

3Q 2007

October 16, 2007

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3Q '07 Operating Performance

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Activities & Accomplishments

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Steel Industry Environment

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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.

❑ Despite crude steel increase, FP prod'n & sales down to prep BF revamping

- **Crude Steel** : Despite STS, total volume up due to FINEX & improved productivity in other mills
- **Finished Product** : Decreased due to STS & increased inventory for rationalizations in 4Q
- ☞ **Major rationalizations in 4Q (all in Gwangyang)** : #3BF revamping, #3HR, #2CGL

(in thousand tons)

	2006 3Q	2007 2Q	2007 3Q	YoY	QoQ
Crude Steel	7,610	7,817	7,883	3.6%	0.8%
Finished Products (FP)	7,391	7,611	7,537	2.0%	△1.0%
FP Sales	7,289	7,549	7,387	1.3%	△2.1%
Domestic	5,106	5,221	5,117	0.2%	△2.0%
Exports (%)	2,183 (29.9)	2,328 (30.8%)	2,270 (30.7%)	4.0% (0.9%)	△2.5% (△0.1%)
FP Inventory	643	761	865	34.5%	13.7%

□ Strategic products (auto, high-end API, electrical steel, etc) continue to grow

Sales of Strategic Products

	'07.1Q		'07.2Q		'07.3Q (in thousand tons)
Automotive Steel	1,341	→	1,490	→	1,537
High-function CR	1,107		1,173		1,203
High-end API	198		234		237

(in thousand tons)

	2006 3Q	2007 2Q	2007 3Q	YoY	QoQ
Hot Rolled	2,192	1,991	1,990	△9.2%	△0.1%
Plate	883	995	1,000	13.3%	0.5%
Wire Rod	458	531	504	10.0%	△5.1%
Cold Rolled	2,817	3,024	3,095	9.9%	2.3%
Elec. Steel	176	238	214	21.6%	△10.1%
S T S	488	436	303	△37.9%	△30.5%
Others	275	334	281	2.2%	△15.9%
Total	7,289	7,549	7,387	1.3%	△2.1%

* Maintenances in 3Q '07 : Electrical Steel (NO 8/31~9/9, GO 9/10~9/18), Wire Rod (7/7~7/15)

❑ Maintained 20% op. margin due to strong carbon steel market & cost savings

- Carbon steel price (in thousand KRW) : 590('07.1Q) → 597(2Q) → 610(3Q)

☞ Plates for shipbuilding price increased : KRW 60 thousand (Nov.'07)

❑ Sales, operating income down due to slowdown in STS market

STS Income Summary	'07.1Q	'07.2Q	'07.3Q
Nickel price (LME/US\$)	41,440	48,055	30,205
STS price (300s/in thousand KRW)	3,865	4,828	4,294
Sales volume (in thousand tons)	491	436	303
Sales (in billion KRW)	1,529	1,399	755
Op income (in billion KRW)	60	125	△33

☞ STS 300 series price increased : KRW 300 thousand (Oct.'07)

(in billion KRW)

	2006 3Q	2007 2Q	2007 3Q	YoY	QoQ
Sales	5,298	5,815	5,257	△0.8%	△9.6%
CoGS	3,954	4,245	3,831	△3.1%	△ 9.8%
Operating Income (OP Margin)	1,064 (20.1)	1,247 (21.5)	1,073 (20.4)	0.8% (0.3%)	△14.0% (△1.1%)
Net Income	882	1,113	871	△1.2%	△21.7%

Summarized Income Statement (POSCO)

(in billion KRW)

	2006 3Q	2007 2Q	2007 3Q	QoQ
Revenue	5,298	5,815	5,257	△9.6%
Gross income	1,343	1,570	1,426	△9.2%
(Gross Margin)	(25.3%)	(27.0%)	(27.1%)	(0.1%)
S G & A	279	323	353	9.3%
Operating income	1,064	1,247	1,073	△14.0%
(Operating margin)	(20.1%)	(21.5%)	(20.4%)	(△1.1%)
Non-op income (expense)	101	221	63	△71.5%
-interest income	2	(1)	5	-
-dividend income	6	11	7	△36.4%
-equity method gains	74	188	79	△58.0%
-FX related gain	34	50	(46)	-
-others	(15)	(27)	18	-
Net income	882	1,113	871	△21.7%
(Profit margin)	(16.6%)	(19.1%)	(16.6%)	(△2.5%)

*2007 3Q equity method gains (KRW 79.0bn) : Domestic (Posco E&C 88.3 , POSCO SS 20.5 ,etc)
Overseas (Zhangjiagang △43.7, Qingdao △5.8,etc)

□ Assets up due to new equipments & equity investments domestic & overseas

- Tangible asset up due to generator in FINEX, heat-treatment line in Pohang#3 plate plant
- Investments securities up due to financing for Vietnam, Benxi CR, Ferronickel plant, etc.

(in billion KRW)

	2006 3Q	2007 2Q	2007 3Q	YoY	QoQ
Assets	25,194	28,686	29,586	17.4%	3.1%
Current Assets	7,548	8,204	8,472	12.2%	3.3%
Non-current Assets	17,646	20,482	21,114	19.7%	3.1%
Liabilities	4,514	5,594	5,725	26.8%	2.3%
Debt	2,570	2,809	2,706	5.3%	△3.7%
S/H Equity	20,680	23,092	23,861	15.3%	3.3%

•3Q Major Financial Activities

- Payout interim dividend : KRW 189.5 bn (Aug.3,'07)
- Redemption of Commercial Paper : KRW 200.0 bn (Aug.13,'07)
- Short-term loan foreign currency : U\$ 57 mn (Aug.23, '07)

Summarized Balanced Sheets (POSCO)

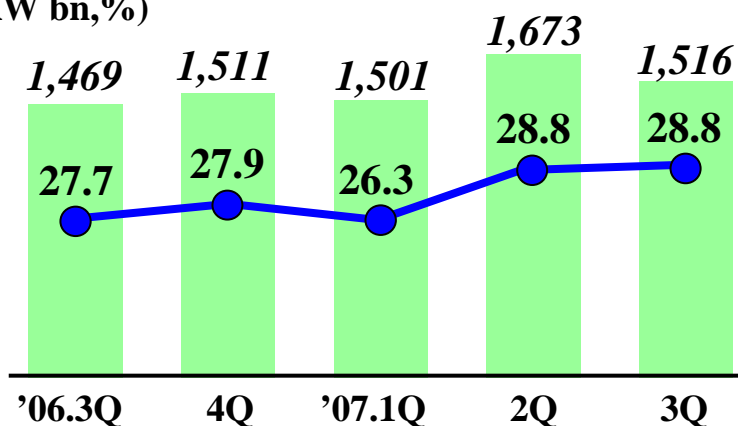
(in billion KRW)

