



posco

**3Q 2008**  
**Performance**

**October 14, 2008**

GLOBAL

POSCO WAY

**1****3Q '08 Operating Performance****2****Activity & Accomplishment****3****Steel Industry Environment****4****2008 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 continue to grow due to renovations & improved productivity

- Increased carbon steel from improved productivity (+231Kt) / decreased STS (-45Kt)
- HR production up due to completion of major renovation (+259Kt)

## ❑ Sales up due to strong domestic mkt & increased export mainly to emerging mkt.

- Export by region: India, Mid.East & etc 24%, Japan 23%, S.E.A 22%, China 21%, America 10%

(in thousand tons)

	2007 3Q	2008 2Q	2008 3Q	YoY	QoQ
<b>Crude Steel</b>	<b>7,883</b>	<b>8,429</b>	<b>8,616</b>	<b>9.3%</b>	<b>2.2%</b>
<b>Finished Products</b>	<b>7,537</b>	<b>8,114</b>	<b>8,296</b>	<b>10.1%</b>	<b>2.2%</b>
<b>FP Sales</b>	<b>7,387</b>	<b>8,019</b>	<b>8,138</b>	<b>10.2%</b>	<b>1.5%</b>
<b>Domestic</b>	<b>5,117</b>	<b>5,625</b>	<b>5,694</b>	<b>11.3%</b>	<b>1.2%</b>
<b>Export (%)</b>	<b>2,270</b> <b>(30.7%)</b>	<b>2,394</b> <b>(29.9%)</b>	<b>2,444</b> <b>(30.0%)</b>	<b>7.7%</b> <b>-</b>	<b>2.1%</b> <b>-</b>
<b>FP Inventory</b>	<b>865</b>	<b>856</b>	<b>929</b>	<b>7.4%</b>	<b>8.5%</b>

□ Strategic product sales (high-function CR, API & etc) continue to grow

## Sales of Strategic Products

(in thousand tons)

	<u>'07.3Q</u>	<u>4Q</u>	<u>'08.1Q</u>	<u>2Q</u>	<u>3Q</u>
Total Strategic Product	4,558	4,209	4,589	4,833	4,877
· High-function CR	1,203	1,165	1,283	1,253	1,338
· Premium A P I	237	169	164	252	268

(in thousand tons)

	2007 3Q	2008 2Q	2008 3Q	YoY	QoQ
Hot Rolled	1,990	2,069	2,205	10.8%	6.6%
Plate	1,000	1,160	1,164	16.4%	0.3%
Wire Rod	504	507	529	5.0%	4.3%
Cold Rolled	3,095	3,334	3,350	8.2%	0.5%
Elec. Steel	214	243	242	13.1%	△0.4%
S T S	303	404	334	10.2%	△17.3%
Others	281	302	314	11.7%	4.0%
Total	7,387	8,019	8,138	10.2%	1.5%

## □ Revenue & op. income up as strong carbon steel mkt. and STS profit continues

- Carbon steel price raised (Jul.'08): +17~27% on all products incl. HR, CR, Plate
- STS price adjustment: -400K Won for 300 series (Aug.'08), +150K Won for 400 series (Jul.'08)

### Quarterly STS Price Trend

	<u>'07.3Q</u>	<u>4Q</u>	<u>'08.1Q</u>	<u>2Q</u>	<u>3Q</u>
Nickel (LME/U\$)	30,205	29,218	28,957	25,682	18,961
STS (300series/thousand KRW)	4,294	3,888	3,716	4,169	4,133

(in billion KRW)

	2007 3Q	2008 2Q	2008 3Q	YoY	QoQ
Revenue	5,257	7,458	8,813	67.6%	18.2%
CoGs	3,831	5,202	6,450	68.4%	24.0%
Operating Income	1,073	1,885	1,984	84.9%	5.3%
OP Margin	(20.4%)	(25.3%)	(22.5%)	-	-
Net Income	871	1,476	1,219	40.0%	△17.4%

# Summarized Income Statement (POSCO)

(in billion KRW)

	2007 3Q	2008 2Q	2008 3Q	QoQ
Revenue	5,257	7,458	8,813	18.2%
Gross income (Gross Margin)	1,426 (27.1%)	2,256 (30.2%)	2,363 (26.8%)	4.7% -
S G & A	353	371	379	2.2%
Operating income (OP Margin)	1,073 (20.4%)	1,885 (25.3%)	1,984 (22.5%)	5.3% -
Non-op income (expense)	63	55	△305	-
Interest income	5	13	10	△23.1%
Dividend income	7	14	7	△50.0%
Equity method gain	79	102	△25	-
FX related gain	△46	△27	△249	-
Other	18	△47	△48	-
Net Income (Profit Margin)	871 (16.6%)	1,476 (19.8%)	1,219 (13.8%)	△17.4% -

## ❑ Asset/debt increase due to strong sales & overseas/domestic investments

☞ Major investments: New Steelmaking(Pohang), New Plate(Gwangyang), Macarthur Coal equity (Aus.)

