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CEO Forum 2005

January, 2005

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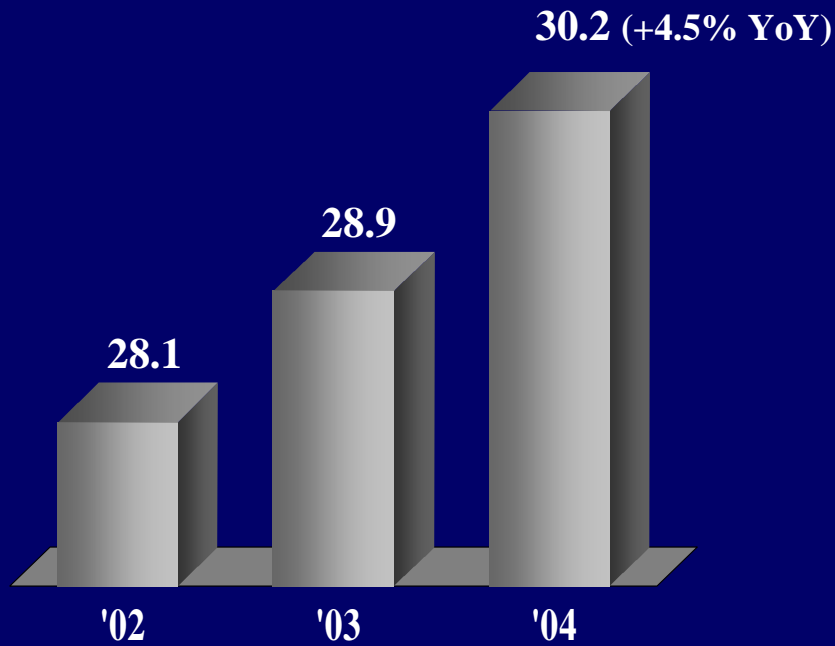
- 1. 2004 Performance**
- 2. Industry Overview**
- 3. Medium-Term Strategy**
- 4. 2005 Business Plan**

The figures provided in this presentation are based on unaudited financial statements. Certain numbers may be presented differently once audited and the company takes no responsibility and accepts no liability for such changes.

□ Expand Production to 30 Mn tons & High Value Added Products

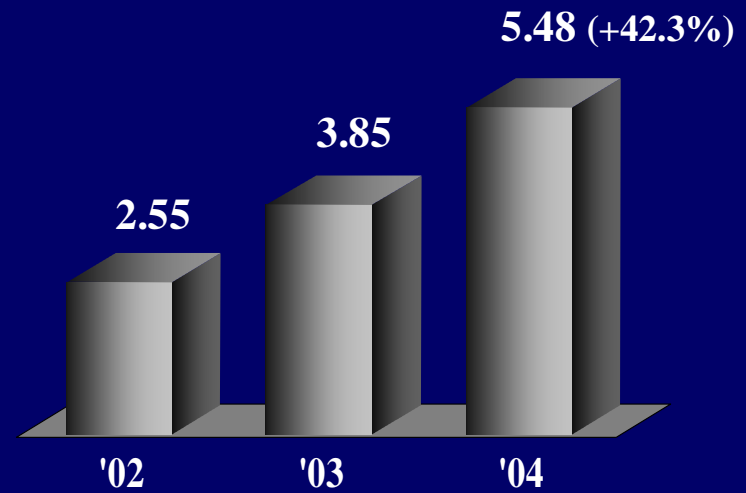
Crude Steel Production

(Unit: MM tons)



