United States Steel

Mon Valley Works Hot Strip Mill: Pennsylvania Economic Impact Analysis

June 2026

PARKER STRATEGY GROUP

TABLE OF CONTENTS

Disclaimer: This economic analysis report is an independent analysis of Parker Strategy Group and is based upon certain information provided by United States Steel Corporation and is subject to certain assumptions. The conclusions presented in the report are the result of Parker Strategy Group's independent analysis and have not been verified by United States Steel Corporation, Nippon Steel Corporation or their affiliates. Actual outcomes may differ.

EXECUTIVE SUMMARY

In August 2024, Nippon Steel Corporation announced a post-closing capital spend commitment of no less than $1 billion to invest in a new or updated Hot Strip Mill at U. S. Steel's operations in the Monongahela Valley of Southwest Pennsylvania, known as the Mon Valley Works. Parker Strategy Group was engaged at that time to assess the potential economic impact of that commitment, projecting that the investment would generate between approximately $476 million and $953 million in total economic impact for Pennsylvania and support between approximately 2,432 and 4,864 jobs over a two-year construction period.

Since that initial analysis, the scope of the planned investment has grown substantially. Updated projections now indicate that the total capital commitment to the Mon Valley Works may range from approximately $2 billion to $2.5 billion — reflecting the expanded scope of improvements planned for the Mon Valley Works Edgar Thomson Works in Braddock and related infrastructure throughout the Mon Valley Works. United States Steel Corporation commissioned this updated analysis to assess the economic impact of that expanded investment on the Commonwealth of Pennsylvania. The analysis is based on projected construction and labor expenditures within Pennsylvania over an approximately three-year project period, and the key findings show a range of impacts:

The proposed investment over three years is estimated to:

- Generate between approximately **$1.4 billion** under the $2 billion investment scenario and approximately **$1.7 billion** under the $2.5 billion investment scenario in total economic impact.
- Support between approximately **5,105 jobs** under the $2 billion scenario and approximately **6,381 jobs** under the $2.5 billion scenario in employment impact.
- Generate between approximately **$46.4 million** under the $2 billion scenario and approximately **$58.0 million** under the $2.5 billion scenario in state and local tax revenue.

PROJECTED ECONOMIC IMPACT IN PENNSYLVANIA

	$2 BILLION SCENARIO	$2.5 BILLION SCENARIO	$1 BILLION INITIAL COMMITMENT (2024 ANALYSIS)*
TOTAL ECONOMIC IMPACT	$1.4 BILLION	$1.7 BILLION	$476M–$953M
JOBS SUPPORTED	5,105 JOBS	6,381 JOBS	2,432–4,864 JOBS
LABOR INCOME	$453.0 MILLION	$566.3 MILLION	$170M–$340M
VALUE ADDED (GDP CONTRIBUTION)	$719.7 MILLION	$899.6 MILLION	$243M–$485M
STATE AND LOCAL TAX REVENUE	$46.4 MILLION	$58.0 MILLION	$19M–$38M

*Additional information on the $1 Billion Initiative Commitment (2024 Analysis) is on page 8 of this report.

INTRODUCTION

U. S. Steel has engaged Parker Strategy Group to measure the potential economic impact of capital investment by Nippon Steel Corporation in Mon Valley Works. In August 2024, Nippon Steel announced a post-closing capital commitment of no less than $1 billion to invest in a new or updated Hot Strip Mill at U. S. Steel's operations in the Monongahela Valley of Southwest Pennsylvania as part of its proposed partnership with U. S. Steel. Updated projections now indicate the potential investment may range from approximately $2 billion to $2.5 billion — reflecting the full scope of improvements planned for the Mon Valley Works Edgar Thomson Plant in Braddock and related facilities throughout the Mon Valley Works.

Central to the planned investment is the construction of a new, state-of-the-art Hot Strip Mill at Mon Valley Works Edgar Thomson Plant in Braddock, Pennsylvania. The new facility would replace an 87-year-old hot strip mill at the nearby Irvin Plant, which is slated for decommissioning as part of the modernization effort. The new Mon Valley Works Hot Strip Mill is designed to deliver improved yield, reduced energy consumption, and enhanced product quality, while expanding the range of steel products the Mon Valley Works can produce for automotive and other high-value markets. Additional improvements associated with this project at related facilities in Mon Valley Works will support the Hot Strip Mill's ability to achieve its operational goals.

