

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 001-35243

SUNCOKE ENERGY, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State of or other jurisdiction of
incorporation or organization)

90-0640593
(I.R.S. Employer
Identification No.)

**1011 Warrenville Road, Suite 600
Lisle, Illinois 60532
(630) 824-1000**
(Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Common Stock, \$0.01 par value	SXC	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None		

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock on June 30, 2019 (based upon the closing price of \$8.88 on June 28, 2019, the last trading day of the registrant's most recently completed second fiscal quarter, on the New York Stock Exchange) held by non-affiliates was approximately \$799,367,077.

The number of shares of common stock outstanding as of February 14, 2020 was 83,738,638.

Portions of the SunCoke Energy, Inc. 2020 definitive Proxy Statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2019, are incorporated by reference in Part III of this Form 10-K.

SUNCOKE ENERGY, INC.
TABLE OF CONTENTS

PART I

Item 1.	Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	25
Item 2.	Properties	26
Item 3.	Legal Proceedings	27
Item 4.	Mine Safety Disclosures	27

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities	28
Item 6.	Selected Financial Data	30
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	31
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	47
Item 8.	Financial Statements and Supplementary Data	48
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	100
Item 9A.	Controls and Procedures	100
Item 9B.	Other Information	100

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	101
Item 11.	Executive Compensation	101
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	101
Item 13.	Certain Relationships and Related Transactions, and Director Independence	101
Item 14.	Principal Accounting Fees and Services	101

PART IV

Item 15.	Exhibits, Financial Statement Schedules*	102
Item 16.	Form 10-K Summary	106
Signatures		107

**Included as Exhibit 99.1 to this Annual Report on Form 10-K are unaudited financial statements of SunCoke Energy Partners, L.P. (the "Partnership"), to comply with applicable reporting requirements of the indenture dated May 24, 2017, by and among the Partnership and The Bank of New York Mellon Trust Company, N.A., as amended by the supplemental indentures, dated August 5, 2019 and January 1, 2020.*

PART I**Item 1. Business****Overview**

SunCoke Energy, Inc. (“SunCoke Energy,” “SunCoke,” “Company,” “we,” “our” and “us”) is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has over 55 years of coke production experience. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. We also own and operate a logistics business that provides handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers.

Incorporated in Delaware since 2010 and headquartered in Lisle, Illinois, we became a publicly-traded company in 2011 and our stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “SXC.”

Cokemaking Operations

The following table sets forth information about our cokemaking facilities:

Facility	Location	Customer	Year of Start Up	Contract Expiration	Number of Coke Ovens	Annual Cokemaking Nameplate Capacity (thousands of tons)	Use of Waste Heat
Owned and Operated:							
Jewell	Vansant, Virginia	AM USA	1962	December 2020	142	720	Partially used for thermal coal drying
Indiana Harbor	East Chicago, Indiana	AM USA	1998	October 2023	268	1,220	Heat for power generation
Haverhill Phase I	Franklin Furnace, Ohio	AM USA	2005	December 2020	100	550	Process steam
Haverhill Phase II	Franklin Furnace, Ohio	AK Steel	2008	December 2021	100	550	Power generation
Granite City	Granite City, Illinois	U.S. Steel	2009	December 2024	120	650	Steam for power generation
Middletown ⁽¹⁾	Middletown, Ohio	AK Steel	2011	December 2032	100	550	Power generation
Total					830	4,240	
Operated:							
Vitória	Vitória, Brazil	ArcelorMittal Brazil	2007	January 2023	320	1,700	Steam for power generation
Total					1,150	5,940	

(1) Cokemaking nameplate capacity represents stated capacity for production of blast furnace coke. Middletown production and sales volumes are based on “run of oven” capacity, which includes both blast furnace coke and small coke. Using the stated capacity, Middletown nameplate capacity on a “run of oven” basis is approximately 578 thousand tons per year.

We are a technological leader in cokemaking. We have designed, developed, built, own and operate five cokemaking facilities in the United States (“U.S.”) with collective nameplate capacity to produce approximately 4.2 million tons of coke per year. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. (“ArcelorMittal Brazil”), which has approximately 1.7 million tons of annual cokemaking capacity. Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal’s volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. This differs from by-product cokemaking, which repurposes the coal’s liberated volatile components for other uses. We have constructed the only greenfield cokemaking facilities in the U.S. in approximately 30 years and are the only North American coke producer that utilizes heat recovery technology in the cokemaking process.

We believe our advanced heat recovery cokemaking process has numerous advantages over by-product cokemaking, including producing higher quality coke, using waste heat to generate derivative energy for resale and reducing the environmental impact. The Clean Air Act Amendments of 1990 specifically directed the U.S. Environmental Protection Agency (“EPA”) to evaluate our heat recovery coke oven technology as a basis for establishing Maximum Achievable Control Technology (“MACT”) standards for new cokemaking facilities. In addition, each of the four cokemaking facilities that we have built since 1990 has either met or exceeded the applicable Best Available Control Technology (“BACT”), or Lowest Achievable Emission Rate (“LAER”) standards, as applicable, set forth by the EPA for cokemaking facilities at that time.

Our Granite City facility and the first phase of our Haverhill facility, or Haverhill I, have steam generation facilities, which use hot flue gas from the cokemaking process to produce steam for sale to customers pursuant to steam supply and purchase agreements. Granite City sells steam to United States Steel Corporation (“U.S. Steel”) and Haverhill I provides steam, at minimal cost, to Altivia Petrochemicals, LLC. Our Middletown facility and the second phase of our Haverhill facility, or Haverhill II, have cogeneration plants that use the hot flue gas created by the cokemaking process to generate electricity, which either is sold into the regional power market or to AK Steel Holding Corporation (“AK Steel”) pursuant to energy sales agreements.