	2006 3Q	2007 2Q	2007 3Q	QoQ
Current assets	7,548	8,204	8,472	3.3%
Cash equivalent assets*	3,051	2,950	3,191	8.2%
Notes receivable	1,760	1,939	1,910	△1.5%
Inventory	2,596	3,164	3,183	0.6%
Long-term assets	17,646	20,482	21,114	3.1%
Investment securities	5,087	7,392	7,877	6.6%
Fixed assets	12,317	12,710	12,841	1.0%
Total assets	25,194	28,686	29,586	3.1%
Liabilities	4,514	5,594	5,725	2.3%
Current liabilities	1,897	2,083	2,411	15.7%
Long-term liabilities	2,617	3,511	3,314	△5.6%
Interest bearing debt	2,570	2,809	2,706	△3.7%
Equity	20,680	23,092	23,861	3.3%
Total Liabilities& Equity	25,194	28,686	29,586	3.1%

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

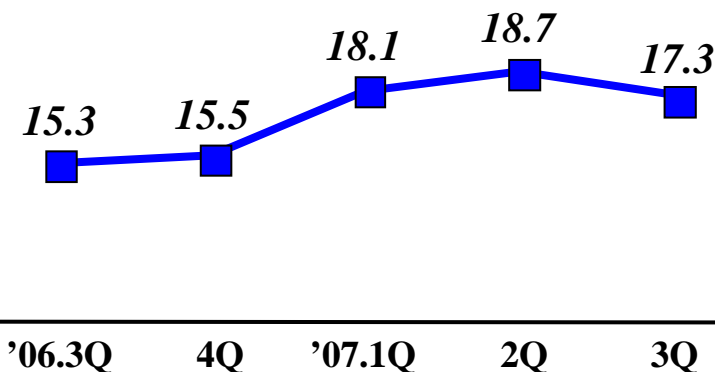
EBITDA & EBITDA Margin

(KRW bn,%)



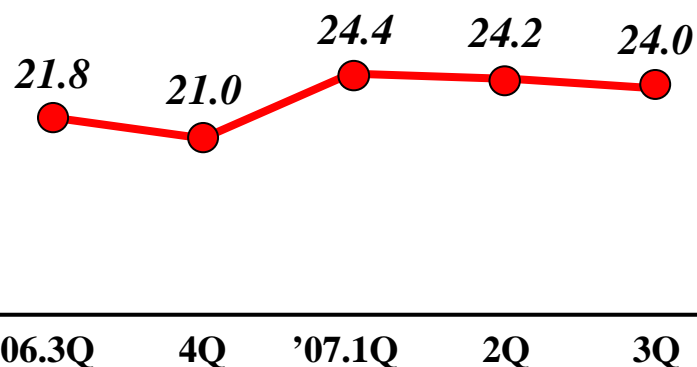
Return on Equity

(%)



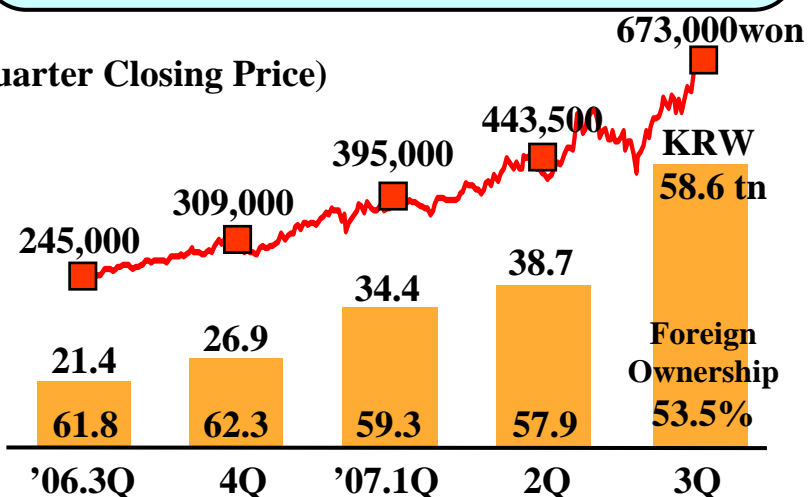
Liabilities-to-Equity Ratio

(%)



Share Price & Market Cap

(Quarter Closing Price)



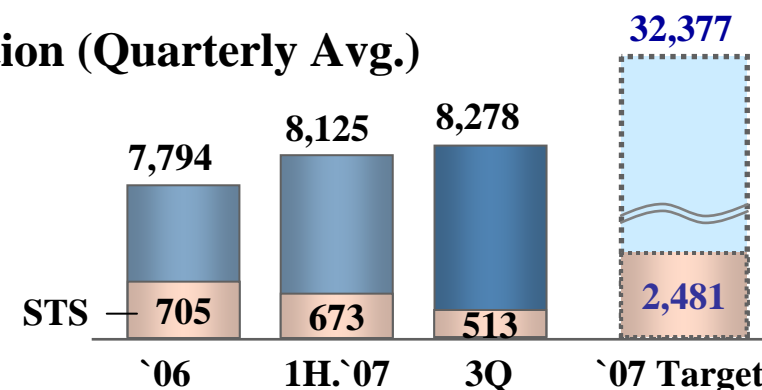
Consolidated Financial Summary

□ Achieved 32 million ton crude steel production capacity

Consolidated Crude Steel Production (Quarterly Avg.)