(in billion KRW)

	2007 3Q	2008 2Q	2008 3Q	YoY	QoQ
<b>Assets</b>	<b>29,586</b>	<b>33,096</b>	<b>35,365</b>	<b>19.5%</b>	<b>6.9%</b>
<b>Current Assets</b>	<b>8,472</b>	<b>10,983</b>	<b>12,976</b>	<b>53.2%</b>	<b>18.1%</b>
<b>Non-current Assets</b>	<b>21,114</b>	<b>22,113</b>	<b>22,389</b>	<b>6.0%</b>	<b>1.2%</b>
<b>Liabilities</b>	<b>5,725</b>	<b>6,817</b>	<b>8,298</b>	<b>44.9%</b>	<b>21.7%</b>
<b>Debt</b>	<b>2,706</b>	<b>2,956</b>	<b>4,085</b>	<b>51.0%</b>	<b>38.2%</b>
<b>S/H Equity</b>	<b>23,861</b>	<b>26,279</b>	<b>27,067</b>	<b>13.4%</b>	<b>3.0%</b>

### \* 3Q '08 Major financial activities

- Domestic bond (KRW 500bn) & CP (KRW 300bn) Issuance
- Foreign short-term loan (U\$109mn)
- Re-financing of SKT EB (¥52.8bn)

# Summarized Balance Sheet (POSCO)

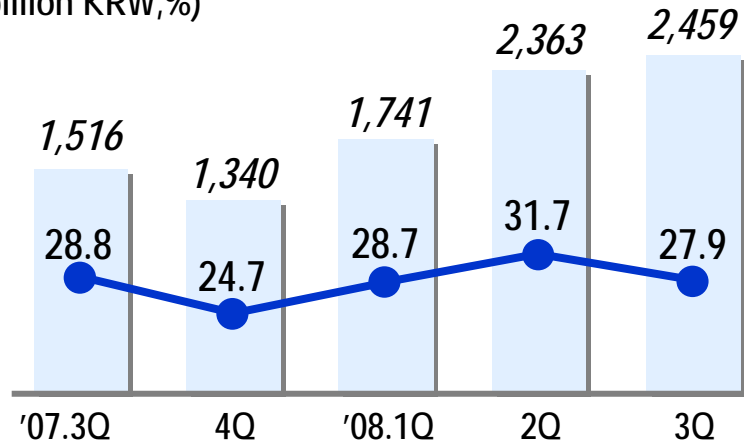
(in billion KRW)

	2007 3Q	2008 2Q	2008 3Q	QoQ
<b>Current Assets</b>	<b>8,472</b>	<b>10,983</b>	<b>12,976</b>	<b>18.1%</b>
Cash equivalent assets*	3,191	3,536	4,264	20.6%
Notes Receivable	1,910	2,420	3,192	31.9%
Inventory	3,183	4,852	5,323	9.7%
<b>Long-term Assets</b>	<b>21,114</b>	<b>22,113</b>	<b>22,389</b>	<b>1.2%</b>
Investment securities	7,877	8,463	8,421	△0.5%
Fixed assets	12,841	13,358	13,695	2.5%
<b>Total Assets</b>	<b>29,586</b>	<b>33,096</b>	<b>35,365</b>	<b>6.9%</b>
<b>Liabilities</b>	<b>5,725</b>	<b>6,817</b>	<b>8,298</b>	<b>21.7%</b>
Current liabilities	2,411	3,684	4,253	15.4%
Long-term liabilities	3,314	3,133	4,045	29.1%
Interest bearing debt	2,706	2,956	4,085	38.2%
<b>Equity</b>	<b>23,861</b>	<b>26,279</b>	<b>27,067</b>	<b>3.0%</b>
<b>Total Liabilities &amp; Equity</b>	<b>29,586</b>	<b>33,096</b>	<b>35,365</b>	<b>6.9%</b>

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

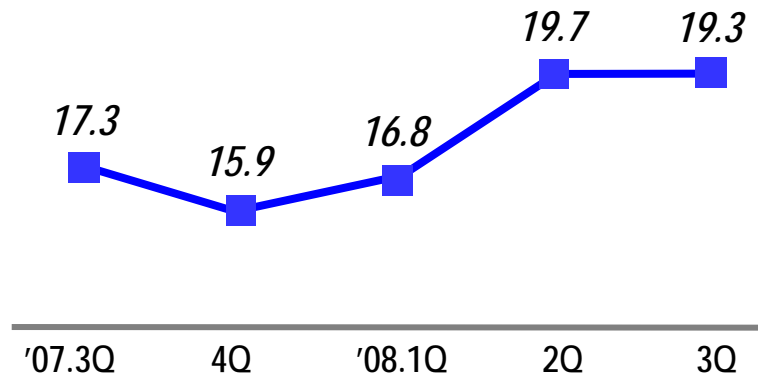
## EBITDA & EBITDA Margin

(in billion KRW, %)



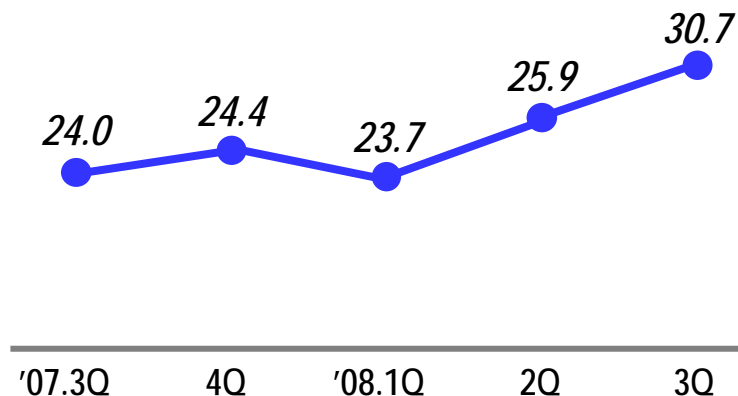
## Return on Equity

(%)