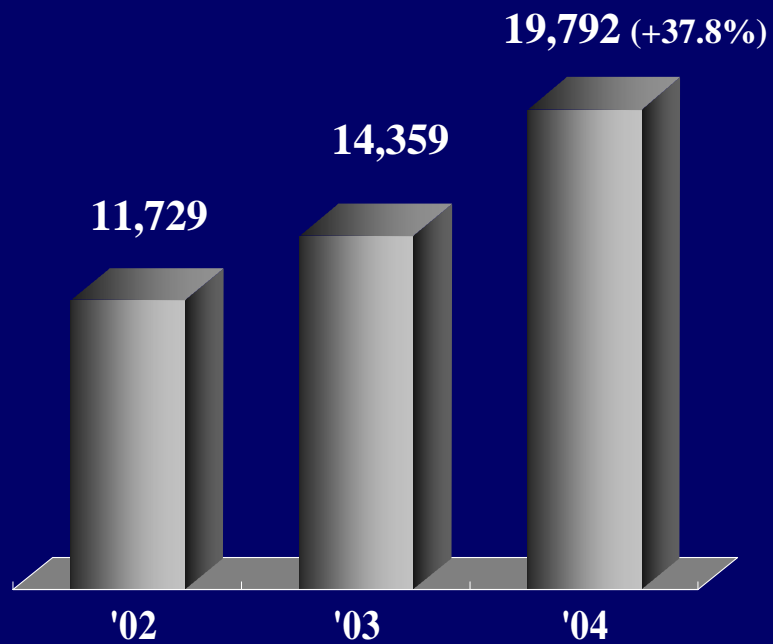
Sales of 8 Strategic Products

(Unit: MM tons)



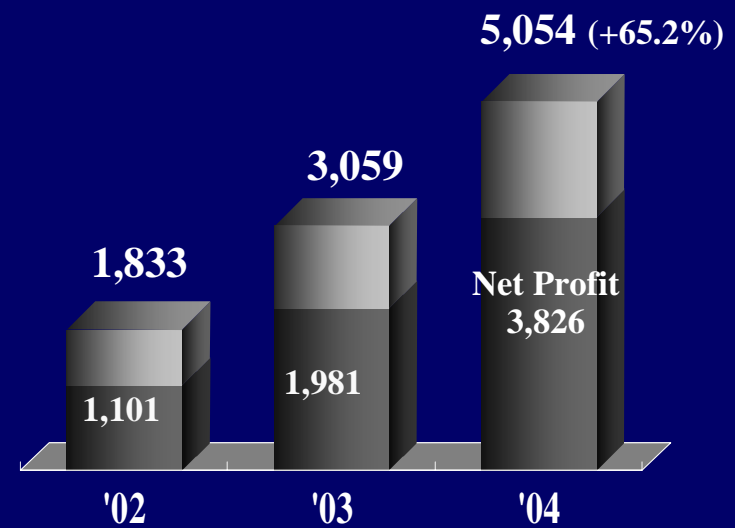
Sales Revenue

(Unit: KRW Bn)