(in thousand tons)

	`06	1H.`07	3Q	`07 Total
POSCO	7,513	7,685	7,883	23,252
Zhangjiagang	55	202	174	577
POSCO SS	226	238	221	697



(in billion KRW)

		2006 3Q	2007 2Q	2007 3Q	YoY	QoQ
I/S	Sales	6,650	8,234	7,423	11.6%	△9.7%
	OP Income (OP Margin)	1,198 (18.0%)	1,417 (17.2%)	1,120 (15.1%)	△6.5% (△2.9%)	△21.0% (△2.1%)
	Net Income	882	1,081	800	△9.3%	△26.0%
B/S	Asset	29,832	34,880	35,906	20.4%	2.9%
	Liability	8,832	11,118	11,454	29.7%	3.0%
	Equity	21,000	23,762	24,452	16.4%	2.9%

* No. of consolidated subsidiaries 84 (Consolidated 63, equity method 21 / domestic 26, overseas 58)

Consolidated Financial Summary

Income Summary by Sectors

(in billion KRW)

		2006 3Q	2007 2Q	2007 3Q	QoQ
Sales	Steel	7,462	9,130	8,237	△9.8%
	E & C	809	895	861	△3.9%
	Energy	107	112	148	3.2%
	IT & Others	119	113	116	2.7%
	Total	8,497	10,250	9,362	△8.7%
	Consolidated	6,650	8,234	7,423	△9.9%
OP Income	Steel	1,138	1,448	1,012	△3.0%
	E & C	90	52	93	7.9%
	Energy	18	15	12	△20.0%
	IT & Others	6	0.3	6	190%
	Total	1,252	1,515	1,123	△25.9%
	Consolidated	1,198	1,417	1,120	△21.0%

Financial Structures by Sectors (2007)

(in billion KRW)

	Asset		Liability		Equity	
	2Q	3Q	2Q	3Q	2Q	3Q
Steel	35,659	36,669	9,308	9,543	26,351	27,126
E & C	3,052	3,237	1,742	1,844	1,310	1,393
Energy	953	967	446	454	507	513
IT & Others	784	782	336	319	448	463
Total	40,448	41,655	11,832	12,160	28,616	29,495
Consolidated	34,880	35,906	11,118	11,454	23,762	24,452

Financial Ratios

(%)

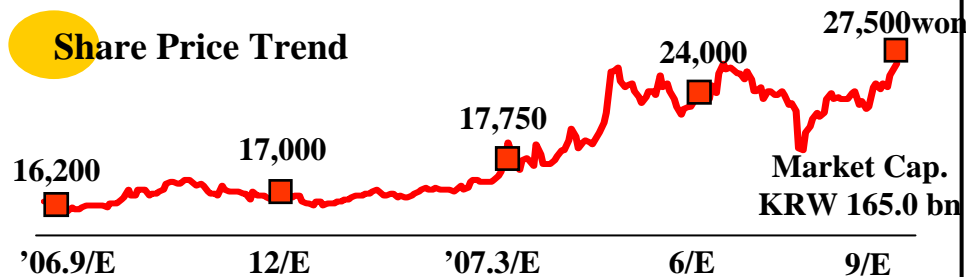
	2006	2007		
	4Q	1Q	2Q	3Q
Sales Increase	10.7	5.1	6.4	△9.9
Op Income	16.8	17.2	17.2	15.1
ROE	15.7	18.0	18.1	16.5
Liab./Equity	39.0	46.3	46.8	46.8

Operating Performances of Listed Subsidiaries

POCOS (Coated steel)

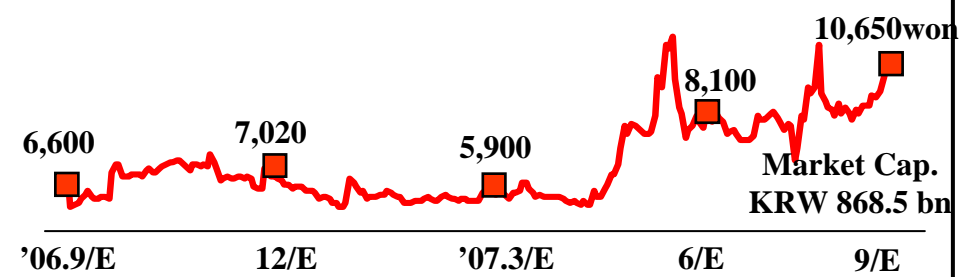
(bn KRW)	'06.3Q	4Q	'07.1Q	2Q	3Q
Sales	145.3	156.1	154.3	178.0	166.7
OP Income	7.0	2.7	2.7	2.6	4.4
Net Income	12.6	4.1	1.9	3.3	3.6

Share Price Trend



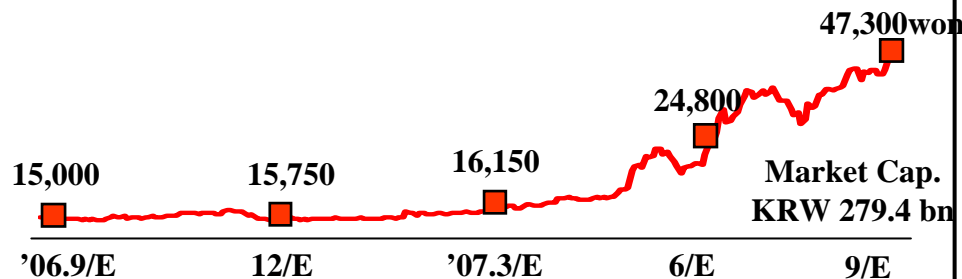
POSDATA (IT)

(bn KRW)	'06.3Q	4Q	'07.1Q	2Q	3Q
Sales	77.2	99.0	81.1	76.3	78.4
OP Income	2.0	3.5	0.7	△0.5	2.7
Net Income	0.2	3.7	0.6	△1.3	1.8



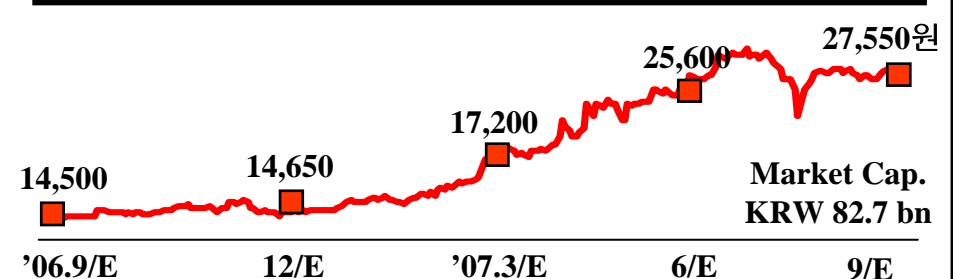
POSREC (Refractory)