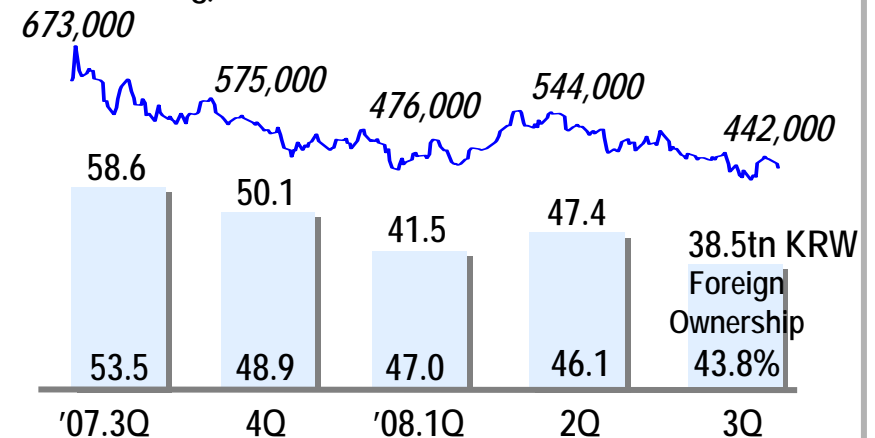
## Liability-to-Equity Ratio

(%)



## Share Price & Market Cap.

(Quarter Closing)



□ Sales up with strong steel & energy, OP. slightly down as cost in E&C increase

## No. Consolidated Subsidiaries

	<u>'06/E</u>	<u>'07/E</u>	<u>'08.3Q</u>
<b>Total</b>	<b>69</b>	<b>85</b>	<b>102</b>
Domestic	23	26	33
Overseas	46	59	69

## Consolidated Crude Steel Production

(in thousand tons)

	<u>'06</u>	<u>'07</u>	<u>'08(f)</u>	<u>3Q</u>
POSCO	30,052	31,064	33,538	8,616
Zhangjiagang	232	780	762	181
POSCO SS	904	936	905	223

(in billion KRW)

		2007 3Q	2008 2Q	2008 3Q	YoY	QoQ
I/S	Sales	7,423	10,579	11,735	58.1%	10.9%
	Op income (Margin)	1,120 (15.1%)	2,142 (20.2%)	2,132 (18.2%)	90.4%	△0.5%
	Net income	800	1,468	1,214	51.8%	△17.3%
B/S	Asset	35,906	41,170	44,965	25.2%	9.2%
	Liability	11,454	14,116	17,214	50.3%	21.9%
	Equity	24,452	27,054	27,751	13.5%	2.6%

## Income by Sectors

(in billion KRW)

		2007 3Q	2008 2Q	2008 3Q	QoQ
Sales	Steel	8,237	11,460	13,179	15.0%
	E & C	861	1,480	1,489	0.6%
	Energy	148	148	202	36.5%
	IT & Others	116	153	156	2.0%
	Total	9,362	13,241	15,026	13.5%
	Consolidated	7,423	10,579	11,735	10.9%
OP Income	Steel	1,012	2,117	2,160	2.0%
	E & C	93	110	38	△65.5%
	Energy	12	13	19	46.2%
	IT & Others	6	8	10	25.0%
	Total	1,123	2,248	2,227	△0.9%
	Consolidated	1,120	2,142	2,132	△0.5%

## Financial Structure by Sector

(in billion KRW)

	Asset		Liability		Equity	
	2008.2Q	2008.3Q	2008.2Q	2008.3Q	2008.2Q	2008.3Q
Steel	42,309	45,840	11,762	14,061	30,547	31,779
E & C	5,283	6,217	3,419	4,337	1,864	1,880
Energy	1,086	1,153	545	599	541	554
IT & Others	1,041	1,164	469	569	572	595
Total	49,719	54,374	16,195	19,566	33,524	34,808
Consolidated	41,170	44,965	14,116	17,214	27,054	27,751

## Financial Ratios

(%)

	2007		2008		
	3Q	4Q	1Q	2Q	3Q
Sales Increase	△9.9	10.6	3.2	24.8	10.9
Op Income	15.1	12.8	17.7	20.2	18.2
ROE	16.5	15.0	16.4	19.2	18.7
Liab./Equity	46.8	44.4	48.6	52.2	62.0