The goal of this analysis is to provide a range of impacts associated with the proposed investment in a new Hot Strip Mill and related facilities throughout the Mon Valley Works. The impact presented in this analysis is broken down into three categories: direct impact, indirect impact, and induced impact. The indirect and induced impacts are commonly referred to as the "multiplier effect." The graphic below provides an overview of the types of impact detailed in this report.

DIRECT

Impacts generated by proposed spending on Mon Valley Works — construction and labor expenditures by Nippon Steel.

INDIRECT

The increase in demand for goods and services in industry sectors that will supply or support the proposed investment. Impacts will be felt throughout the supply chain.

INDUCED

The third wave of impact created by household spending by construction employees and employees of suppliers — including housing, goods, entertainment, food, clothing, and transportation.

DATA SOURCES:	**PRIMARY FINANCIAL DATA AND ASSUMPTIONS USED IN THIS STUDY WERE OBTAINED FROM UNITED STATES STEEL CORPORATION (U. S. STEEL). ADDITIONAL INFORMATION ON THE METHODOLOGY AND ASSUMPTIONS CAN BE FOUND IN APPENDIX B.**
STUDY TYPE:	**ECONOMIC IMPACT ANALYSIS**
GEOGRAPHY:	**COMMONWEALTH OF PENNSYLVANIA**
STUDY YEAR:	**FY 2026**
METHODOLOGY:	**IMPLAN**

KEY ASSUMPTIONS ABOUT PREDICTIVE MODELS

The findings presented in this report show the potential impact of capital investment by Nippon Steel Corporation into a new Hot Strip Mill and related facilities at Mon Valley Works located in the Monongahela Valley of Southwest Pennsylvania. The findings are based on a core set of assumptions derived from projected project costs and previous U. S. Steel construction experience. The goal of these predictive models is to show a range of impact across two investment scenarios.

ASSUMPTION 1

The investment scenarios modeled in this report range from $2 billion to $2.5 billion. Equipment purchases are excluded from the economic model as they are not expected to be procured within Pennsylvania. Economic impact calculations are based solely on construction and labor expenditures projected to occur within the Commonwealth.

ASSUMPTION 2

All models are presented in 2026 dollars, which is the anticipated start of construction or refurbishment of the Mon Valley Works' Hot Strip Mill and related facilities.

ASSUMPTION 3

All findings presented in this report are projected over an approximately three-year time period beginning in 2026.

All analysis presented in this report was completed in IMPLAN with custom models developed for the Commonwealth of Pennsylvania.

SCENARIO OVERVIEW

PROJECTED PENNSYLVANIA IMPACT

The findings presented in this report show the projected economic impact under two investment scenarios over an approximately three-year period beginning in 2026. Analysis was completed in IMPLAN using the core set of assumptions described above.

- **$2 Billion Scenario:** Projected economic impact based on a $2 billion total capital investment in the Mon Valley Works.
- **$2.5 Billion Scenario:** Projected economic impact based on a $2.5 billion total capital investment in the Mon Valley Works.

PROJECTED ECONOMIC IMPACT IN PENNSYLVANIA

	$2 BILLION SCENARIO	$2.5 BILLION SCENARIO	$1 BILLION INITIAL COMMITMENT (2024 ANALYSIS)*
ECONOMIC IMPACT	$1.4 BILLION	$1.7 BILLION	$476M–$953M
VALUE ADDED	$719.7 MILLION	$899.6 MILLION	$243M–$485M
JOBS SUPPORTED	5,105 JOBS	6,381 JOBS	2,432–4,864 JOBS
STATE AND LOCAL TAXES	$46.4 MILLION	$58.0 MILLION	$19M–$38M

- The projected economic impact of the proposed investment over three years is estimated to be in the range of approximately **$1.4 billion** under the $2 billion scenario to approximately **$1.7 billion** under the $2.5 billion scenario.
- The projected employment impact of the proposed investment over three years is estimated to be between approximately **5,105 jobs** under the $2 billion scenario and approximately **6,381 jobs** under the $2.5 billion scenario.
- The projected state and local tax impact of the proposed investment is estimated to be in the range of approximately **$46.4 million** under the $2 billion scenario and approximately **$58.0 million** under the $2.5 billion scenario.