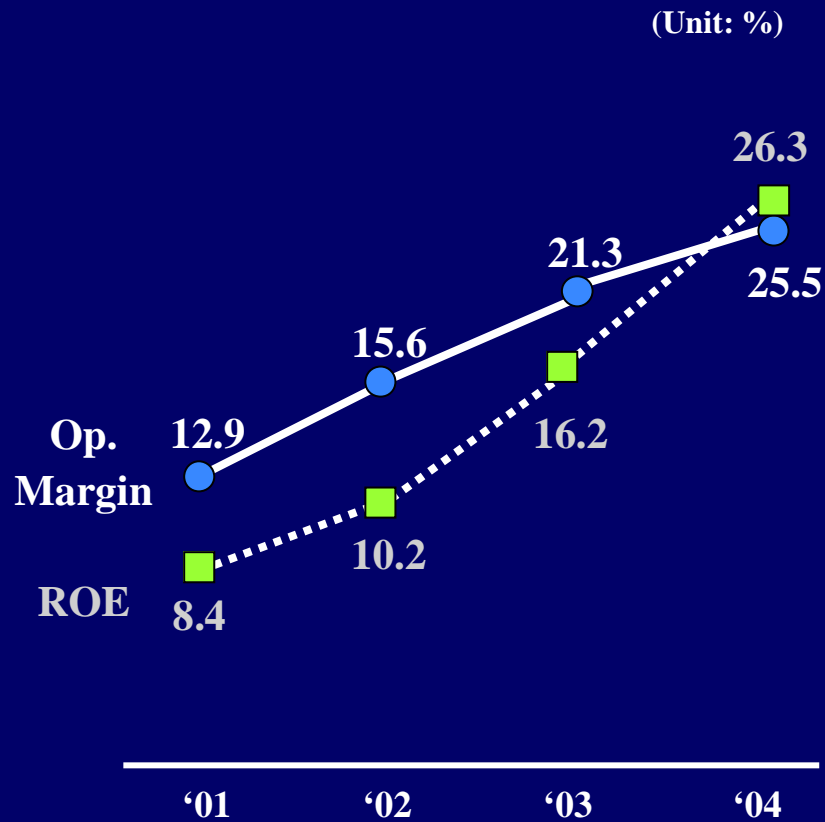


Operating & Net Profit

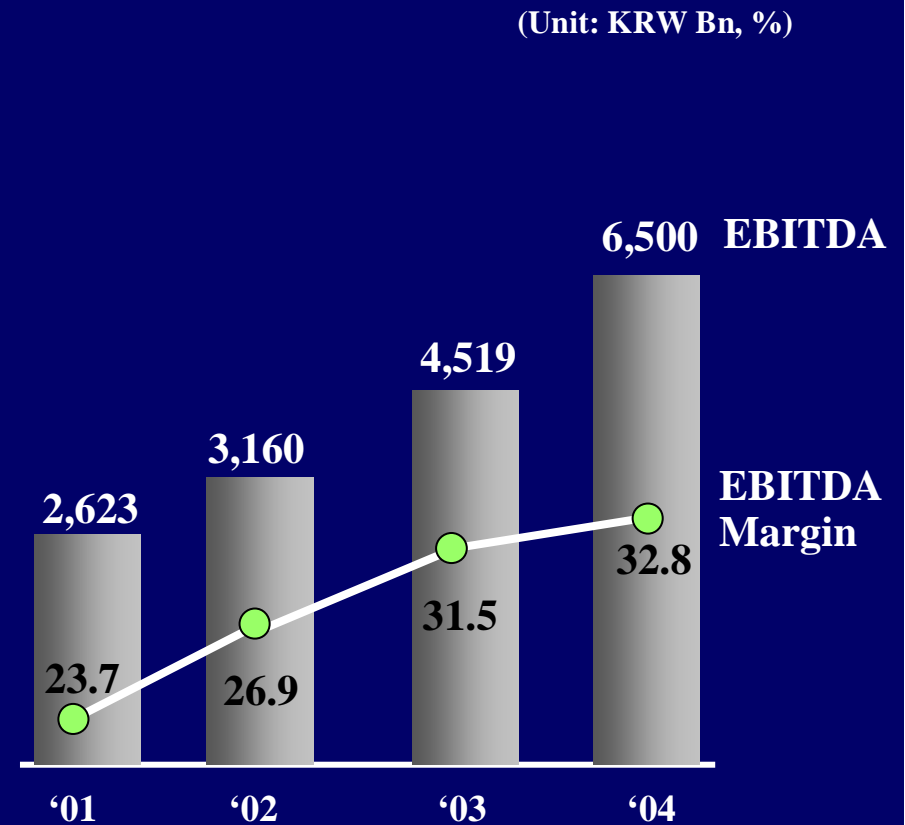
(Unit: KRW Bn)



Operating Margin & ROE



EBITDA & EBITDA Margin



□ Investment to Secure Future Growth and Leadership in Technology

● Capacity Expansion (KRW 2.1 Tn)

- Construction of #1 FINEX Plant : 1.5 MM tons (~ Dec. '06)
- Construction of No. 5, 6 CGL
 - No. 5 : 0.45 MM tons (~ Oct. '05) - No. 6 : 0.4 MM tons (~ Jun. '06)

● Investment in China (US\$ 91 Mn)

- Construction of Zhangjiagang STS Capacity : 0.6 MM tons (Jan. '05 ~ Dec. '06)
- Completion of Qingdao STS CR Plant : 0.18 MM tons (Dec. '04)
- Participation in Benxi CR Joint Venture (10% shares) : 1.8 MM tons (Mar. '04 ~ Mar. '06)

● Investment in Raw Material Development (US\$ 60.3 Mn)

- Foxleigh and others in Australia
 - Coal Procurement : 1.5 MM tons / year
- Elkview in Canada
 - Coal Procurement : 0.7 MM tons / year

● R & D (KRW 0.3 Tn)

- Construction of Strip Casting Demo Plant
 - 0.6 MM tons (~ Jun. '06)