**1**

**3Q '08 Operating Performance**

**2**

**Activity & Accomplishment**

**3**

**Steel Industry Environment**

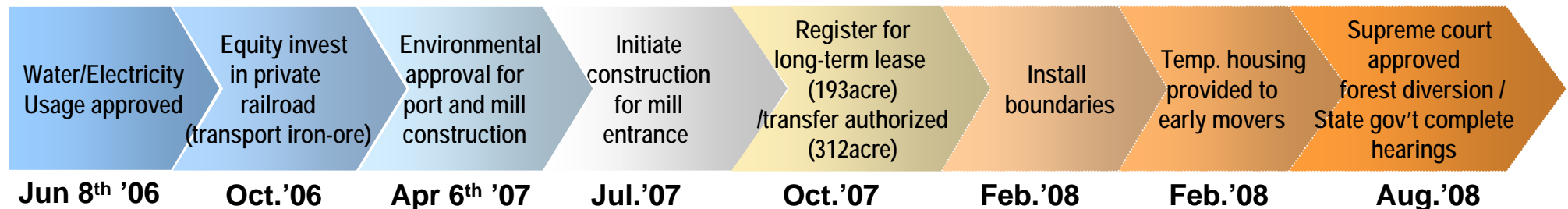
**4**

**2008 Business Plan**

## ❑ India Project: Supreme Court approves forest diversion

- Forest diversion approval(11.97million m<sup>2</sup>) completes all necessary administrative & legal approvals for mill and port construction (Aug.'08)
- Administrative procedures in progress for mining license recommendation
  - State government completed individual hearings for 227 prior-applicants (Aug.'08)
  - Expecting Prospecting License Deed issuance and exploratory drilling

### Status



## ❑ Vietnam Project: final gov't evaluation on feasibility study result in progress

- Plan to apply for formal investment permission (infra, etc) upon government's approval

## Vietnam CR Mill

- Overview
  - Period: Aug.'07 ~ Sept.'09 (26 months)
  - Location: Phy-my #2Plant, Southern Vung-Tu
  - Product: CR 1.2Mt/yr (F/H 50, CR 70)
  - Progress: 72% (Ground 93%, Facility 25%, Port 70%)
    - Preparing for prod'n/quality & sales/logistics
- Benefits
  - Complete Asia network connecting India & China through early entrance in SEA market



## Mexico CGL

- Overview
  - Period: Sept.'07 ~ Jun.'09 (22 months)
  - Location: Altamira Plant, East Mexico
  - Product: Galvanized zinc coated steel 400Kt/yr
  - Progress: 76% (Ground 97%, Facility 49%)
    - Preparing test-run, local worker training (Jun.'08~Sept, Gwangyang)
- Benefits
  - Integrate supply chain (production, processing, sales) in fast-growing North American auto market



## ❑ Full operation of electric-arc furnace in Gwangyang Ferro-nickel plant (Aug.'08)

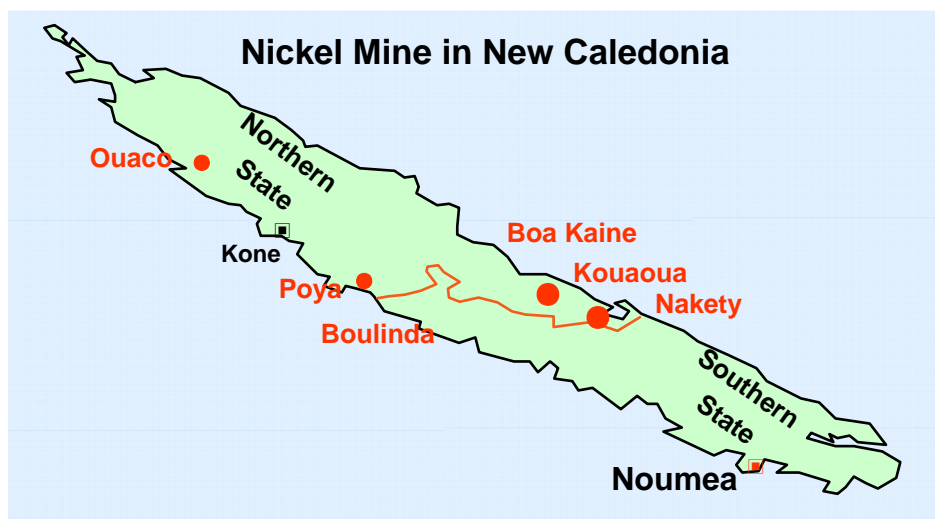
- Securing 50% of annual nickel requirement (first to develop Ni mine among steel companies)
- Set integrated, vertical STS production line, from mine development to production

### JV Details

	Nickel Mine	Nickel Smelting
Purpose	Prod'n/sales of Nickel-ore	Prod'n/sales of Ferro-nickel
Capacity	Nickel-ore 1.8Mt/yr	Nickel 30Kt/yr
Location	New Caledonia	Gwangyang
Stake	POSCO 49%, SMSP* 51%	
Term	JV for 30 years (extension possible)	

### Status

- May'06 SNNC (Nickel smelting JV) founded
- Jun.'06 NMC (Nickel mine JV) founded
- May'07 Ferro-nickel plant construction started
- Dec.'07 Mining license from New Caledonia Gov't
- Jul.'08 Nickel-ore export approval from New Cal. Gov't
- Aug.'08 Electric furnace operation started
- Nov.'08 Ferro-nickel plant construction to be completed



\* SMSP: smelting · export corporation in New Caledonia

Electric-arc Furnace, Ferronickel Plant

## ❑ Expansion to achieve 40Mt domestic production capacity target by 2011

### New Steelmaking Plant, Pohang

- Overview
  - Construction: Jul'08 ~ Jun.'10 (23months)
  - Facility: steelmaking(2 converter, Slab/Bloom caster), power/oxygen facility
  - Capacity: 4.65Mt/yr (substitutes 3.1Mt #1steelmaking)
- Benefits
  - Cost competitive with new & larger facility
  - Produce premium steel w/ advanced production line
    - \* Premium wire rods (tire cord, etc) & heavy thick plates