Our core business model is predicated on providing steelmakers an alternative to investing capital in their own captive coke production facilities. We direct our marketing efforts principally towards steelmaking customers that require coke for use in their blast furnaces. Substantially all of our coke sales are made pursuant to long-term, take-or-pay agreements with ArcelorMittal USA LLC and/or its affiliates (“AM USA”), AK Steel and U.S. Steel, who are three of the largest blast furnace steelmakers in North America, each of which individually accounts for greater than ten percent of our consolidated revenues. The take-or-pay provisions require us to produce the contracted volumes of coke and require our customers to purchase such volumes of coke up to a specified tonnage or pay the contract price for any tonnage they elect not to take. As a result, our ability to produce the contracted coke volume is a key determinant of our profitability. We generally do not have significant spot coke sales since our domestic capacity is consumed by long-term contracts; accordingly, spot prices for coke do not generally affect our revenues. To date, our coke customers have satisfied their obligations under these agreements.

Our coke sales agreements contain pass-through provisions for costs we incur in the cokemaking process, including coal and coal procurement costs, subject to meeting contractual coal-to-coke yields, operating and maintenance expenses, costs related to the transportation of coke to our customers, taxes (other than income taxes) and costs associated with changes in regulation. When targeted coal-to-coke yields are achieved, the price of coal is not a significant determining factor in the profitability of these facilities, although it does affect our revenue and cost of sales for these facilities in approximately equal amounts. However, to the extent that the actual coal-to-coke yields are less than the contractual standard, we are responsible for the cost of the excess coal used in the cokemaking process. Conversely, to the extent our actual coal-to-coke yields are higher than the contractual standard, we realize gains. As coal prices increase, the benefits associated with favorable coal-to-coke yields also increase. These features of our coke sales agreements reduce our exposure to variability in coal price changes and inflationary costs over the remaining terms of these agreements. The coal component of the Jewell coke price is typically fixed annually for each calendar year based on the weighted-average contract price of third-party coal purchases at our Haverhill facility applicable to AM USA coke sales.

Our coke prices include both an operating cost component and a fixed fee component. Operating costs under two of our coke sales agreements are fixed subject to an annual adjustment based on an inflation index. Under our other four coke sales agreements, operating costs are passed through to the respective customers subject to an annually negotiated budget, in some cases subject to a cap annually adjusted for inflation, and we share any difference in costs from the budgeted amounts with our customers. Accordingly, actual operating costs in excess of caps or budgets can have a significant impact on the profitability of all of our domestic cokemaking facilities. The fixed fee component for each ton of coke sold to the customer is determined at the time the coke sales agreement is signed and is effective for the term of each sales agreement. The fixed fee is intended to provide an adequate return on invested capital and may differ based on investment levels and other considerations. The actual return on invested capital at any facility is based on the fixed fee per ton and favorable or unfavorable performance on pass-through cost items.

Our steelmaking customers continue to operate in a challenging environment. Imports of finished steel have decreased from approximately 23 percent of domestic steel consumption in 2018 to approximately 19 percent of domestic steel consumption in 2019. Lower imports were replaced by higher production from domestic steel producers. However, the overall profitability of steel producers was affected by downward pressure on steel price. While U.S. Steel restarted both of the blast furnaces at its Granite City Works facility during 2018, in 2019, it announced it will temporarily idle two other blast furnaces in the U.S. Despite these challenging conditions, our customers continue to accept tons in excess of

our contract minimums, and due to the take-or-pay nature of our contracts with our customers, the lower prices did not have an impact on our full-year results.

In December 2019, Cleveland-Cliffs, a leading producer of iron ore pellets, announced its intent to acquire AK Steel. The transaction is expected to close in 2020, and we do not currently anticipate any impact to our contracts at Haverhill or Middletown.

Our Brazil cokemaking operations are located in Vitoria, Brazil, where we operate our ArcelorMittal Brazil cokemaking facility for a Brazilian subsidiary of ArcelorMittal S.A. Revenues from our Brazilian cokemaking facility are derived from licensing and operating fees, which include a fixed annual licensing fee, a licensing fee based upon the level of production required by our customer and full pass-through of the operating costs of the facility.

Logistics Operations

Our logistics business consists of CMT, KRT, Lake Terminal and Dismal River Terminal (“DRT”). CMT, located in Convent, Louisiana, is one of the largest export terminals on the U.S. Gulf Coast. CMT provides strategic access to seaborne markets for coal and other industrial materials. The terminal provides loading and unloading services and has direct rail access and the current capability to transload 15 million tons annually with its top of the line ship loader. The facility serves coal mining customers as well as other merchant business, including aggregates (crushed stone) and petroleum coke. CMT's efficient barge unloading capabilities complement its rail and truck offerings and provide the terminal with the ability to transload and mix a significantly broader variety of materials, including coal, petroleum coke and other materials from barges at its dock. KRT is a leading metallurgical and thermal coal mixing and handling terminal service provider with collective capacity to mix and transload 25 million tons annually through its operations in Ceredo and Belle, West Virginia. Lake Terminal is located in East Chicago, Indiana and provides coal handling and mixing services to our Indiana Harbor cokemaking operations. DRT supports our Jewell cokemaking facility in Vansant, Virginia in its direct procurement of third-party coal.

Our logistics business has the collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has storage capacity of approximately 3 million tons. Our terminals act as intermediaries between our customers and end users by providing transloading and mixing services. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled but instead derive our revenues by providing handling and/or mixing services to our customers on a per ton basis. Revenues are recognized when services are provided as defined by customer contracts. See Note 19 to our consolidated financial statements for further discussion of our revenue recognition policies. Logistics services provided to our domestic cokemaking facilities are provided under contracts with terms equivalent to those of arm's-length transactions.

Certain CMT customers are impacted by seaborne export market dynamics. Fluctuations in the benchmark price for coal delivery into northwest Europe, as referenced in the Argus/McCloskey's Coal Price Index report (“API2 index price”), as well as Newcastle index coal prices, as referenced in the Argus/McCloskey's Coal Price Index report (“API6 index price”), which reflect low-ash coal prices shipped from Australia, contribute to our customers' decisions to place tons into the export market and thus impact transloading volumes through our terminal facility. Our KRT terminals serve two primary domestic markets, metallurgical coal trade and thermal coal trade. Metallurgical markets are primarily impacted by steel prices and blast furnace operating levels whereas thermal markets are impacted by natural gas prices and electricity demand.

