(Sept.'06) → 619(Dec) → 641(Feb.'07) → 716(April) → 685(May) → 666(June)

Export regulation(levy export tax,etc) leads domestic market to soften
Guangzhou : 454(Sept.'06) →449(Dec) →481(Feb.'07) → 499(April) → 497(May) →477(June)

Premium (auto, shipbuilding) continue strong, while common grade remains weak
Seoul-Inchn : 630(Sept.'06)→ 589(Dec)→ 626(Feb.'07)→ 637(April) → 647(May)→ 648(June)

Remains high as demand stays strong (NSC & Toyota's agree to raise price)
Tokyo : 530(Sept.'06) → 538(Dec) → 540(Feb.'07) → 564(April) → 580(May) →600(June)

ASEAN

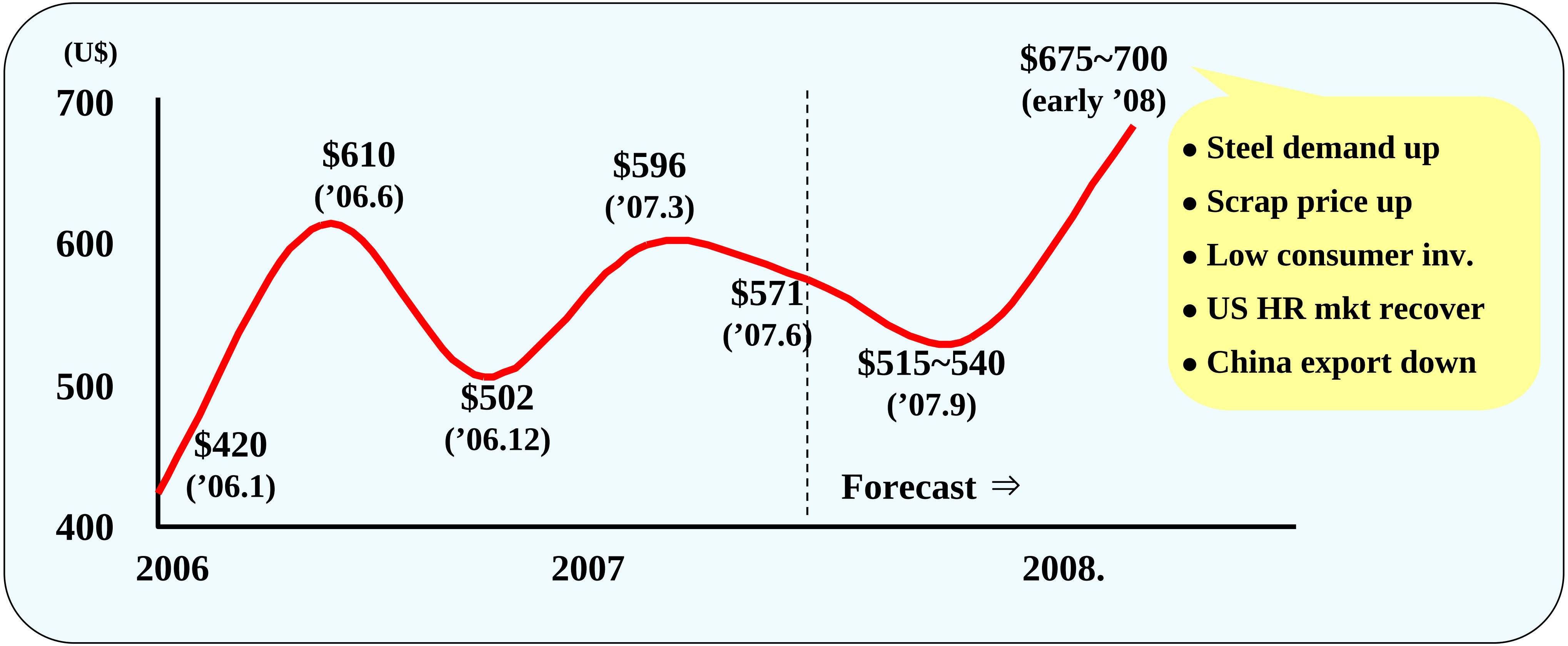
Maintains strong as import & slab price increase
Thailand : 550(Sept.'06) → 539(Dec) → 537(Feb.'07) → 571(April) → 603(May) → 633(June)