### New Plate Mill, Gwangyang

- Overview
  - Construction: Jul.'08 ~ Jul.'10 (24months)
  - Facility: steelmaking (1 converter, 1 caster), plate plant power/oxygen facility, port
  - Capacity: steelmaking (2.4Mt/yr), plate (2Mt/yr)
- Benefits
  - Meet growing demand in shipbuilding & heavy industry
  - Supply expansion of premium plates necessary for building large-scale container & LNG carriers



## Mini-mill facility

- Overview
  - Construction: Oct.'08 ~ Mar.'09 (6months)
  - Details: alter furnace structure & upgrade dust collector
  - Benefits: improved productivity and environment
- Developed Mini-mill CEM Process\*
  - Construction: Oct.'08 ~ Mar.'09 (6months)
  - Details: install high-speed caster, modify hot-rolling
  - Benefits: improved productivity, quality w/ tech. upgrade strengthened competitiveness w/ extended product line



Mini-mil Plant, Gwangyang

- CEM(Compact Endless Cast-Rolling Mill): continuous pressing tech. w/ direct linkage of continuous caster & pressing roll

## Gwangyang #2 CR Mill

- 2PCM\* capacity increase (1.8 → 2.5Mt/yr)
  - Construction: Dec.'08 ~ May'09 (6months)
  - Benefits : stable supply for auto AHHS\*
- 2CAL\* capacity increase (980K → 1.06Mt/yr)
  - Construction: Jan.'09 ~ Apr. '09 (4months)
  - Benefits
    - Improved productivity & quality by specializing in premium CR products (automotive sheets, etc.)



#2 CR Mill, Gwangyang

- \* PCM: Picking line Tandem Cold Mill, CAL: Continuous Annealing Line
- \* AHHS: Advanced High Strength Steel

## Rotary Hearth Furnace

### • Overview

- Construction: Aug.'08 ~ Sept.'09 (Pohang)  
(Gwangyang: Jan.'09 ~ Dec.)
- JV with NSC, owns commercialized tech. & facility
- Capacity: HBI\* 140Kt/yr (Gwangyang: DRI\* 120Kt/yr)

### • Benefits

- Improve productivity and profitability through byproduct (dust, sludge containing Fe) recycling
- Get CO<sub>2</sub> emission rights in accordance w/ CDM

## CDM approved (Small Hydro Power)

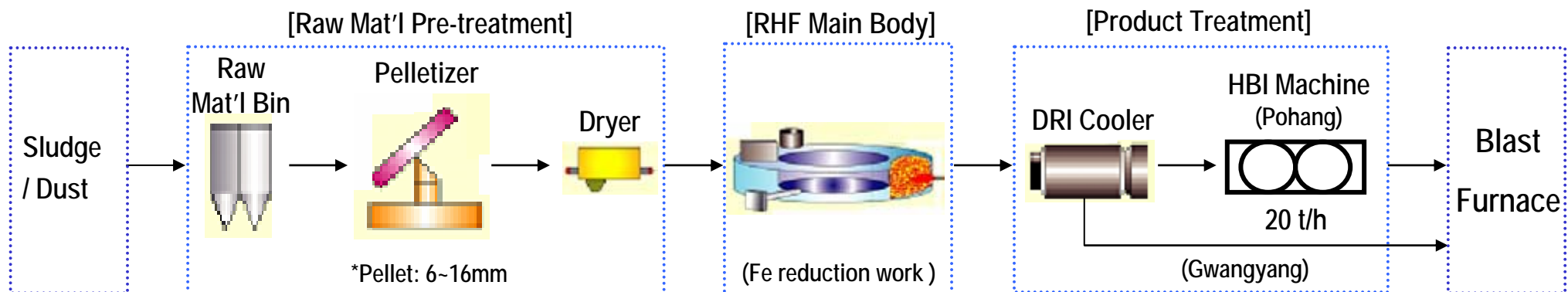
### • Overview

- Power generated by potential energy (37m height) from water dam that source to Gwangyang Mill
- Facility: hydro-electronic power generators (2X300kW)
- Capacity: 4,835MWh/yr

### • Benefits

- Set foundation for CDM business by securing emission right of 26Kt Co2 for next 10 years

## RHF Production Line



\* RHF(Rotary Hearth Furnace): Facility processing Fe-containing by-product like Dust & Sludge to produce raw mat'l for Blast Furnace and Sintering Mill

\* DRI(Direct Reduced Iron): solid, reduced iron from iron-ore, HBI(Hot Briquette Iron): Treated DRI for long haul

## Stable operation of FINEX

- Raised operation target & continue engineering planning for scaling up

	'08.1Q	2Q	3Q	'08 Target
Coal Ratio (Kg/T)	783	717	710	700
Production (T/D)	3,932	4,204	4,215	4,300

## Improved productivity & quality via tech. development

- Pohang #3BF: world record pig-iron productivity (3.01t/d/m<sup>3</sup>)
  - Secured long-term, high productivity technology with 2.78 of year avg. productivity since Oct.'07
- Gwangyang #2 Steelmaking: mill's highest productivity w/ 129charges/day
  - Reduced blowing time & reduced dephosphorizing time via increased volume of Nitrogen input

## Tech. development & application for customer competitiveness

- Gwangyang Hydroforming: built post-treatment facility for non-coated hot press products
  - Allows quick response to auto manufacturers' requests & prompt delivery of high quality product
- POSCO-developed premium steel for bridges, reflected on national bridge structure standards
  - Ministry of Land, Transport and Maritime Affairs include in standards for superior strengths, formation, adherences