API2 and API6 prices declined during 2019 by approximately 37 percent and 27 percent, respectively, driven by reduced demand from Europe and increasing Russian coal supply. While we expect the U.S. to continue to be a significant participant in the seaborne coal trade, export volumes were lower in 2019 as compared to 2018 and are expected to further decline in 2020. The decline in market conditions led to the bankruptcy of one of CMT's major customers, which contributed to, along with other factors, impairment charges discussed further in "Items Impacting Comparability" and in Note 8 to our consolidated financial statements.

Seasonality

Our revenues in our cokemaking business are tied to long-term, take-or-pay contracts and as such, are not seasonal. However, our cokemaking profitability is tied to coal-to-coke yields, which improve in drier weather. Accordingly, the coal-to-coke yield component of our profitability tends to be more favorable in the third quarter. Extreme weather may also challenge our operating costs and production in the winter months for our domestic coke business. KRT service demand fluctuates due to changes in the domestic electricity markets. Excessively hot summer weather or cold winter weather may increase commercial and residential needs for heat or air conditioning, which in turn may increase electricity usage and the demand for thermal coal and, therefore, may favorably impact our logistics business. Additionally,

at CMT, service fluctuates with global thermal coal prices and end market demand. Operating costs at CMT are impacted by water levels on the Mississippi River, which are often higher in the spring months.

Raw Materials

Metallurgical coal is the principal raw material for our cokemaking operations. All of the metallurgical coal used to produce coke at our domestic cokemaking facilities is purchased from third-parties. We believe there is an adequate supply of metallurgical coal available in the U.S. and worldwide, and we have been able to supply coal to our domestic cokemaking facilities without any significant disruption in coke production.

Each ton of coke produced at our facilities requires approximately 1.4 tons of metallurgical coal. We purchased 6.3 million tons of metallurgical coal in 2019. Metallurgical coal is generally purchased on an annual basis via one-year contracts with costs passed through to our customers in accordance with the applicable coke sales agreements. Occasionally, shortfalls in deliveries by metallurgical coal suppliers require us to procure supplemental coal volumes. As with typical annual purchases, the cost of these supplemental purchases is also generally passed through to our customers. In 2020, certain of our metallurgical coal contracts contain an option to reduce our commitment by up to 15 percent, based on coke production requirements. Most metallurgical coal procurement decisions are made through a coal committee structure with customer participation. The customer can generally exercise an overriding vote on most coal procurement decisions.

Transportation and Freight

For inbound transportation of metallurgical coal purchases, our facilities that access a single rail provider have long-term transportation agreements, and where necessary, coal-mixing agreements that run concurrently with the associated coke sales agreement for the facility. At facilities with multiple transportation options, including rail and barge, we enter into short-term transportation contracts from year to year. All delivery costs are passed through to the customers.

For coke sales, the point of delivery varies by agreement and facility. The destination for coke sales from our Jewell and Haverhill cokemaking facilities is generally designated by the customer and shipments are made by railcar under long-term transportation agreements, which are passed through to our customers. At our Middletown, Indiana Harbor and Granite City cokemaking facilities, coke is delivered primarily by a conveyor belt leading to the customer's blast furnace, with the customer responsible for additional transportation costs, if any. Most transportation and freight costs in our Logistics segment are paid by the customer directly to the transportation provider.

Research and Development and Intellectual Property and Proprietary Rights

Our research and development program seeks to improve existing and develop promising new cokemaking technologies and enhance our heat recovery processes. Over the years, this program has produced numerous patents related to our heat recovery coking design and operation, including patents for pollution control systems, oven pushing and charging mechanisms, oven flue gas control mechanisms and various others.

At Vitória, Brazil, where we operate one cokemaking facility on behalf of ArcelorMittal Brazil, we have intellectual property and licensing agreements in place for the entity's use of our technology, under which we receive a per ton licensing fee as well as an annual licensing fee.

Competition

Cokemaking

The cokemaking business is highly competitive. Most of the world's coke production capacity is owned by blast furnace steel companies utilizing by-product coke oven technology. The international merchant coke market is largely supplied by Chinese, Colombian and Ukrainian producers, among others, though it is difficult to maintain high quality coke in the export market, and when coupled with transportation costs, coke imports into the U.S. are often not economical.

The principal competitive factors affecting our cokemaking business include coke quality and price, reliability of supply, proximity to market, access to metallurgical coals and environmental performance. Our oven design and heat recovery technology play a role in all of these factors. Competitors include merchant coke producers as well as the cokemaking facilities owned and operated by blast furnace steel companies.

In the past, there have been technologies which have sought to produce carbonaceous substitutes for coke in the blast furnace. While none have proven commercially viable thus far, we monitor the development of competing technologies carefully. We also monitor ferrous technologies, such as direct reduced iron production, as these could indirectly impact our blast furnace customers.

We believe we are well-positioned to compete with other coke producers. Our Domestic Coke segment accounts for approximately 30 percent of the U.S. coke market capacity, excluding the capacity used to produce foundry coke. Current production from our cokemaking business is largely committed under long-term take-or-pay contracts. As a result, competition mainly affects our ability to obtain new contracts supporting development of additional cokemaking capacity, re-contracting existing facilities, as well as the sale of coke in the spot market. Our facilities were constructed using proven, industry-leading technology with many proprietary features allowing us to produce consistently higher quality coke than our competitors produce. Additionally, our technology allows us to produce heat that can be converted into steam or electrical power.

Logistics

The principal competitors of CMT are located on the U.S. Gulf Coast or U.S. East Coast. CMT is one of the largest export terminals on the U.S. Gulf Coast and provides strategic access to seaborne markets for coal and other bulk materials. Additionally, CMT is the largest bulk material terminal in the lower U.S. with direct rail access on the Canadian National Railway. In 2019, CMT accounted for approximately 40 percent of U.S. thermal coal exports from the U.S. Gulf Coast and approximately 15 percent of total U.S. thermal coal exports. CMT has a state-of-the-art ship loader, the largest of its kind in the world. We believe this ship loader has the fastest loading rate available in the Gulf Region, which should allow our customers to benefit from lower shipping costs. Additionally, CMT has a strategic alliance with a company that performs barge unloading services for the terminal, which provides CMT with the ability to transload and mix a significantly broader variety of materials.