(bn KRW)	'06.3Q	4Q	'07.1Q	2Q	3Q
Sales	64.7	70.0	68.4	67.8	74.0
OP Income	4.3	5.6	2.5	6.3	7.1
Net Income	3.6	4.3	2.5	5.2	5.7



Samjung P&A (Packaging/Processing)

(bn KRW)	'06.3Q	4Q	'07.1Q	2Q	3Q
Sales	56.7	55.9	57.2	70.5	62.8
OP Income	2.0	3.0	2.7	1.7	1.6
Net Income	1.5	4.1	2.9	3.8	1.9



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2007 Business Plan

□ Gov't approvals for mill & infra construction reaches final stage

- Forest diversion awaits Supreme Court's announcement, lease of gov't land (90% of total) within this year
- Hearings for prior applicants in progress, most eligible to be recommended to Centre

Progress

Mill/Port Construction

- Env't approval for port/plant
- Deliberate committee of cent'l approved forest diversion
- Progress
 - State approved land acquisition (Nov.'05)
 - SEZ approval in principle (Oct.'06)
 - Env't'l approval for port (April.'07)
 - Env't'l approval for plant (Jun.'07)
 - Centre approved forest diversion (Sept.'07)
- * Official announcement from Supreme Court pending

Infra Construction

- Transportation & utility infrastructure approval in progress along with plant & mine development
- Progress
 - Approval for railway (Jan.'06)
 - Equity investment in iron-ore transportation railway (Oct.'06)
 - Water usage approval (Jun.'06)
 - Approval for construction electricity usage (Aug.'06)
 - Joint construction for plant entrance road (Aug.'07)

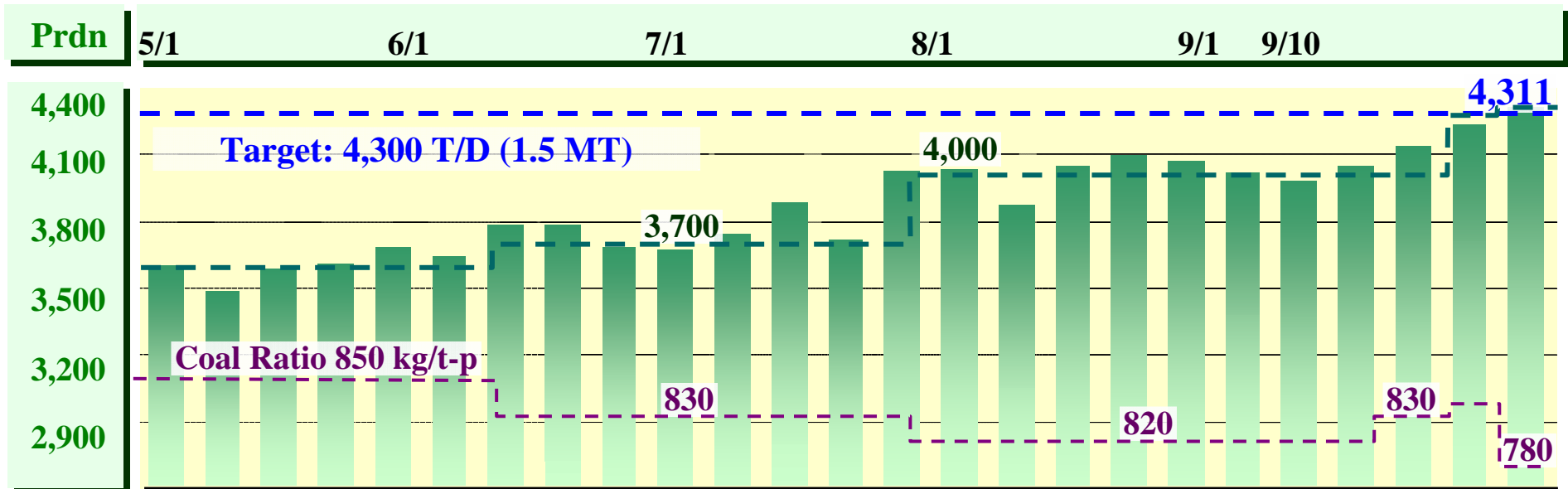
Mine Development

- Application (apprx. 210) hearing in process, State to select best candidate
- * Evaluate on value-addition, financing ability & mine development ability, etc
- Progress
 - Applied for mine exploration right in 3 areas (Sept.'05)
 - Prospecting license of Kandahar recommended to Centre (Dec.'06)
 - Procedures & schedules for hearings announced

□ Normal level of operation & lowest-cost operation soon to be achieved

- Achieved target production (4,300ton/day), Coal ratio to meet target by end of '07

Operation status



Plans

Creditability test ('07.4~7)

- ♦ FB/Melter de-bottlenecking
- ♦ HCl/Coal operation target secured

Productivity test ('07.8~9)

- ♦ FB HCl, briquette coal productivity secured
- ♦ 1.5mn ton production test

Efficiency test ('07.12/E)

- ♦ Coal ratio optimization
- ♦ Verify economics over BF

CR Mill in Vietnam (Aug. '07)

- **Overview**
 - Construction : Aug.'07 ~ Sept.'09 (26months)
 - Location : Phy-my #2 Plant, Southern Vung-Tau
 - Product : CR 1.2mn tons/yr (F/H 0.5, CR 0.7)
- **Benefits**
 - Set up a global base; connects processing centers in S.E.A (Thailand, Malaysia, Indonesia, etc)
 - Early presence in Vietnam market, possibly w/ integrated steel & HR mill under review



CGL in Mexico (Sept. '07)

- **Overview**
 - Construction : Sept.'07 ~ Jun.'09 (22months)
 - Location : Altamira Plant, Eastern Mexico
 - Facility: Continuous Galvanizing Line(400Kt/yr)
- **Benefits**
 - Integrate supply chain, connecting auto steel processing center (established Mar'07)
 - Improve reputation as an auto sheet producer by penetrating emerging N.C America auto mkt



CR Mill in Benxi, China

• Overview

- Construction : Jul. '04 ~ Jul. '07 (36months)
- Location : Liaoning, Benxi
- Product : CR 1.8Mt (CR 0.8,GI/GA 0.8,F/H 0.2)
- Equity stake : POSCO 25%, Benxi 75%

• Benefits

- Expand supply base for automotive products
- Stable supply to subsidiaries
(Dalian, Zhangjiagang, Shunde)