## Construct Processing Center in JPN

- Overview of POSCO-JYPC
    - Location: Kanagawa prefecture Kawasaki City
    - Product: automotive steel (100Kt/yr)
    - Equity: POSCO 64%, NITCO 31%
  - Benefits
    - Recruit new customers & set strategic sales base by providing total solution service to Kanto automaker
- ☞ Number of total P/C worldwide: 28 ('07) → 35 ('08/E)

## Continuing Cost Savings

- Details
  - Reduced raw material cost with cheaper raw material usage and improved productivity

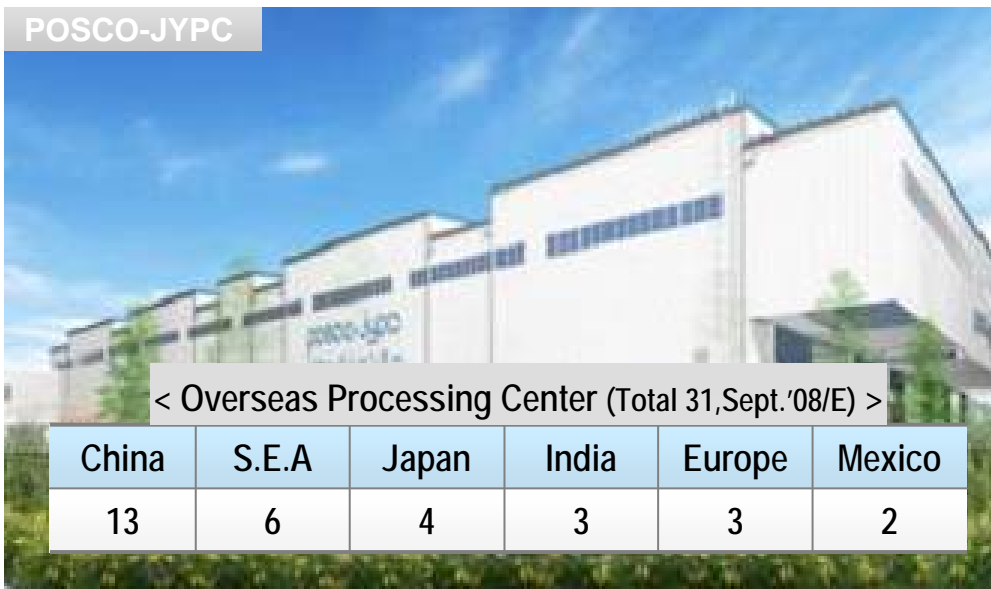
### Cost Saving Result

(in billion KRW)

'08 Target	Result	Progress
739.7	585.8	79.2%

## Interim Dividend Payment

- Long-term, stable dividend
  - Paid interim dividends since 2000
- 2008 Interim Dividend
  - Amount: KRW 2,500/share
  - Total Payment: KRW 188.5bn
  - Payment date: Aug. 6<sup>th</sup> '08



< Overseas Processing Center (Total 31, Sept. '08/E) >

China	S.E.A	Japan	India	Europe	Mexico
13	6	4	3	3	2

## Steel

- POSCO C&C: equity investment in DalianPoscoCC
  - Purpose: mgmt participation to secure overseas networks for coated & colored steel
  - Size: USD 28.5 million (47.3% of total equity)
  - Details: Alter CGL from GI-only to GI&AI combined use
- POSCO SS: completion of Slag treatment facility
  - Purpose: collect precious metal & recycle byproduct through slag processing treatment
  - Period: Oct.'07 ~ Aug.'08



Dalian POSCO C&C

## E&C (POSCO E&C)

- Master plan on Hanoi City construction
  - Details: plan to build mega city accommodating over 10mn persons (area: 3,300km<sup>2</sup>)
  - Amount: USD 6.4mn
  - ☞ Additional orders expected once development starts
- Receive order for National Hospital of Kuwait
  - Details: 1,150bed (B3 ~ 13Floor tall)
  - Amount: KRW 135.5bn (First large scale CM\* type biz.)
- Preferred bidder for drain pipe BTL\*, Pyeongtaek
  - Details: master drain pipe 165km, sewage facility, etc.
  - Amount: KRW 21.3bn



National Hospital of Kuwait Landscape

\* CM(Construction Management): Project management method that oversees plan, engineering, construction and supervision

\* BTL(Build Transfer Lease): Private sector invests in SOC, turn assets over to gov't and make profit through leasing and managing the asset

## Energy (Posco Power)

- Accelerate fuel-cell business
  - Complete Pohang fuel-cell plant (50MW/yr, Sept.'08)
  - Fuel-cell biz. as nation's new growth engine (Sept.'08)
  - U.S FCE Stack plant inducement in progress
  - ☞ Construct 100MW/yr generating plant by year 2011
- Power plant expansion plan (1<sup>st</sup> 1,000MW)
  - Signed EPC turnkey contract w/ Posco E&C (Jul.'08)
  - Signed LNG supply w/ KOGAS (Aug. '08)
  - Land foundation in progress (to completed by Dec.'08)
  - ☞ To construct 2,000MW power plant by 2014