Our KRT competitors are generally located within 100 miles of our operations. KRT has fully automated and computer-controlled mixing capabilities that mix coal to within two percent accuracy of customer specifications. KRT also has the ability to provide pad storage and has access to both CSX and Norfolk Southern rail lines as well as the Ohio River system.

Lake Terminal and DRT provide coal handling and/or mixing services to our Indiana Harbor and Jewell cokemaking facilities, respectively, and therefore, do not have any competitors.

Employees

As of December 31, 2019, we have approximately 895 employees in the U.S. Approximately 39 percent of our domestic employees, principally at our cokemaking operations, are represented by the United Steelworkers union under various contracts. Additionally, approximately 3 percent of our domestic employees are represented by the International Union of Operating Engineers. During 2019, the labor agreements at KRT, Lake Terminal and Haverhill were renewed and will expire on April 30, 2022, June 30, 2022 and October 31, 2023, respectively. In addition, during 2019, the labor agreement at Indiana Harbor was retroactively renewed, with an effective date of September 1, 2018 and an expiration date of August 31, 2022.

As of December 31, 2019, we have approximately 276 employees at the cokemaking facility in Vitória, Brazil, all of whom are represented by a union under a labor agreement. During 2019, the labor agreement at our Vitoria, Brazil facility was renewed for an additional year, and it expires on November 30, 2020.

Safety

We are committed to maintaining a safe work environment and ensuring environmental compliance across all of our operations, as the health and safety of our employees and the communities in which we operate are paramount. We employ practices and conduct training to help ensure that our employees work safely. Furthermore, we utilize processes for managing and monitoring safety and environmental performance.

We have consistently operated within the top quartiles for the U.S. Occupational Safety and Health Administration's ("OSHA") recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute.

Legal and Regulatory Requirements

Our operations are subject to extensive governmental regulation, including environmental laws, which are a significant factor in our business. The following discussion summarizes the principal legal and regulatory requirements that we believe may significantly affect us.

Permitting and Bonding

- **Permitting Process for Cokemaking Facilities.** The permitting process for our cokemaking facilities is administered by each state individually. However, the main requirements for obtaining environmental construction and operating permits are found in the federal regulations. Once all requirements are satisfied, a state or local agency produces an initial draft permit. Generally, the facility reviews and comments on the initial draft. After accepting or rejecting the facility's comments, the agency typically publishes a notice regarding the issuance of the draft permit and makes the permit and supporting documents available for public review and comment. A public hearing may be scheduled, and the EPA also has the opportunity to comment on the draft permit. The state or local agency responds to comments on the draft permit and may make revisions before a final construction permit is issued. A construction permit allows construction and commencement of operations at the facility and is generally valid for at least 18 months. Generally, construction commences during this period, while many states allow this period to be extended in certain situations. A facility's operating permit may be a state operating permit or a Title V operating permit.
- **Air Quality.** Our cokemaking facilities employ MACT standards designed to limit emissions of certain hazardous air pollutants. Specific MACT standards apply to door leaks, charging, oven pressure, pushing and quenching. Certain MACT standards for new cokemaking facilities were developed using test data from SunCoke's Jewell cokemaking facility located in Vansant, Virginia. Under applicable federal air quality regulations, permitting requirements may differ among facilities, depending upon whether the cokemaking facility will be located in an "attainment" area—i.e., one that meets the national ambient air quality standards ("NAAQS") for certain pollutants, or in a "non-attainment" or "unclassifiable" area. The status of an area may change over time as new NAAQS standards are adopted, resulting in an area change from one status or classification to another. In an attainment area, the facility must install air pollution control equipment or employ BACT. In a non-attainment area, the facility must install air pollution control equipment or employ procedures that meet LAER standards. LAER standards are the most stringent emission limitation achieved in practice by existing facilities. Unlike the BACT analysis, cost is generally not considered as part of a LAER analysis, and emissions in a non-attainment area must be offset by emission reductions obtained from other sources. Any changes in attainment status for areas where our facilities are located presents a risk that we may be required to install additional pollution controls, which may require us to incur greater operating costs at those facilities.
- More stringent NAAQS for ambient nitrogen dioxide and sulfur dioxide went into effect in 2010. In July 2013, the EPA identified or "designated" as non-attainment 29 areas in 16 states where monitored air quality showed violations of the 2010 1-hour SO₂ NAAQS. In December 2017, EPA issued a final designation of attainment or unclassifiable for all areas where our facilities are located. These designations mean that no future action is required for the facilities with respect to SO₂ emissions at this time. However, it is possible for these areas to be redesignated in the future as non-attainment areas. If redesignated, we may be required to install additional pollution controls and incur greater costs of operating at those of our facilities located in areas that EPA determines to be non-attainment with the 1-hour SO₂ NAAQS.
- In 2012, more stringent NAAQS for fine particulate matter, or PM 2.5, went into effect. In January 2015, the areas where the Granite City and Indiana Harbor facilities are located were designated unclassifiable

for PM 2.5, and the areas where the Haverhill and Jewell facilities are located were designated unclassifiable/attainment for PM 2.5. In April 2015, the area where the Middletown facility is located was designated unclassifiable/attainment for PM 2.5.

