

NOTICE OF REDEMPTION
TO THE HOLDERS AND THE TRUSTEE OF
ZERO COUPON GUARANTEED EXCHANGEABLE NOTES

DUE AUGUST 18, 2016

(ISIN: XS0658205280)
(Common Code Number: 065820528)

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Indenture, dated as of August 18, 2011 (the “Indenture”) among Zeus (Cayman) II (the “Issuer”), POSCO (the “Guarantor”), Citicorp International Limited (the “Trustee”) and Citibank, N.A., (the “Collateral Agent”), the Issuer has elected to effect an optional redemption of ¥ 6,961,000,000 in aggregate principal amount of the Issuer’s outstanding Zero Coupon Guaranteed Exchangeable Notes due August 18, 2016 (the “Notes”) in accordance with Sections 1102 and 1110 of the Indenture. Capitalized terms used and not otherwise defined herein have the meanings set forth in the Indenture.

The terms of the redemption shall be as follows

- (1) Exchange Price as of the date of this notice: ¥ 1,472.7094
- (2) Market Price per SKT ADS as of the latest practicable date prior to the date of publication of this notice: ¥ 2,617.1856
- (3) Redemption Date: August 27, 2014
- (4) Redemption Amount: ¥ 6,961,000,000

On the Redemption Date, the Redemption Amount of the Notes to be redeemed will become due and payable.

Dated: July 25, 2014

ZEUS (CAYMAN) II

By: 
Name: Helen Allen
Title: Director