Fuel-cell Plant, Pohang

## IT (POSDATA)

- Accelerate WiBro business
  - Supplying to China Airway, Pohang KT WiBro Town
  - Int'l certificate for Wave 2 base station facility
  - ※ Gov't announcement on promoting WiBro
- Promote IT service business
  - Overseas expansion: coop with China ITS (ZTE corp.), received order for Philippines e-authentication sys
  - U-City biz expansion: establish u-Gyeongju USP\*, Daejeon west-southern area USP, etc.
  - Enter wireless control system business for facility



Facility certificate,  
Wave 2 base station



WiBro Equipment  
(RAS6000)

- **Excellent sustainability-driven company, 4 straight years (Sept.'08) (SAM Dow Jones)**
  - Receive outstanding scores on operating results, ethics, environment management, labor output index, workforce development, etc.
- **Best CEO (Jul.'08) (Han-Gyung Business)**
  - First commercialization of innovative FINEX technology, increased enterprise value with clear vision and initiative
- **Global Top 500 Corporations (Jul.'08) (Financial Times)**
  - Selected as top 500 corporations (5yr consecutive, ranked 198<sup>th</sup> market capital)
- \* **Recent Awards from Foreign Presses**
  - Global Top 500 Corporations (Jul.'08, Fortune)
  - Global Top 200 Corporations (Apr.'08, Forbes)
  - 200 Most respected company in Asia (Apr.'08, Asia Wall Street Journal)
  - Most Admired Company (Mar.'08, Fortune)

**1**

**3Q '08 Operating Performance**

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**2008 Business Plan**

## ❑ Weak markets as demand weakens due to financial crisis & economic slowdown

### Regional HRC Spot Price

(U\$/T)



Downturn as major mills cut prices and financial crisis leading to weaker demand  
Midwest: 584(Sept.'07) → 634(Dec) → 882(Mar.'08) → 1,190(Jun) → 1,058(Sept)



Price fall as demand slows led by cheaper imports and economy downturn  
EU avg: 699(Sept.'07) → 721(Dec) → 1,076(Mar.'08) → 1,228(Jun) → 1,063(Sept)



Weakens as major mills cut prices and stagnating demand builds up inventory  
Guangzhou: 512(Sept.'07) → 585(Dec) → 677(Mar.'08) → 767(Jun) → 612(Sept)



Steady despite demand weakens and purchases get delayed with global price slowdown  
Seoul-Incheon: 646(Sept.'07) → 659(Dec) → 715(Mar.'08) → 808(Jun) → 816(Sept)



Remain steady amidst demand slowdown and inventory increase  
Tokyo: 617(Sept.'07) → 643(Dec) → 861(Mar.'08) → 1,026(Jun) → 1,031(Sept)

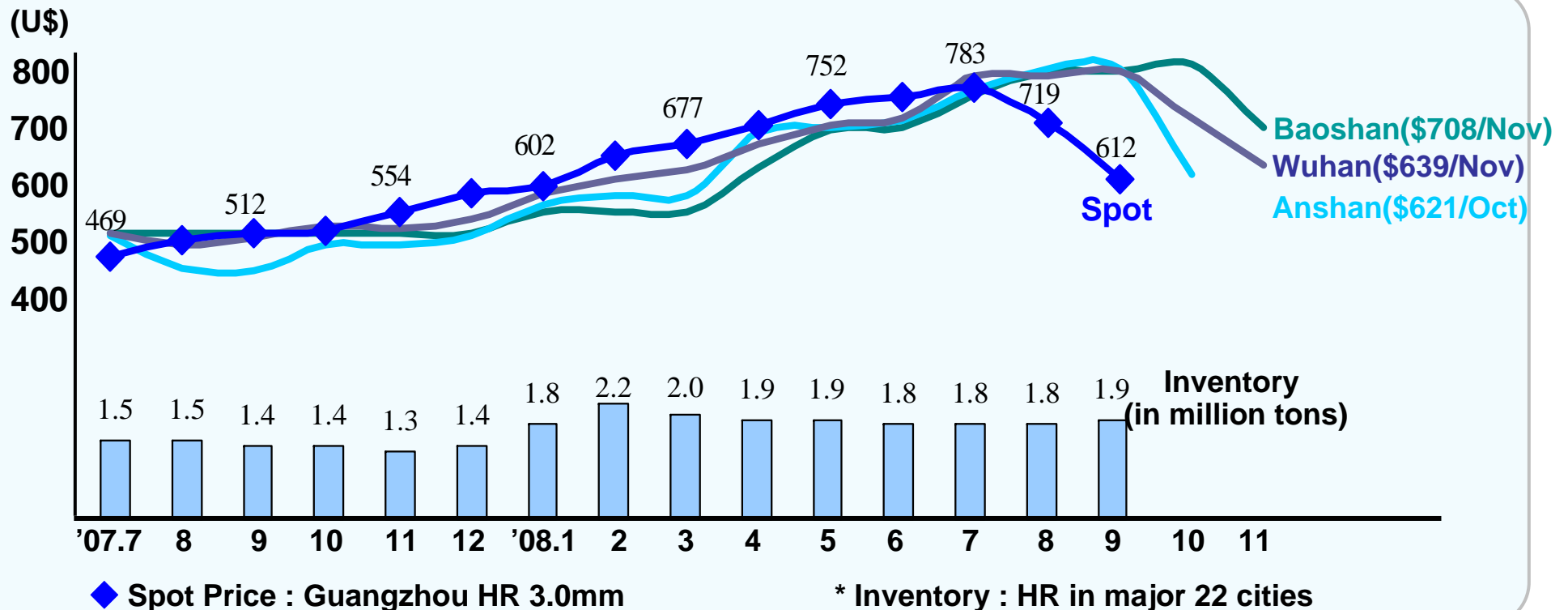


Plunge due to postponed purchases caused by weakening global prices  
Thailand: 585(Sept.'07) → 680(Dec) → 918(Mar.'08) → 1,188(Jun) → 854(Sept)