$2 BILLION SCENARIO: PENNSYLVANIA

Under the $2 billion investment scenario, the proposed project is projected to generate approximately **$1.4 billion in total economic impact** in Pennsylvania over three years, support approximately **5,105 jobs** across the economy, and generate approximately **$46.4 million in state and local tax revenue**.

$2 BILLION SCENARIO: EMPLOYMENT AND ECONOMIC IMPACT IN PENNSYLVANIA

IMPACT	EMPLOYMENT (JOBS)	LABOR INCOME	VALUE ADDED	ECONOMIC IMPACT
DIRECT	2,561	$250,137,842	$370,529,960	$740,000,000
INDIRECT	1,014	$97,374,839	$161,704,346	$310,322,544
INDUCED	1,530	$105,521,766	$187,430,278	$303,087,047
TOTAL	5,105	$453,034,447	$719,664,583	$1,353,409,591

Source: Parker Strategy Group using data from U. S. Steel

$2 BILLION SCENARIO: STATE AND LOCAL TAX IMPACT IN PENNSYLVANIA

IMPACT	SUB COUNTY GENERAL (CITY TAXES)	SUB COUNTY SPECIAL DISTRICTS (FIRE, EMS, SCHOOL)	COUNTY	STATE	STATE
DIRECT	$1,708,248	$1,505,485	$215,229	$7,855,792	$11,284,754
INDIRECT	$2,075,939	$4,704,482	$990,689	$9,727,973	$17,499,083
INDUCED	$2,111,247	$4,599,105	$963,939	$9,947,232	$17,621,523
TOTAL	$5,895,434	$10,809,072	$2,169,856	$27,530,997	$46,405,359

Source: Parker Strategy Group using data from U. S. Steel

$2.5 BILLION SCENARIO: PENNSYLVANIA

Under the $2.5 billion investment scenario, the proposed project is projected to generate approximately **$1.7 billion in total economic impact** in Pennsylvania over three years, support approximately **6,381 jobs** across the economy, and generate approximately **$58.0 million in state and local tax revenue**.

$2.5 BILLION SCENARIO: EMPLOYMENT AND ECONOMIC IMPACT IN PENNSYLVANIA

IMPACT	EMPLOYMENT (JOBS)	LABOR INCOME	VALUE ADDED	ECONOMIC IMPACT
DIRECT	3,201	$312,672,302	$463,162,450	$925,000,000
INDIRECT	1,268	$121,718,548	$202,130,432	$387,903,180
INDUCED	1,912	$131,902,208	$234,287,848	$378,858,809
TOTAL	6,381	$566,293,058	$899,580,729	$1,691,761,989

Source: Parker Strategy Group using data from U. S. Steel

$2.5 BILLION SCENARIO: STATE AND LOCAL TAX IMPACT IN PENNSYLVANIA

IMPACT	SUB COUNTY GENERAL (CITY TAXES)	SUB COUNTY SPECIAL DISTRICTS (FIRE, EMS, SCHOOL)	COUNTY	STATE	STATE
DIRECT	$2,135,310	$1,881,856	$269,036	$9,819,740	$14,105,942
INDIRECT	$2,594,924	$5,880,603	$1,238,361	$12,159,966	$21,873,854
INDUCED	$2,639,058	$5,748,881	$1,204,924	$12,434,040	$22,026,903
TOTAL	$7,369,292	$13,511,340	$2,712,320	$34,413,746	$58,006,698

Source: Parker Strategy Group using data from U. S. Steel

HISTORICAL REFERENCE | $1 BILLION INITIAL INVESTMENT ANALYSIS (2024)

In August 2024, Nippon Steel Corporation announced a post-closing capital commitment of no less than $1 billion to invest in U. S. Steel's Mon Valley Works. Parker Strategy Group was engaged in September 2024 to model the potential economic impact of that initial commitment. The analysis modeled $600 million in construction spending — excluding equipment purchases not sourced in Pennsylvania — across three scenarios representing 40%, 60%, and 80% of construction expenditures retained within the Commonwealth. The findings below represent that original analysis and serve as the historical baseline for the updated projections presented in this report.