- In November 2015, the EPA revised the existing NAAQS for ground level ozone to make the standard more stringent. In January 2018, EPA designated the areas where the Haverhill and Jewell facilities are located as attainment/unclassifiable for ozone. In June 2018, EPA designated the areas where the Granite City, Indiana Harbor, and Middletown facilities are located as marginal nonattainment for ozone. Nonattainment designations under the new standard and any future more stringent standard for ozone have two impacts on permitting: (1) demonstrating compliance with the standard using dispersion modeling from a new facility will be more difficult; and (2) facilities operating in areas that become non-attainment areas due to the application of new standards may be required to install Reasonably Available Control Technology (“RACT”). A number of states have filed or joined suits to challenge the EPA’s new standard in court. While we are not able to determine the extent to which this new standard will impact our business at this time, it presents a potential risk of having an impact on our operations and cost structure.
- The EPA adopted a rule in 2010 requiring a new facility that is a major source of greenhouse gases (“GHGs”) to install equipment or employ BACT procedures. Currently, there is little information on what may be acceptable as BACT to control GHGs (primarily carbon dioxide from our facilities), but the database and additional guidance may be enhanced in the future.
- Several states have additional requirements and standards other than those in the federal statutes and regulations. Many states have lists of “air toxics” with emission limitations determined by dispersion modeling. States also often have specific regulations that deal with visible emissions, odors and nuisance. In some cases, the state delegates some or all of these functions to local agencies.
- **Wastewater and Stormwater.** Our heat recovery cokemaking technology does not produce wastewater as is typically associated with by-product cokemaking. Our cokemaking facilities, in some cases, have wastewater discharge and stormwater permits.
- **Waste.** The primary solid waste product from our heat recovery cokemaking technology is calcium sulfate from flue gas desulfurization, which is generally taken to a solid waste landfill. The material from periodic cleaning of heat recovery steam generators has been disposed of as hazardous waste. On the whole, our heat recovery cokemaking process does not generate substantial quantities of hazardous waste as is typically associated with by-product cokemaking.

Pursuant to a court-mandated deadline, EPA published a proposed rule in December 2019 that does not impose financial assurance requirements for managing hazardous substances on the coal products manufacturing sector under Section 108(b) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA 108(b)”). EPA’s proposal determined that the risks associated with these facilities’ operations are addressed by existing federal and state programs and regulations and modern industry practices. If EPA changes this determination as a result of public comment or any future judicial decisions, CERCLA 108(b) has the potential of requiring us to secure an instrument or otherwise self-insure for an undetermined amount, demonstrate to EPA the proof of the security, and maintain the security until EPA releases facilities from the CERCLA 108(b) regulations.
- **U.S. Endangered Species Act.** The U.S. Endangered Species Act and certain counterpart state regulations are intended to protect species whose populations allow for categorization as either endangered or threatened. With respect to permitting additional cokemaking facilities, protection of endangered or threatened species may have the effect of prohibiting, limiting the extent of or placing permitting conditions on soil removal, road building and other activities in areas containing the affected species. Based on the species that have been designated as endangered or threatened on our properties and the current application of these laws and regulations, we do not believe that they are likely to have a material adverse effect on our operations.
- **Permitting and Bonding for Former Coal Mining Operations.** The Surface Mining Control and Reclamation Act of 1977 (“SMCRA”) and applicable state equivalents govern mining permits and reclamation plans, documents defining ownership and agreements pertaining to coal, minerals, oil and gas, water rights, rights of way and surface land and documents required by the Office of Surface Mining Reclamation and Enforcement’s (“OSM’s”) Applicant Violator System.

We currently have no applications pending for new SMCRA permits, but hold several permits for which reclamation is incomplete.

Our reclamation obligations under applicable environmental laws could be substantial. Under accounting principles generally accepted in the U.S. ("GAAP"), we are required to account for the costs related to the closure of mines and the reclamation of the land upon exhaustion of coal reserves. The fair value of an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. At which time, the present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. At December 31, 2019, we had an asset retirement obligation of \$4.3 million related to estimated mine reclamation costs. The amounts recorded are dependent upon a number of variables, including the estimated future retirement costs, inflation rates, and the assumed credit-adjusted interest rates. Our future operating results would be adversely affected if these accruals were determined to be insufficient. These obligations are unfunded. Further, although specific criteria varies from state to state as to what constitutes an "owner" or "controller" relationship, under SMCRA the responsibility for reclamation or remediation, unabated violations, unpaid civil penalties and unpaid reclamation fees of independent contract mine operators can be imputed to other companies which are deemed, according to the regulations, to have "owned" or "controlled" the contract mine operator. Failure to comply with the regulatory requirements can result in sanctions.

- **Bonding Requirements for Permits Related to Former Coal Mining Operations and Coal Terminals with Surface Mining Permits.** Before a SMCRA permit or a surface mining permit is issued, a mine operator must submit a bond or other form of financial security to guarantee the payment and performance of certain long-term mine closure and reclamation obligations. The costs of these bonds or other forms of financial security have fluctuated in recent years and the market terms of surety bonds generally have become less favorable to those entities with legacy mining obligations or terminal operators and others with such permits. These changes in the terms of such bonds have been accompanied, at times, by a decrease in the number of companies willing to issue surety bonds. As of December 31, 2019, we have posted \$10.2 million in surety bonds or other forms of financial security for future reclamation.

Regulation of Operations

- **Clean Air Act.** The Clean Air Act and similar state laws and regulations affect our cokemaking operations, primarily through permitting and/or emissions control requirements relating to particulate matter ("PM") and sulfur dioxide ("SO₂") and MACT standards. The Clean Air Act air emissions programs that may affect our operations, directly or indirectly, include, but are not limited to: the Acid Rain Program; NAAQS implementation for SO₂, PM and nitrogen oxides ("NO_x"), lead ozone and carbon monoxide; GHG rules; the Clean Air Interstate Rule; MACT emissions limits for hazardous air pollutants; the Regional Haze Program; New Source Performance Standards ("NSPS"); and New Source Review. The Clean Air Act requires, among other things, the regulation of hazardous air pollutants through the development and promulgation of various industry-specific MACT standards. Our cokemaking facilities are subject to two categories of MACT standards. The first category applies to pushing and quenching. The second category applies to emissions from charging and coke oven doors. The EPA is required to make a risk-based determination for pushing and quenching emissions and determine whether additional emissions reductions are necessary. In 2016, EPA issued a request for information and testing to our cokemaking facilities and other companies as part of its residual risk and technology review of the MACT standard for pushing and quenching, and a technology review of the MACT standard for coke ovens and charging emissions. Testing was conducted by our cokemaking facilities in 2017, but the EPA has yet to publish or propose any residual risk standards. While we are not able to determine the extent to which any new standards will impact our business at this time, it presents a potential risk of having an impact on our operations and cost structure.
- **Terminal Operations.** Our terminal operations located along waterways and the Gulf of Mexico are also governed by permitting requirements under the CWA and CAA. These terminals are subject to U.S. Coast Guard regulations and comparable state statutes regarding design, installation, construction, and management. Many such terminals owned and operated by other entities that are also used to transport coal and petcoke, including for export, have been pursued by environmental interest groups for alleged violations of their permits' requirements, or have seen their efforts to obtain or renew such permits contested by such groups. While we believe that our operations are in material compliance with these permits, it is possible that such challenges or claims will be made against our operations in the future. Moreover, our terminal operations may be affected by the impacts of additional regulation on petcoke or on the mining of all types of coal and use of