□ Corporate Culture Enhancement

● Innovation through 6 Sigma Campaign

- Completed 1,800 projects with economic benefit of KRW 490 Bn
- Introduced 'Benefit Sharing System' with suppliers on cooperated projects

● Web-Based Operating System

- Launched web-based production operating system MES
(Manufacturing Execution System)

● 'Corporate Sustainability Management' Report

- Published 'CSM Report' authenticated by an external institution
(Earnst & Young, Oct. 2004)

● Ethical Management

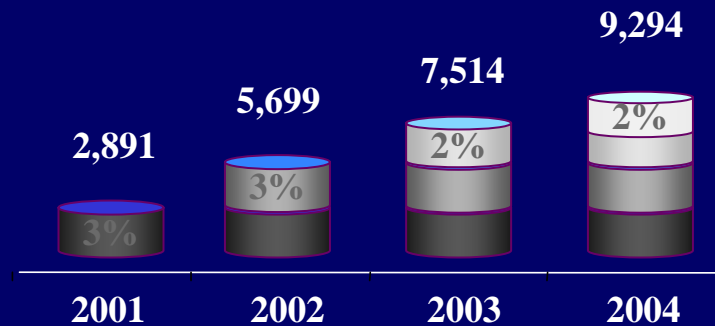
- Declared 'Code of Conduct' for management ethics (Jun. '03)
- Introduced 'Ethical Management Compliance System' (Aug. '04)

□ Enhancing Shareholder Value

Share Cancellation

- Share buy-back and cancellation in four consecutive years
 - Total Shares Redemption : 9,293,790

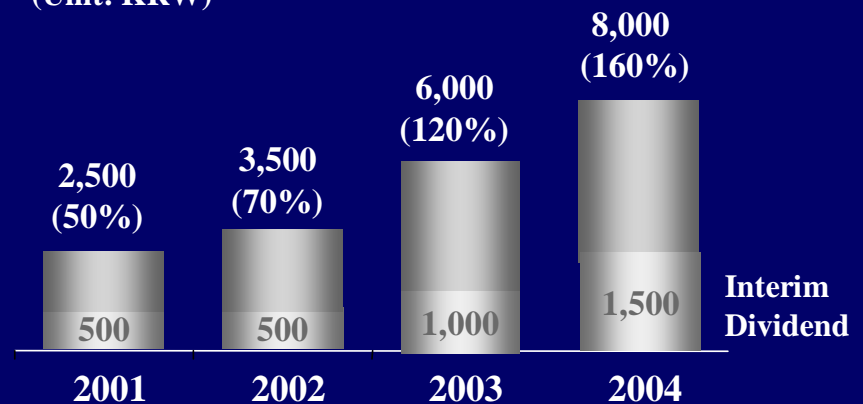
(Unit: '000 shares, %)



Dividend Policy

- Focusing on long-term stable dividend payout
- 2004 dividend : KRW 8,000/share (+33% yoy)
 - Including interim dividend of KRW 1,500/share
 - Dividend yield : 4.3%

(Unit: KRW)