	SCENARIO A (40% PA SPEND)	SCENARIO B (60% PA SPEND)	SCENARIO C (80% PA SPEND)
ECONOMIC IMPACT	$476.4 MILLION	$714.7 MILLION	$952.9 MILLION
JOBS SUPPORTED	2,432 JOBS	3,648 JOBS	4,864 JOBS
LABOR INCOME	$169.9 MILLION	$254.9 MILLION	$339.9 MILLION
VALUE ADDED	$242.7 MILLION	$364.0 MILLION	$485.3 MILLION
STATE AND LOCAL TAXES	$19.1 MILLION	$28.7 MILLION	$38.3 MILLION

Since the completion of this initial analysis in September 2024, the scope of Nippon Steel's planned capital investment in the Mon Valley Works has grown substantially. Updated projections now indicate that the total investment may range from approximately $2 billion to $2.5 billion — more than double the original commitment — reflecting the expanded scope of improvements planned for the Mon Valley Works Edgar Thomson Works in Braddock and related infrastructure throughout the Mon Valley Works. The updated economic impact projections based on this expanded investment are presented in the sections that follow.

Source: Parker Strategy Group, "Projected Economic Impact of a $1 Billion Investment by Nippon Steel Corporation into U. S. Steel's Southwestern Pennsylvania Operations," September 2024. Analysis commissioned by United States Steel Corporation. Analysis modeled $600 million in Pennsylvania construction spend over a two-year period beginning in 2026.

APPENDIX A: TERMS AND DEFINITIONS

Direct Economic Impact – All direct expenditures made by a corporation due to its expenditures in a specific geographic area. These include operating expenditures, capital expenditures, and pay and benefits expenditures.

Direct Employment – Total number of employees, both full-time and part-time, at the corporation based on total jobs, not FTEs.

Dollar Year – Presented in 2026 dollars.

Government Revenue/State and Local Tax Impact – Government revenue or tax revenue collected by governmental units at the state and local levels in addition to those paid directly by a corporation. This impact includes taxes paid directly by the corporation itself, employees of the corporation, and vendors who sell products to the corporation and at the household level.

Indirect Economic Impact – The indirect impact includes the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money is spent outside of the local economy, either through imports or by payments to value added (multiplier effect).

Indirect Employment – Additional jobs created as a result of a corporation's economic impact. Local companies or vendors that provide goods and services to a corporation increase their number of employees as purchasing increases, thus creating an employment multiplier.

Induced Economic Impact – The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not lost to the regional economy. This money is recirculated through household spending patterns causing further local economic activity (multiplier effect).

Induced Employment – Additional jobs created as a result of household spending by employees of a corporation and the employees of vendors. This is another wave of the employment multiplier.

Labor Income – The total value of all forms of employment-based income paid to households by a given industry or throughout a defined economy during a specified period of time.

Multiplier Effect – The multiplier effect is the additional economic impact created as a result of the corporation's direct spending. Local companies that provide goods and services to a corporation increase their purchasing by creating a multiplier (indirect/supply-chain impacts). Household spending generated by employees of the corporation and the corporation's suppliers create a third wave of multiplier impact (induced/household-spending impacts). The multipliers in this study are derived by IMPLAN.

Study Years – 2026 - 2029

Total Economic Impact– Includes spending on operations, capital expenditures, labor income expenditures, and value added to the economy as a result of expenditures made by a corporation. It is the combined impact of direct, indirect, and induced impacts.

Value Added – Value Added is the total market value of all final goods and services produced within a region in a given period of time (usually a quarter or year). It is the sum of the intermediate stages of production.

APPENDIX B: DATA AND METHODS

Data used to complete the economic analysis was provided by U. S. Steel. All analysis includes projected construction expenditures. The study approach and economic-impact findings are an estimate of impact and are based on projected spending associated with proposed investment into the Mon Valley Works by Nippon Steel. The models were built using IMPLAN Code 51 — Construction of new manufacturing structures.