Global Steel Market Outlook

GLOBAL POSCO WAY

❑ Upturn Expected in 4Q after Swift Decrease during Summer (WSD, Jun.'07)

Global HRc Export Price Forecast

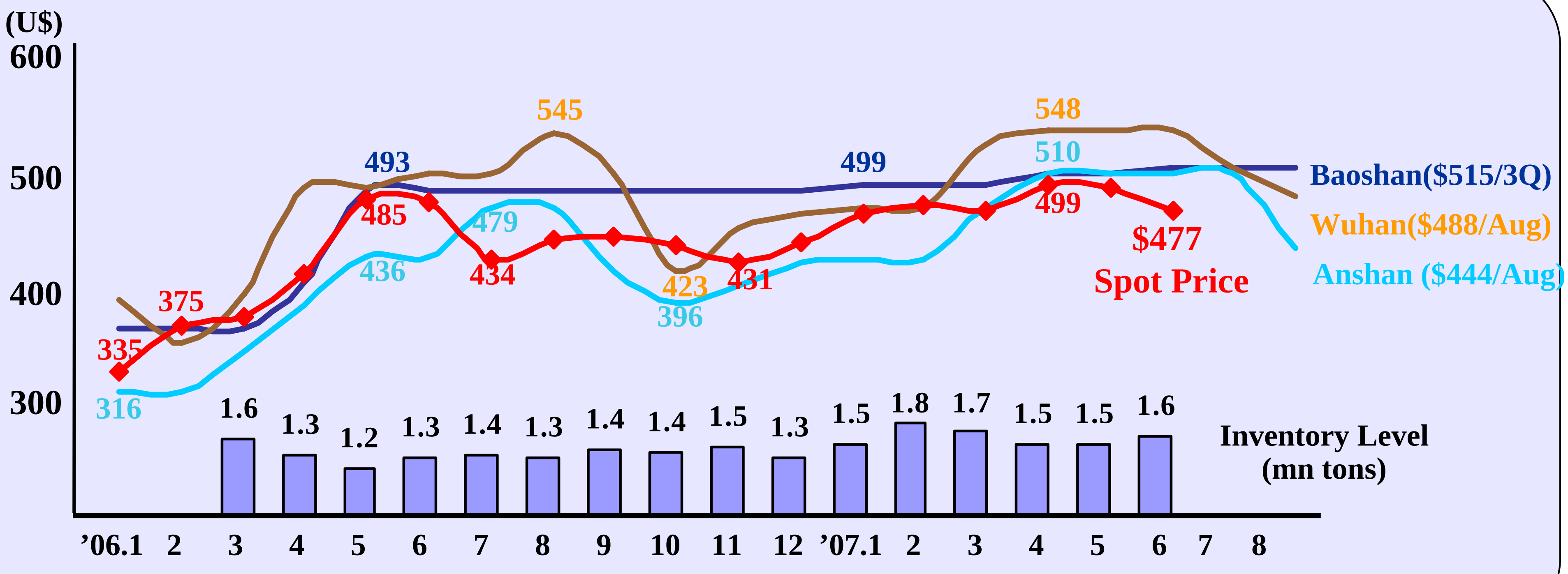


China Steel Industry Trend

❑ Domestic Price Weak due to Stronger Export Regulation by Government

- **Export to slow due to tax rebate cut & export license control**
  - Tax rebate reduction (Apr.’07) : HR, Plate, Wire, etc 8%→ 0%, CR, GI, STS, etc 11%→ 5%
  - License control (May.’07) : HR, Plate, Long Product & STS HR (partly)
  - Export tax (Jun. ’07) : HR, Plate, STS HR 5%, Wire, Long products 10%
- **Market restructuring to continue, list of plant to be shut down recently announced**
  - 344 steelmakers selected : 2.4mn tons reduction in ’07 → targeting 5.5mn tons of reduction by ’10

HR Price Trend in China (U$/ton)



◆ Spot Price : Guangzhou 3.0mm * Inventory : HR in 22 major cities

Domestic Steel Industry

❑ Market to Recover as Demand Industries(Auto,ship,equipment,etc) Remain Strong

Domestic steel supply & demand

(in thousand tons)