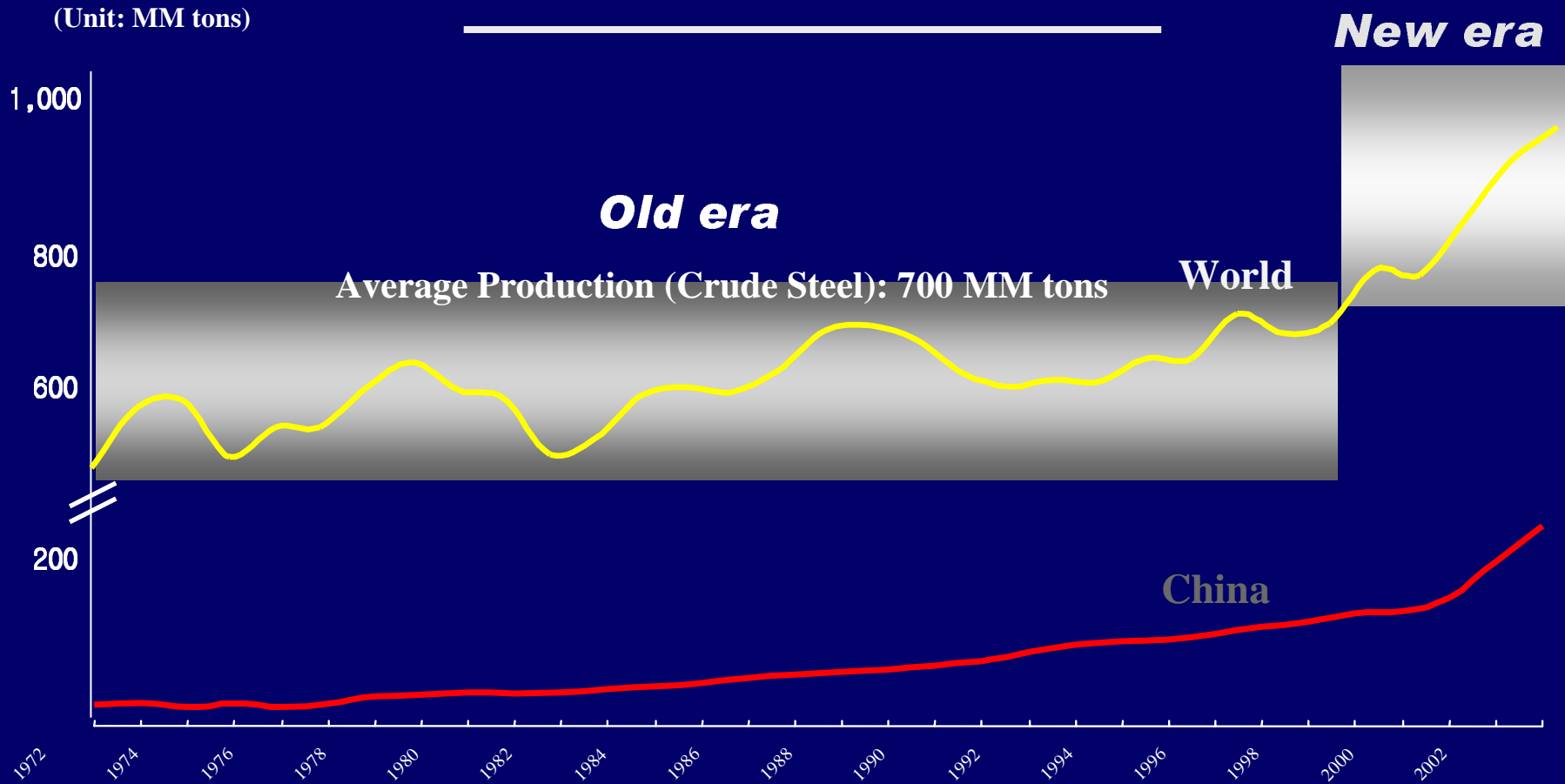


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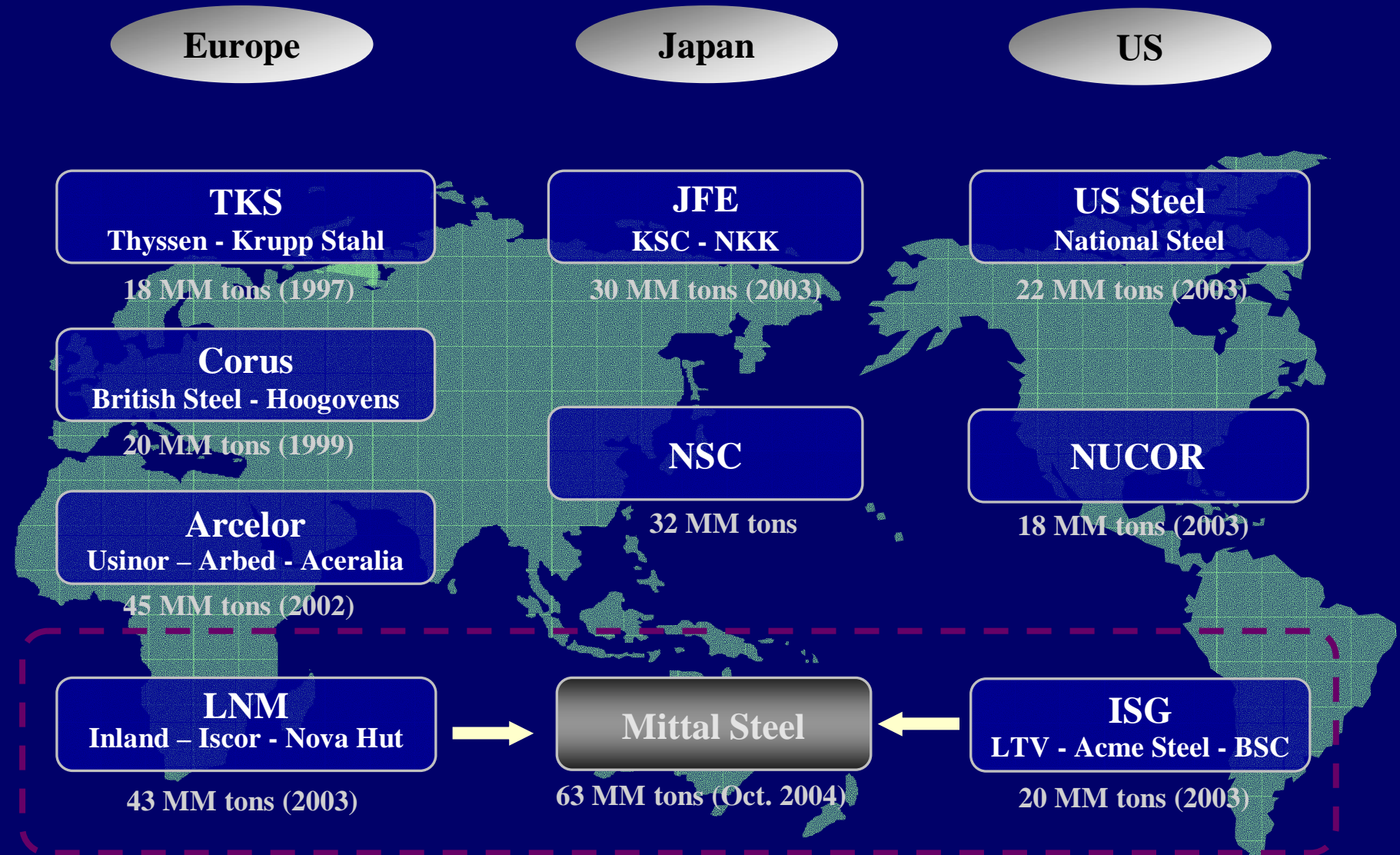
STRUCTURAL CHANGE IN STEEL INDUSTRY **POSCO**

□ New Era with Annual Crude Steel Production over 1 Bn Tons

Global Steel Production Trend



CONSOLIDATION AND GLOBALIZATION



❑ Strong Price of Raw Material in a Near-term

● Increase in raw material demand driven by China

• Seaborne Trade

- Iron Ore : 579 ('04) → 601 ('05) → 630 ('06) MM ton

- Coking Coal : 196 ('04) → 206 ('05) → 213 ('06) MM ton (IISI, '04.10)

● Delay in capacity expansion for raw material supply

• Iron Ore

- CVRD : 165 ('04) → 249 ('10) MM ton

- Hamersley : 85 ('04) → 126 ('07) MM ton

- BHPB : 110 ('04) → 145 ('07) MM ton

• Coking Coal

- BMA : 58 ('04) → 100 ('10) MM ton

● Increased bargaining power

• Iron Ore : Major 3 suppliers (CVRD, Rio Tinto, BHPB) 78%

• Coking Coal : Major 5 suppliers (BMA, EVCC, Rio Tinto, Anglo, Xtrata) 62%

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Strategic Goals

- ❑ Establish Global Production Base**
- ❑ Global Leadership in Technology**
- ❑ Stable Raw Material Procurement**
- ❑ Continuous Management Innovation**

□ Establish Global Production Base

- **Increase domestic production to 34 MM tons ('08)**
 - **Pohang Steelworks : 15 MM tons**
 - **Gwangyang Steelworks : 19 MM tons**

- **Expand production capacity to Global Top 3 by 2007 ('07)**
 - **Pohang Steelworks : 2.2 MM tons**
 - **STS Plant in Zhangjiagang : 0.6 MM tons**