OVERVIEW AND THE IMPLAN MODEL

The most common and widely accepted methodology for measuring the economic impacts of economic sectors is input-output (I-O) analysis. At its core, an I-O analysis is a table that records the flow of resources to and from companies/corporations and individuals within a region at a given time. For a specified region such as a state of the nation, the input-output table accounts for all dollar flows among different sectors of the economy in a given period. With this information, a model can then follow how a dollar added into one sector is spent and re-spent in other sectors of the economy, generating outgoing ripples of subsequent economic activity. This chain of economic activity generated by one event is called the “economic multiplier” effect.

The primary tool used in the performance of this study is the I-O model and dataset developed and maintained by IMPLAN Group LLC (formerly Minnesota IMPLAN Group Inc.). IMPLAN is a widely accepted and used software model first developed by the U.S. Forest Service in 1972. Data used in the baseline IMPLAN model and data set come largely from federal-government databases. The input-output tables themselves come from the Bureau of Economic Analysis. Much of the annual data on labor, wages, final demand, and other market data comes from the Bureau of Labor Statistics, the U.S. Census Bureau, and other government sources.

Government agencies, companies, and researchers use IMPLAN to estimate the economic activities associated with spending in a particular industry or on a particular project. The IMPLAN model extends conventional I-O modeling to include the economic relationships among government, industry, and household sectors, allowing IMPLAN to model transfer payments such as taxes. Producers of goods and services must secure labor, raw materials, and other services to produce their product.

The resources transferred to the owners of that labor or those raw materials and services are then spent to secure additional goods and services or inputs to the products they sell. For example, a corporation may start a manufacturing plant that produces tractors with a value of $1 million. However, to produce that product, they may be required to spend $500,000 in wages and benefits, $200,000 to suppliers of tractor parts, $100,000 for electricity, $50,000 for transportation of goods and raw materials to and from the plant, and $50,000 in various professional services associated with operating a business (e.g., attorneys and accountants). The suppliers will, in turn, spend those resources on labor and raw materials necessary to produce tractors. Workers and the owners of the company will buy goods and services from other firms in the area (e.g., restaurants and gas stations) and pay taxes. The suppliers, employees, and owners of this second tier will, in turn, spend those resources on other goods and services whether within the study region or elsewhere. The cycle continues until all of the money leaves the region.

IMPLAN METHODOLOGY

The model uses national production functions for over 546 industries to determine how an industry spends its operating receipts to produce its commodities. Sectors utilized in this study include 215 — iron and steel mills and ferroalloy manufacturing. These production functions are derived from U.S. Census Bureau data. IMPLAN couples the national production functions with a variety of county-level economic data to determine the impacts at a state and congressional-district level. IMPLAN collects data from a variety of economic data sources to generate average output, employment, and productivity for each industry in a given county. IMPLAN combines this data to generate a series of economic multipliers for the study area. The multiplier measures the amount of total economic activity generated by a specific industry's spending an additional dollar in the study area. Based on these multipliers, IMPLAN generates a series of tables to show the economic event’s direct, indirect, and induced impacts to gross receipts, or output, within each of the model’s more than 546 industries.

The model calculates three types of effects: direct, indirect, and induced.

APPENDIX B: DATA AND METHODS

CONSIDERATIONS CONCERNING IMPLAN

- It is a fixed-price model. The model assumes that changes in consumption are not limited by capacity and do not affect prices. This assumption does not cause a problem for the analysis presented here because we are taking a snapshot of Pennsylvania in a specific year.
- As in many studies using this type of model, the direct impacts are not calculated by the model; they are a reflection of actual and projected spending levels and patterns created by U. S. Steel and their proposed projects. Changing the level of direct spending allows us to calculate the magnitude of the indirect and induced effects associated with the initial level of spending.
- Because the model continues to calculate additional spending until all of the money leaves the region (i.e., “leakage”), the larger and more economically diverse the region, the longer it will take for spending to leave the region and the larger the impact is likely to be. For example, employees of U. S. Steel may spend some amount of their income on buying a car. Since there are no car manufacturers in Pennsylvania, this spending will leave the region, and the multiplier effect will stop. At the national level, some portion of that same spending by that same individual may go to a national auto producer. That spending would lead to more spending at the national level than would be captured by a more regional or statewide model.

United States Steel

PARKER
STRATEGY
GROUP