JV Wire Rod Processing Center, China

• Overview

- Construction : Nov. '07 ~ Oct. '08 (12months)
- Location : Jiangsu, Nathong
- Product : CHQ Wire Rod (50Kt/yr)
- Equity stake : Posco-China 25%, Se-A 75%

• Benefits

- Stable supply base for high-function wire-rod,
prepare for growth of Chinese auto industry



- CHQ(Cold Heading Quality): Generally used for bolts & nuts in autos, strict care of surface quality necessary

2Mt Plate Plant, Gwangyang

- **Overview**
 - Construction : Aug.'08 ~ Jul.'10 (24months)
 - Facility : steel making, plate(2Mt/yr)
backup facilities (oxygen, electricity, port)
- **Benefits**
 - Meet growing demand from shipbuilder
 - Prepare for premium strategic mkt (ship,API)
☞ 7Mt of plate production capacity by year 2011

< Domestic Supply/Demand Forecast >

(in thousand tons)				
	'04	'06	'10	
Domestic	7,750	9,110	13,300	
Export	430	710	1,500	
Demand	8,180	9,820	14,800	
Supply	5,650	6,280	9,800	
Imports	2,530	3,540	5,000	

* Source: POSRI

Improve Mini Mill - Develop New Process

- **Improve Mini Mill EAF**
 - Construction : Sept.'08 ~ Jan.'09 (5months)
 - Alter structure & upgrade dust collector
 - Benefits : Improve productivity & env't
- **Develop CEM Process**
 - Construction : Apr.'08 ~ Jan.'09 (10months)
 - Install high-speed casting & modify hot-rolling
 - Benefits : Improve competitiveness through
quality upgrade & extended product line



Mini Mill Plant in Gwangyang

* CEM: Compact Endless Cast-Rolling Mill

Heating Facility in #3 Plate Plant, Pohang

- **Overview**
 - Construction : Dec.'05 ~ Aug.'07 (21months)
 - TMCP capability & high-speed cooler
 - Product : Plates (200Kt/yr)
- **Benefits**
 - Prevent domestic shortage · substitutes imports
 - ☞ Increase premium plate supply :
TMCP, offshore rigs, heat-treated product

Dephosphorizer Facility, Pohang

- **Overview**
 - Construction : May.'06 ~ Jul.'07 (15months)
 - Add de-sulfuring facility on dephosphorizer
 - Facility : catalytic oven reactor, HP/LP Boiler
- **Benefits**
 - Prod'n up w/ quality upgrade in rolled product
 - Env't-friendly op. w/ decreased sulfur emission

RCL in #2 Galvanize Liner, Gwangyang

- **Overview**
 - Construction : Dec.'06 ~ Jul.'07 (8months)
 - Purpose : Install RCL for auto outer panel tester
 - Products : Automotive sheets (GA, GI, CR)
- **Benefits**
 - Increase capacity for auto outer panel (300Kt/yr)
 - Customer satisfaction w/ strengthened quality

•RCL (Recoiling Line) : Last stage of automotive sheet production process,
anti-rust oiling, size & surface testing stage



#3 Plate heat-treatment line in Pohang

□ Downstream facility rationalization in connection with Gwangyang#3 BF renovation

- Minimize effect by increasing production from Gwangyang#2 BF & reducing rationalization time for Gwangyang#2 CGL

Renovation of Gwangyang#3 BF

- Overview
 - Period : Oct 6th, '07 ~ Dec. 10th (66days)
- Benefits
 - Production increase by capacity expansion
 - Production : 3200 → 3870Kt (+21%)
 - Capacity : 3,800 → 4,600m3



Gwangyang#3 Blast Furnace

Renovation of Related Facilities

- #2 Continuous Casting Line
 - Period : Aug 1st '07 ~ Dec. 10th (132days)
 - Purpose : Cap. increase by 1.5Mt/yr (2.0→3.5)
- #3 HR
 - Period : Oct. 1st '07 ~ Nov. 14th (45days)
 - Purpose : replace old facility, install re-heater
 - ☞ Capacity increase by 0.6Mt/yr (4.4→5.0)
- #4 PCM
 - Period : Oct. 8th '07 ~ Nov. 21st (45days)
 - Purpose : prepare for demand of auto AHHS
 - ☞ F/H coil capacity increase by 136Kt
- #2 CGL
 - Period : Aug. 1st '07 ~ Dec. 15th (137days)
 - Purpose : annealing cap. up, expanded width
 - ☞ Capacity increase by 60Kt/yr (370→430Kt)

*AHHS: Advanced High Strength Steel

Equity in Coal Mine, Australia

- **Overview**
 - Company : Cockatoo Coal Ltd. (IPO in Oct.'05)
 - Mine : Queensland, NSW
 - Coal type : PCI & thermal Coal
 - Contract (Long-term) : 1Mt/yr
 - Stake acquired : 19.99% (Largest shareholder)
- **Benefits**
 - Stable supply & improved self-sufficiency



Ferronickel Plant, Gwangyang

- **Overview**
 - Establish JV company (Nickel mining · smelting)
(Equity stake: SMSP 51%, POSCO 49%)
 - Progress and plans
 - May.'06 SNNC (Nickel smelting, Gwangyang)
 - Jun. '06 NMC (Mine JV, New Caledonia)
 - May.'07 Ferronickel plant construction started
 - Oct. '07 Mining lic. from New Caledonia Gov't
 - Sept.'08 Plant to be completed (30Kt/yr)



* SMSP : Smelting · Corporation in New Caledonia

Interim Dividend Payment

- Long-term, stable dividend policy
 - Interim dividend introduced since year 2000
 - Increase as results improve
- Details
 - Per share amount : KRW 2,500 won
 - Total amount : KRW 189.5 billion won
 - Payment date : Aug. 3rd 2007

Dividend Payout History

	(in KRW)			
	'04	'05	'06	'07
Dividend	8,000	8,000	8,000	-
(Interim)	(1,500)	(2,000)	(2,000)	(2,500)