thermal coal for fuel, which is restricting supply in some markets and may reduce the volumes of coal that our terminals manage.

- **Federal Energy Regulatory Commission.** The Federal Energy Regulatory Commission (“FERC”) regulates the sales of electricity from our Haverhill and Middletown facilities, including the implementation of the Federal Power Act (“FPA”) and the Public Utility Regulatory Policies Act of 1978 (“PURPA”). The nature of the operations of the Haverhill and Middletown facilities makes each facility a qualifying facility under PURPA, which exempts the facilities and the Company from certain regulatory burdens, including the Public Utility Holding Company Act of 2005 (“PUHCA”), limited provisions of the FPA, and certain state laws and regulation. FERC has granted requests for authority to sell electricity from the Haverhill and Middletown facilities at market-based rates and the entities are subject to FERC’s market-based rate regulations, which require regular regulatory compliance filings.
- **Clean Water Act of 1972.** The Clean Water Act (“CWA”) may affect our operations by requiring water quality standards generally and through the National Pollutant Discharge Elimination System (“NPDES”). Regular monitoring, reporting requirements and performance standards are requirements of NPDES permits that govern the discharge of pollutants into water. Discharges must either meet state water quality standards or be authorized through available regulatory processes such as alternate standards or variances. Additionally, through the CWA Section 401 certification program, states have approval authority over water discharge permits or licenses that might result in a discharge to their waters. Similarly, for permitting or any future water intake and/or discharge projects, our facilities could be subject to the Army Corps of Engineers Section 404 permitting process.
- **Resource Conservation and Recovery Act.** We may generate wastes, including “solid” wastes and “hazardous” wastes that are subject to the Resource Conservation and Recovery Act (“RCRA”) and comparable state statutes. The EPA has limited the disposal options for certain wastes that are designated as hazardous wastes under RCRA. Furthermore, it is possible that certain wastes generated by our operations that currently are exempt from regulation as hazardous wastes may in the future be designated as hazardous wastes, and therefore be subject to more rigorous and costly management, disposal and clean-up requirements. Certain of our wastes are also subject to Department of Transportation regulations for shipping of materials. Any changes to hazardous waste standards or the constituents in the wastes generated at our facilities presents a potential risk of having an impact on our operations and cost structure.
- **Climate Change Legislation and Regulations.** Our facilities are presently subject to the GHG reporting rule, which obligates us to report annual emissions of GHGs. The EPA also finalized a rule in 2010 requiring a new facility that is a major source of GHGs to install equipment or employ BACT procedures. In 2014, the Supreme Court issued an opinion holding that although EPA may not treat GHGs as a pollutant for the purpose of determining whether a source must obtain a PSD or Title V permit, EPA may continue to require GHG limitations in permits for sources classified as major based on their emission of other pollutants. Currently there is little information as to what may constitute BACT for GHG in most industries. Under this rule, certain modifications to our facilities could subject us to the additional permitting and other obligations relative to emissions of GHGs under the New Source Review/Prevention of Significant Deterioration (“NSR/PSD”) and Title V programs of the Clean Air Act based on whether the facility triggered NSR/PSD because of emissions of another pollutant such as SO₂, NO_x, PM, ozone or lead. The EPA has engaged in rulemaking to regulate GHG emissions from existing and new coal fired power plants, and we expect continued legal challenges to this rulemaking and any future rulemaking for other industries. For instance, in August 2015, the EPA issued its final Clean Power Plan rules establishing carbon pollution standards for power plants. In February 2016, the U.S. Supreme Court granted a stay of the implementation of the Clean Power Plan before the U.S. Court of Appeals for the District of Columbia issued a decision on the rule. In October 2017, the EPA proposed to repeal the Clean Power Plan (“CPP”). On October 9, 2018, the U.S. Supreme Court rejected any further challenges to the decision to repeal the Clean Power Plan. EPA then proposed the Affordable Clean Energy rule as a replacement for the CPP in August 2018, which it finalized in June 2019.

Currently, we do not anticipate these new or existing power plant GHG rules to apply directly to our facilities. However, the impact of current and future GHG-related legislation and regulations have on us will depend on a number of factors, including whether GHG sources in multiple sectors of the economy are regulated, the overall GHG emissions cap level, the degree to which GHG offsets are allowed, the allocation of emission allowances to specific sources, actions by the states in implementing these requirements and the indirect impact of carbon regulation on coal prices. We may not recover the costs related to compliance with

regulatory requirements imposed on us from our customers due to limitations in our agreements. The imposition of a carbon tax or similar regulation could materially and adversely affect our revenues. Collectively, these requirements along with restrictions and requirements regarding the mining of all types of coal may reduce the volumes of coal that we manage and may ultimately adversely impact our revenues. Depending on whether another rule is promulgated in the future, it could increase the demand for natural gas-generated electricity.