- **Enlarge overseas production base**
 - **China, India and Brazil**

□ Global Leadership in Technology (2005 ~ 2008)

- Upgrade Pohang and Gwangyang Steelworks for high-grade steels ('08)**

- Commercializing of Technologies**
 - FINEX**
 - Completion of 1.5 MM tons plant ('06)**
 - Strip Casting**
 - Development of technology ('06)**

- Focus on 8 Strategic Products**
 - Automotive sheets / Electrical sheets / API sheets / TMCP plates**
 - Sales volume of strategic products**
 - ('04) 5.48 MM tons (19.2% of total sales) → ('09) 10.4 MM tons (31.4%)**

□ Stable Raw Material Procurement

● Raw Material Development

- **Increase investments in overseas raw material development projects**

● Long-term Contracts

- **Expand long-term procurement contracts**

● Supply Chain Management

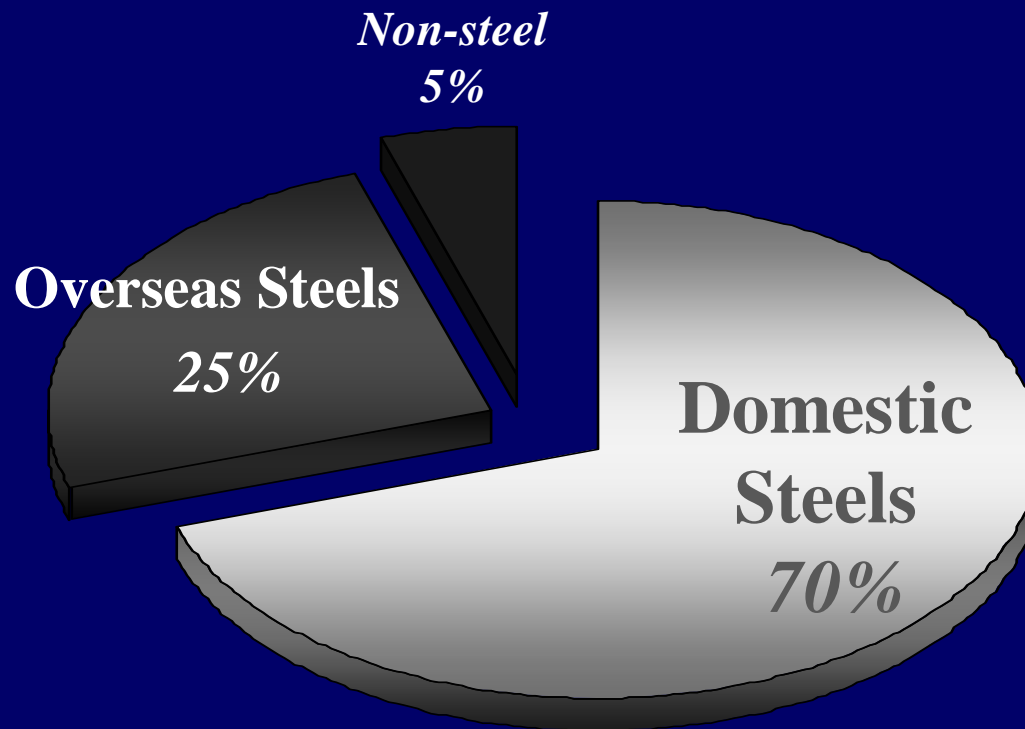
- **Strengthen partnership with suppliers through SCM**

● Transportation System

- **Optimize raw material transportation system**
 - **Appropriate allotment between lifetim dedicated vessels and COA***

***Contract of Affreightment**

□ Total Capex of KRW 16 Tn over Next 5 Years (2005 ~ 2009)



❑ Continuous Management Innovation



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2005 BUSINESS PLAN



(Unit: MM tons, KRW Bn)

	<u>2004</u>	<u>2005 (F)</u>	<u>Change (%)</u>
Production	30.2	31.1	3.0
Sales Volume	29.2	30.1	3.1
Revenue	19,792	23,010	16.3
Capex	2,277	4,081	79.2

* The abovementioned data represents internal financial objectives of the company and should not be used for making investment decisions.

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