Continuing Cost Savings

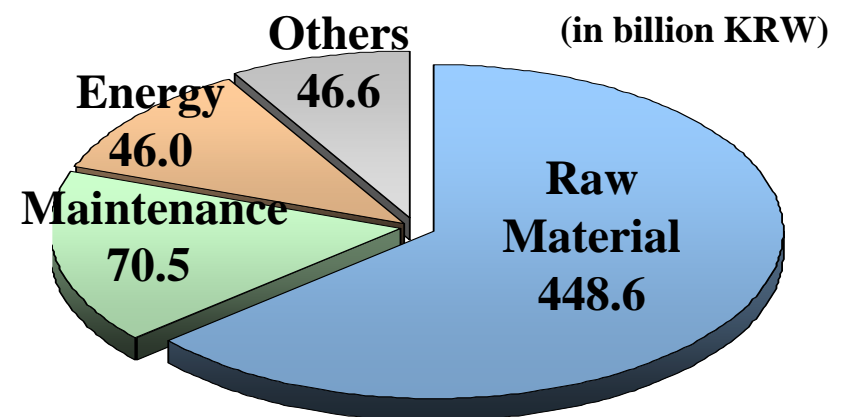
- '07 target continued to increase

Original → **1Q** → **2Q** → **3Q**
 487.2 → 604.1 → 616.9 → 804.2

Cost Savings Result

'07 Target	Jan. ~ Sept.	Progress
KRW 804.2 bn	611.7 bn	76%

Cost Savings Result by Sectors



Steel

- **POCOS : Rationalization of #1CCL (Color)**
 - Period : Dec.'07 ~ Jan.'08
 - Capacity : 155 → 183 (increased by 28Kt/yr)
 - Benefit : productivity up for premium products
- **POSCO SS : Installment of Forging Line**
 - Period : Dec.'05 ~ Jun.'07
 - Capacity : 62Kt/yr (tool 32, industrial 30Kt)
 - Jun. 22nd '07 Completed 9Kt press in forging line
 - Sept. 20th '07 Began production of propeller-shaft for Samsung Heavy Industry (52t)



POSCO SS 9Kt Forging Line Produces its First Product

E&C (POSCO E&C)

- **Continue to invest in foreign projects**
 - Foreign business : '06. 18.7% → '07. 26.3%
 - India SAIL, IISCO BF (contract Oct.'07)
 - Purpose : BF (4,060m³) #1 establishment
 - Order Amount : U\$190 million
 - Chile VENTANAS Power Plant (Oct.'07)
 - Purpose : Heat-pwr 270MW X 1기
 - Order Amount : U\$410 million
 - Chile ANGAMOS Power Plant (Nov.'07)
 - Purpose : Heat-pwr 218MW X 3기
 - Order Amount : U\$841 million



Iran Tavazon Project (BF Facility, Completed Mar.'04)

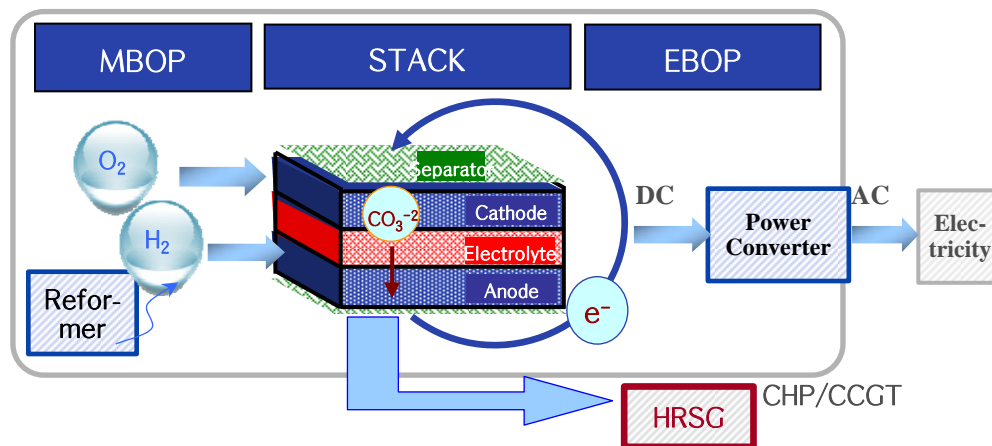
Energy (POSCO Power)

- **Fuel Cell Business**
 - MOA with Pohang City (May.'07)
 - MOU with KEPCO (Aug.'07)
 - Fuel cell plant groundbreaking ceremony (Oct.'07)
 - ☞ Construct 100MW/yr capacity plant by 2010
- **Power Plant Expansion Business**
 - Secured land for expansion (Jun.'07)
 - Confirmed to proceed the expansion project based on the special law of “Facilitation of Power supply”
 - Community opinion forum for EIA (Sep.'07)
 - ☞ Construct 2,000MW power plant by 2015

IT (POSDATA)

- **Ubiquitous Business**
 - U-City : Chungju Business City (Sept.'07)
 - IT infra : Busan~Gimhae light-rail (Sept.'07)
- **Developed WiBro-ready equipments**
 - MOU w/ KT for develop & mkting (Sept.'07)
 - Introduce game player & USB modem
 - WiMAX World USA 2007(Sept.'07, Chicago)
- **Convergence Business**
 - Commercialize ETC port type MMIC (Sept. '07)
 - New ETC equip tested (Oct.'07)

Fuel Cell Structure & Operation Flow



* ETC: Electronic Toll Collection
* MMIC: Monolithic Microwave IC

Most Respected Entrepreneur (Jul.'07) (Businessweek)

- Technology Leadership (FINEX, etc) & Outside Director-Oriented Corporate Governance
- Demonstration of Corporate Ethics, Community Service, Win-Win Management

Company with Superior Corporate Governance (Aug.'07) (Korea Corporate Governance Center)

- Protecting Shareholder's Right, Transparent Corporate Governance
- Strengthened Role of Investor Relations, Disclosures, Audit Committee

Company for Excellent Sustainability (Sept.'07) (SAM Dow Jones)

- Outstanding Results, Sound Corporate Governance, Risk Management Ability
- Commercialize Env't-friendly FINEX, Excellent Env't Care System, Climate Change Mgt

Company for Global Sustainability (GS Sustain Focus, Jul.'07) (Goldman Sachs)