- **Mine Improvement and New Emergency Response Act of 2006.** The Mine Improvement and New Emergency Response Act of 2006 (the “Miner Act”), has increased significantly the enforcement of safety and health standards and imposed safety and health standards on all aspects of mining operations. There also has been a significant increase in the dollar penalties assessed for citations issued. We no longer operate coal mines subject to the Miner Act.
- **Safety.** Our facilities are subject to regulation by OSHA and other agencies with standards designed to ensure worker safety. As noted above, we have consistently operated within the top quartiles for OSHA’s recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute.
- **Security.** CMT is subject to regulation by the U.S. Coast Guard pursuant to the Maritime Transportation Security Act. We have an internal inspection program designed to monitor and ensure compliance by CMT with these requirements. We believe that we are in material compliance with all applicable laws and regulations regarding the security of the facility.
- **Black Lung Benefits Revenue Act of 1977 and Black Lung Benefits Reform Act of 1977, as amended in 1981.** Under these laws, each U.S. coal mine operator must pay federal black lung benefits and medical expenses to claimants who are current and former employees and last worked for the operator after July 1, 1973. The Patient Protection and Affordable Care Act (“PPACA”), which was implemented in 2010, amended previous legislation and provides for the automatic extension of awarded lifetime benefits to surviving spouses and changes the legal criteria used to assess and award claims. Our obligation related to black lung benefits at December 31, 2019 was \$55.1 million and was estimated based on various assumptions, including actuarial estimates, discount rates, number of active claims, changes in health care costs and the impact of PPACA.
- **Comprehensive Environmental Response, Compensation, and Liability Act.** Under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), also known as Superfund, and similar state laws, responsibility for the entire cost of clean-up of a contaminated site, as well as natural resource damages, can be imposed upon current or former site owners or operators, or upon any party who released one or more designated “hazardous substances” at the site, regardless of the lawfulness of the original activities that led to the contamination. In the course of our operations we may have generated and may generate wastes that fall within CERCLA’s definition of hazardous substances. We also may be an owner or operator of facilities at which hazardous substances have been released by previous owners or operators. Under CERCLA, we may be responsible for all or part of the costs of cleaning up facilities at which such substances have been released and for natural resource damages. We also must comply with reporting requirements under the Emergency Planning and Community Right-to-Know Act and the Toxic Substances Control Act.

Environmental Matters and Compliance

Our failure to comply with the aforementioned requirements may result in the assessment of administrative, civil and criminal penalties, the imposition of clean-up and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our operations, which could in turn have an impact on our financial condition. Please see Note 13 to our consolidated financial statements for a discussion of the Notices of Violation ("NOVs") issued by the EPA and state regulators for our Haverhill, Granite City, and Indiana Harbor cokemaking facilities.

Many other legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial and tax disputes, product liability, antitrust, employment claims, natural resource damage claims, premises-liability claims, allegations of exposures of third-parties to toxic substances and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Management of the Company believes that any liability which may arise from such matters would not be material in relation to the financial position, results of operations or cash flows of the Company at December 31, 2019.

Available Information

We make available free of charge on our website, www.suncoke.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to such reports as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). The SEC maintains an Internet site (www.sec.gov) that contains our electronically filed information. Our website also includes our Code of Business Conduct and Ethics, our Governance Guidelines, our Related Persons Transaction Policy and the charters of our Board Committees.

A copy of any of these documents will be provided without charge upon written request to Investor Relations, SunCoke Energy, Inc., 1011 Warrenville Road, Suite 600, Lisle, Illinois 60532.

Executive Officers of the Registrant

Our executive officers and their ages as of February 20, 2020, were as follows:

Michael G. Rippey	62	President and Chief Executive Officer
Fay West	50	Senior Vice President and Chief Financial Officer
Katherine T. Gates	43	Senior Vice President, Chief Legal Officer and Chief Human Resources Officer
P. Michael Hardesty	57	Senior Vice President, Commercial Operations, Business Development, Terminals and International Coke
Allison S. Lausas	40	Vice President, Controller and Treasurer
John F. Quanci	58	Vice President, Chief Technology Officer

Michael G. Rippey. Mr. Rippey was appointed as Chief Executive Officer, President and a director of SunCoke Energy, Inc., effective December 1, 2017. Prior to joining SunCoke, Mr. Rippey served as Senior Advisor to Nippon Steel & Sumitomo Metal Corporation (a leading global steelmaker) since 2015. From 2014 to 2015, he was Chairman of the Board of ArcelorMittal USA (a major domestic steel manufacturer), and from August 2006 through October 2014, he was ArcelorMittal USA's President and Chief Executive Officer. Prior to that, he successfully rose through progressively responsible financial, commercial and administrative leadership roles at ArcelorMittal USA and its predecessor companies: (i) from 2005 to 2006, he was Executive Vice President, Sales and Marketing at Mittal Steel USA; (ii) from 2000 to 2005, he was Executive Vice President and Chief Financial Officer at Ispat Inland Inc.; and (iii) from 1998 to 2000, he served as Vice President, Finance and Chief Financial Officer of Ispat Inland Inc. He began his career with Inland Steel Company (a predecessor to ArcelorMittal USA) in 1984. From December 2017 through June 2019, Mr. Rippey served as Chairman, Chief Executive Officer and President of SunCoke Energy Partners GP LLC, the general partner of SunCoke Energy Partners, L.P., our former master limited partnership. Mr. Rippey currently serves on the Board of Directors of Olympic Steel, Inc. (NASDAQ: ZEUS), a \$1.7 billion steel service center headquartered in Ohio, where he is a member of the Nominating Committee, and serves as Chair of the Audit and Compliance Committee. In addition to ArcelorMittal USA, Mr. Rippey's previous board service includes the National Association of Manufacturers and the American Iron & Steel Institute, where he was a past Chairman of the Board.