## ❑ Turning soft market as demand declines and major mills cut prices

- Customers delaying orders due to economy slowdown & falling raw material-energy prices
    - Price cuts for Nov.'08 shipments (Baoshan HR -U\$117/ton, Wuhan -U\$88/ton, MoM)
  - More exports as gap widens with global prices & further gov't export regulations expected
    - Exports: Jul.'08 +21%, Aug. +46% (Jan.~Aug.'08 cumulative -16%, YoY)
- 👉 Major mills cut production seeking to stabilize prices and market

HR Price Trend in China (U\$/ton)



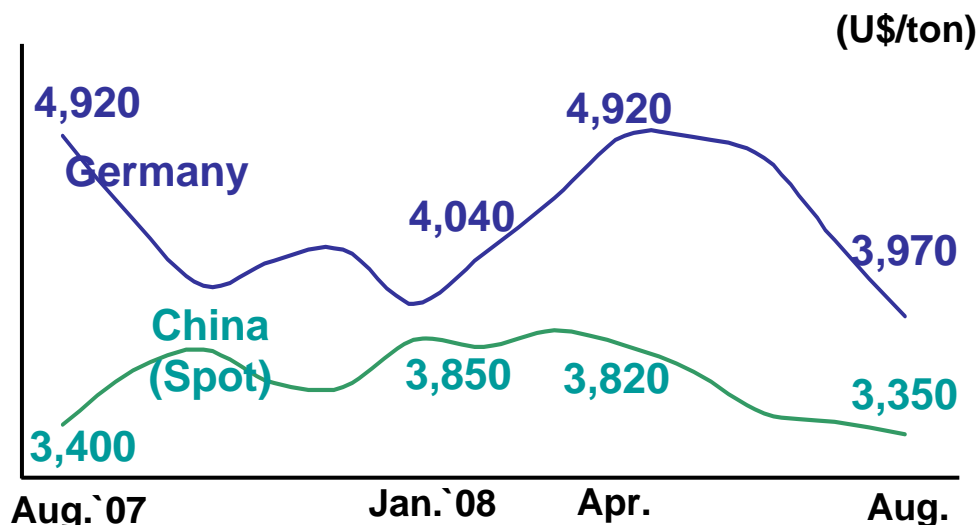
## Recent Market Trend

- Trend by Regions
  - Korea: demand recovery delays due to weak economy
  - China: orders postponed amid concerns of post Olympic economy downturn, Mills try to control supply via production cut
  - Europe: orders delays in worry of U.S financial crisis
    - ☞ Expect demand to recover after weak winter season

## Nickel/Chrome Price Outlook

- Nickel
  - Weak price continues due to demand decline & global financial turmoil
  - Decline to be limited as price reaches production cost
- Chrome
  - Price temporarily turn weak due to STS production cut
  - Expect tight supply/demand to continue driven by electricity shortage in South Africa

### STS CR Price Trend



### Global Ni, Cr Supply/Demand

(in thousand tons)

		2007	2008	2009	2010
Ni	Demand (a)	1,387	1,476	1,634	1,710
	Supply (b)	1,419	1,484	1,666	1,765
	(b) – (a)	31	7	32	55
Cr	Demand (a)	7,669	8,098	8,589	9,317
	Supply (b)	7,766	8,128	8,618	9,278
	(b) – (a)	97	30	29	-39

\* Brookhunt (Jul.'08), Metal Bulletin (Aug.'08)

**1**

**3Q '08 Operating Performance**

**2**

**Activity & Accomplishment**

**3**

**Steel Industry Environment**

**4**

**2008 Business Plan**

(in million tons, tr KRW)

	2007		2008(f)		(%)	
	Consolidated	POSCO	Consolidated	POSCO	Consolidated	POSCO
<b>Crude Steel Production</b>	<b>32.8</b>	<b>31.1</b>	<b>35.2</b>	<b>33.5</b>	<b>7.3%</b>	<b>7.7%</b>
<b>Sales Volume</b>	<b>32.2</b>	<b>29.6</b>	<b>34.7</b>	<b>31.9</b>	<b>7.8%</b>	<b>7.8%</b>
<b>Revenue</b>	<b>31.6</b>	<b>22.2</b>	<b>42.2</b>	<b>31.9</b>	<b>33.5%</b>	<b>43.7%</b>
<b>Operating Income</b>	<b>4.9</b>	<b>4.3</b>	<b>7.7</b>	<b>6.6</b>	<b>57.1%</b>	<b>53.5%</b>
<b>Investment*</b>	<b>4.5</b>	<b>3.8</b>	<b>6.7</b>	<b>5.1</b>	<b>48.9%</b>	<b>34.2%</b>

\*Excludes domestic/foreign M&A related investments

The data above represents company's internal objects,  
thus should not be used as a basis for investment decisions



**posco**  
**3Q 2008**  
**Performance**

**October 14, 2008**

GLOBAL

POSCO WAY