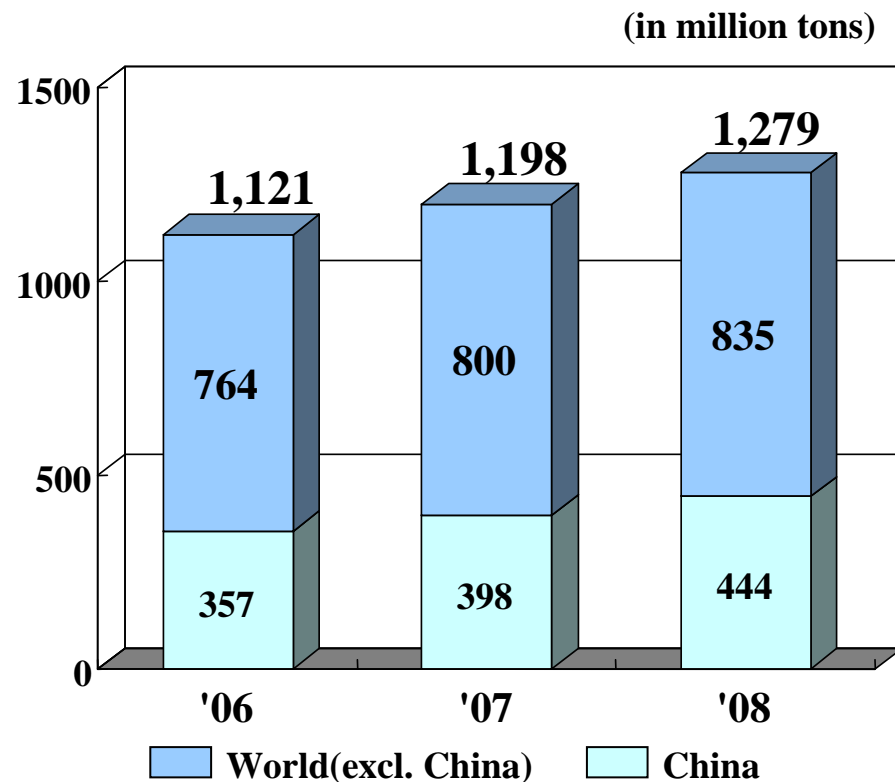
- Well-developed Corporate Governance, Improved Transparency in Corporate Management
- Demonstration of Transparent Accounting System with Healthy Financial Structure

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

□ BRICs & emerging market lead strong growth in global demand (IISI, Oct.'07)

- Demand from China and India continue double digit growth
- Rapid growth from emerging mkts. (Eastern Europe, CIS, Asia, Mid-east, Latin America)
- Demand from North America expected to recover in '80

Global Steel Demand Outlook (Nominal)



Steel Demand Growth by Area

(%)

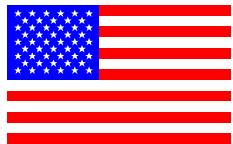
	'06	'07	'08
EU-27	11.4	4.0	1.4
C I S	18.1	19.5	8.9
North America	11.5	-4.9	4.0
Latin America	11.8	10.9	5.2
Middle East	9.8	8.4	7.5
Asia	6.2	9.2	8.7
China	9.1	11.4	11.5
India	11.4	13.7	11.8
World	8.8	6.8	6.8

(Source : IISI)

□ Global steel prices maintain strong as market enters into a seasonal upturn

Regional HRC Spot Price

(U\$/T)



Turning strong as local mills raise price

Midwest : 595(Dec) → 639(Mar.'07) → 584(Jun) → 562(Jul) → 562(Aug) → 584(Sept)



Strong price continues as local mills cut production and demand stays strong

EU on avg : 619(Dec) → 694(Mar.'07) → 666(Jun) → 683(Jul) → 673(Aug) → 699(Sept)



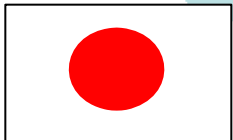
Remains high as demand industry stays healthy & meets seasonal upturn

Guangzhou : 449(Dec) → 476(Mar.'07) → 466(Jun) → 469(Jul) → 498(Aug) → 512(Sept)



Condition turns favorable due to seasonality and sign of economic recovery

Seoul-Incheon: 589(Dec) → 628(Mar.'07) → 645(Jun) → 645(Jul) → 631(Aug) → 646(Sept)



Tight supply/demand for end-users as market moves into seasonal upturn

Tokyo : 538(Dec) → 559(Mar.'07) → 600(Jun) → 579(Jul) → 600(Aug) → 617(Sept)



Despite weak demand, price stays steady as imports & slab price increase

Thailand : 539(Dec) → 569(Mar.'07) → 607(Jun) → 626(Jul) → 583(Aug) → 585(Sept)

□ Domestic price turns strong as demand industry stays healthy & meets on-season

• Production/consumption :

Overproduction ease out gradually

- Supply/demand trend (mn tons, avg/month)

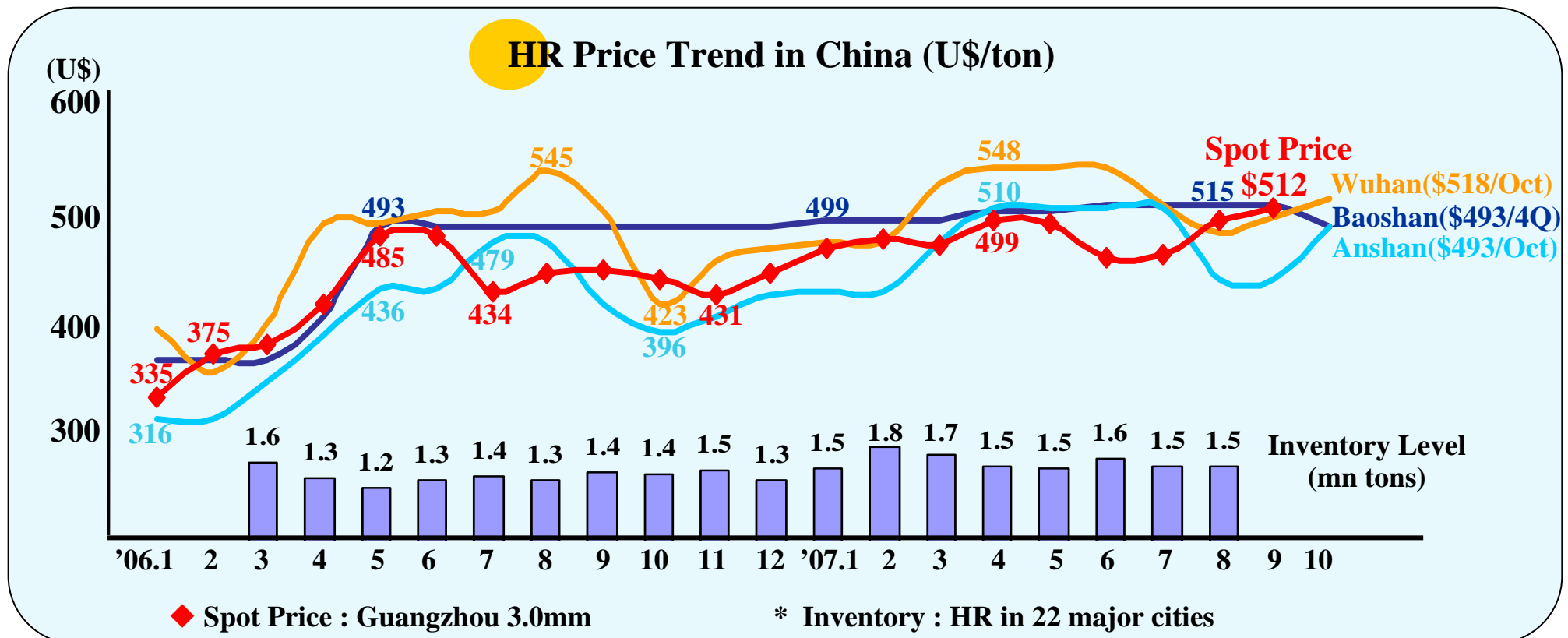
	<u>Prod'n</u>	<u>Consump'n</u>	<u>Difference</u>
'07. 2Q	47.7	41.9	+ 5.8
Jul	47.7	43.2	+ 4.5
Aug	48.3	44.4	+ 3.9