	'06		'07		YoY(%)
	1H		1H		
Consumption	24,220	49,634	26,390	52,547	5.9%
Production	27,811	57,239	29,954	60,729	6.1%
Import	5,417	10,591	6,053	11,614	9.7%
Export	9,008	18,185	9,617	19,795	8.9%

* POSRI (April `07)

Forecast on consuming industries

Domestic consumer spending up.
New mkt & model help exports.
- Prodn. forecast (in thous units)
  3,840('06) → 3,999('07)

Weak mkt with overseas prodn up but premium demand still high
- Prodn forecast (in thous, major 5)
  22,591('06) → 21,475('07)

Volume up from new tech.
Premium vessels increased.
- Ship-building forecast (in thous GT)
  17,784('06) → 19,928('07)

Slight recovery continues mainly from construction industry
- CAPEX forecasts (tn KRW)
  117('06) → 119('07)

Stainless Steel Market

❑ Domestic & Foreign STS mills Cut Production after Recent Drop in Nickel Price

Recent STS Market Trend

- Europe
  - TKS & Arcelor's 400 series prdn up since April
  - Steel mills cut production by 15%
- Asia
  - Chinese cut by 20~30% & price cut in July
  - Domestic CR Mills drop utilization rate

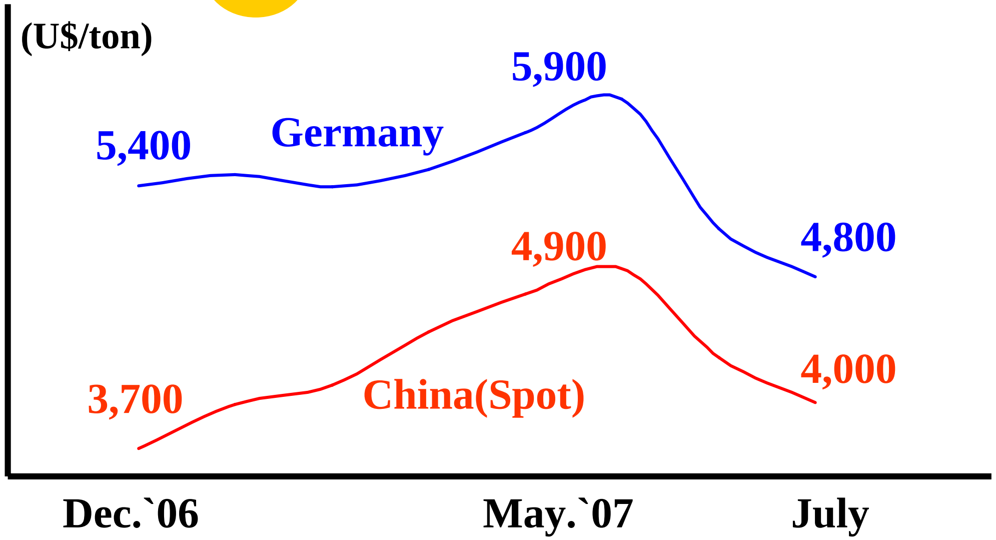
☞ Market recovery expected from 4Q, due to prodn cut & seasonal upturn

Nickel Price Outlook

- Correction after sharp drop(△30%) in May
  - Increase in Chinese Nickel pig iron production
  - 300 series demand low from prodn cut & Ni price
  - Stronger LME Lending reg. to control speculation

☞ Possible rally in 4Q with mkt recovery

STS CR Price Trend



Nickel Global Supply/Demand Forecast

(in thousand tons)

	'07	'08	'09
Brookhunt	15	5	22
Macquarie	7	6	7
UBS	12	△ 9	7

Agenda

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2007 Business Plan

(in million tons, tr KRW)

	2006		2007		(%)	
	Consolidated	POSCO	Consolidated	POSCO	Consolidated	POSCO
Crude Steel Production	31.2	30.1	32.6	30.8	4.5%	2.3%
Sales Volume	30.9	28.5	31.9	29.3	3.2%	2.8%
Revenue	25.8	20.0	32.2	22.7	24.8%	13.5%
Operating Income	4.4	3.9	5.4	4.6	22.7%	17.9%
Investment	4.9	3.8	6.9	6.1	40.8%	60.5%

The data above represents the Company's internal objectives, and should not be used as a basis for investment decisions

2Q 2007 Operating Performance

July 16, 2007