• Import/Export :

Total & net export decrease since May

- Net export trend (mn tons, avg/month)

<u>'06.4Q</u>	<u>'07.1Q</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>
4.2	3.8	6.2	5.7	5.6	5.4	4.2



❑ Market stable as demand industries (auto, ship, equipment, etc) remain strong

Domestic steel supply & demand

(in thousand tons)

	1H	'06	1H	'07	YoY(%)
Consumption	24,220	49,634	27,829	54,045	8.9%
Production	27,811	57,239	30,877	61,446	7.3%
Import	5,417	10,591	6,684	11,989	13.2%
Export	9,008	18,185	9,731	19,390	6.6%

* POSRI (Jul.'07)

Forecast on demand industries



Production up by 5% due to domestic condition recovery & stable increase in export

- Prodn. Forecast (in thous units)
3,840('06) → 4,046('07)



Only slight decrease in prod'n as domestic demand recovers & declining export trend slowdown

- Prodn. Forecast (in thous, major 5)
22,591('06) → 22,209('07)



Constant volume increase due to productivity improvement from new tech. & capacity expansion

- Shipbuilding forecast (in thous GT)
17,784('06) → 20,370('07)



Slight increase mainly from civil-engineering sector

- CAPEX forecast (tn KRW)
117('06) → 120('07)

❑ Recovery of Asia market after production cut from domestic & foreign producers

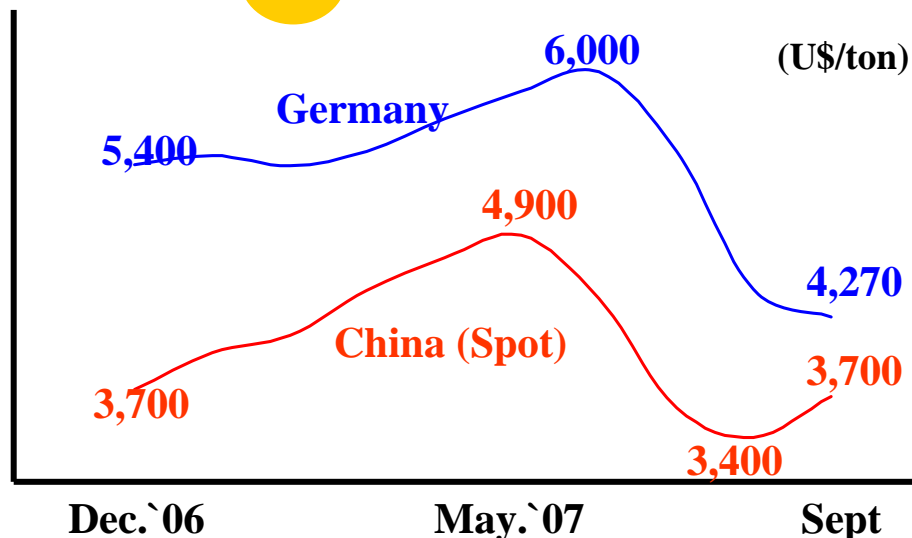
Recent STS Market Trend

- **Asia**
 - Domestic producer see recovery of sales vol. & market price starts to bound
 - China: spot price increase & inventory drop
 - ☞ Demand recovers from Asia (China, E.S.A, etc)
- **Europe**
 - Production cut continues since orders stagnate
 - Slow demand recovery

Nickel Price Outlook

- **Price rally as demand recovery expected**
 - Nickel supply/demand condition turns better due to global STS production cut, price stays between thousand U\$25k and U\$30k (Aug ~ Sept)
 - Passed U\$30k level after hitting floor price led by demand recovery expectation
 - ☞ Price hike could be limited until 1H '08

STS CR Price Trend



Global Nickel Supply/Demand Forecast

	(in thousand tons)		
	'07	'08	'09
Brookhunt	30	△19	23
Macquarie	18	11	14
UBS	3	7	14

1

3Q '07 Operating Performance

2

Activities & Accomplishments

3

Steel Industry Environment

4

2007 Business Plan

(in million tons, tr KRW)

	2006		2007		(%)	
	Consolidated	POSCO	Consolidated	POSCO	Consolidated	POSCO
Crude Steel Production	31.2	30.1	32.4	30.6	3.8%	1.7%
Sales Volume	30.9	28.5	32.0	29.4	3.6%	3.2%
Revenue	25.8	20.0	31.1	21.8	20.5%	9.0%
Operating Income	4.4	3.9	5.2	4.5	18.2%	15.4%
Investment	4.9	3.8	6.8	5.8	38.8%	52.6%

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

posco

3Q 2007 Operating Performance

October 16, 2007