Fay West. Ms. West was appointed as Senior Vice President and Chief Financial Officer of SunCoke Energy, Inc. in October 2014. Prior to that time, she had been Vice President and Controller of SunCoke Energy, Inc. since February

2011. Prior to joining SunCoke Energy, Inc., she was Assistant Controller at United Continental Holdings, Inc. (an airline holding company) from April 2010 to January 2011. She was Vice President, Accounting and Financial Reporting for PepsiAmericas, Inc. (a manufacturer and distributor of beverage products) from December 2006 through March 2010 and Director of Financial Reporting from December 2005 to December 2006. Ms. West worked at GATX Corporation from 1998 to 2005 in various accounting roles, including Vice President and Controller of GATX Rail Company from 2001 to 2005 and Assistant Controller of GATX Corporation from 2000 to 2001. Ms. West also is a director of Quaker Houghton (a leading global provider of process fluids, chemical specialties, and technical expertise to a wide range of industries), where she serves as chair of the Audit Committee and a member of the Governance Committee. In addition, from July 2012 through June 2019, Ms. West served as a director of SunCoke Energy Partners GP LLC, the general partner of SunCoke Energy Partners, L.P., our former master limited partnership subsidiary.

Katherine T. Gates. Ms. Gates was appointed Senior Vice President, Chief Legal Officer and Chief Human Resource Officer effective November 14, 2019. Prior to that she was Senior Vice President, General Counsel and Chief Compliance Officer of SunCoke Energy, Inc. since October 22, 2015. Ms. Gates joined SunCoke in February 2013 as Senior Health, Environment and Safety Counsel. She was promoted to Vice President and Assistant General Counsel in July 2014, where she focused on litigation, regulatory and commercial matters. Ms. Gates began her legal career in private practice as a Partner at Beveridge & Diamond, P.C. She served on the firm's Management Committee, where she addressed budget, compensation, commercial, and other issues. Ms. Gates also co-chaired the civil litigation section of the firm's Litigation Practice Group. In addition, from October 2015 through June 2019, Ms. Gates served as a director of SunCoke Energy Partners GP LLC, the general partner of our former master limited partnership subsidiary SunCoke Energy Partners, L.P.

P. Michael Hardesty. Mr. Hardesty was appointed Senior Vice President, Commercial Operations, Business Development, Terminals and International Coke of SunCoke Energy, Inc., effective October 1, 2015. Mr. Hardesty joined SunCoke Energy, Inc. in 2011 as Senior Vice President, Sales and Commercial Operations, and has more than 30 years of experience in the mining industry. Before joining SunCoke, Mr. Hardesty served as Senior Vice President for International Coal Group, Inc. ("ICG"), where he was responsible for leading the sales and marketing functions and was a key member of the executive management team. Prior to ICG, Mr. Hardesty served as Vice President of Commercial Optimization at Arch Coal, where he developed and executed trade strategies, optimized production output and directed coal purchasing activities. He is a past board member and Secretary-Treasurer of the Putnam County Development Authority in West Virginia. In addition, from October 2015 through June 2019, Mr. Hardesty served as a director of SunCoke Energy Partners GP LLC, the general partner of SunCoke Energy Partners, L.P., our former master limited partnership subsidiary.

Allison S. Lausas. Ms. Lausas was appointed as Vice President, Finance and Controller of SunCoke Energy, Inc., effective May 3, 2018. In addition, Ms. Lausas was appointed as Treasurer of SunCoke Energy, Inc. on July 31, 2019. Prior to that time, beginning in October 2014, Ms. Lausas was Vice President and Controller of both SunCoke Energy, Inc. and SunCoke Energy Partners GP LLC, the general partner of our former master limited partnership. Ms. Lausas served as Assistant Controller of SunCoke Energy, Inc. prior to 2014. Prior to joining SunCoke Energy, Inc. in 2011, she worked as an auditor at KPMG LLP, an audit, advisory and tax services firm, from 2002 to 2011, where she served both public and private corporations in the consumer and industrial markets.

John F. Quanci. Dr. John F. Quanci joined SunCoke Energy, Inc. in October, 2010, and was appointed to his current position as Vice President, Chief Technology Officer in May 2019. Prior to joining SunCoke, Dr. Quanci was Director, Corporate Technology of Sunoco, Inc. (a leading transportation fuel provider with interests in logistics). Dr. Quanci has over 30 years of domestic and international experience in process research, development, plant optimization, manufacturing, rebuilding/turnarounds, and taking new technologies from ideation to full production. Over the course of his career, Dr. Quanci has managed several major engineering and technology organizations both internal and external to the petroleum industry, including those of: Mobil Research, Mobil Oil, BP/Mobil, Exxon/Mobil, Rodell and Rohm and Haas Electronic Materials (now DuPont Electronic Materials). Dr. Quanci holds a Ph.D. in Chemical Engineering from Princeton University and is a registered Professional Engineer with over one hundred US and international patents and patent applications.

Item 1A. Risk Factors

In addition to the other information included in this Annual Report on Form 10-K and in our other filings with the SEC, the following risk factors should be considered in evaluating our business and future prospects. These risk factors represent what we believe to be the known material risk factors with respect to us and our business. Our business, operating results, cash flows and financial condition are subject to these risks and uncertainties, any of which could cause actual results to vary materially from recent results or from anticipated future results.

These risks are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, or results of operations.

Risks Inherent in Our Business and Industry

Sustained uncertainty in financial markets, or unfavorable economic conditions in the industries in which our customers operate, may lead to a reduction in the demand for our products and services, and adversely impact our cash flows, financial position or results of operations.

Sustained volatility and disruption in worldwide capital and credit markets in the U.S. and globally could restrict our ability to access the capital market at a time when we would like, or need, to raise capital for our business including for potential acquisitions, or other growth opportunities.

Deteriorating or unfavorable economic conditions in the industries in which our customers operate, such as steelmaking and electric power generation, may lead to reduced demand for steel products, coal, and other bulk commodities which, in turn, could adversely affect the demand for our products and services and negatively impact the revenues, margins and profitability of our business.

Additionally, the tightening of credit, or lack of credit availability to our customers, could adversely affect our ability to collect our trade receivables. We also are exposed to the credit risk of our coke and logistics customers, and any significant unanticipated deterioration of their creditworthiness and resulting increase in nonpayment or nonperformance by them could have a material adverse effect on the cash flows and/or results of our operations.

The financial performance of our cokemaking and logistics businesses is substantially dependent upon a limited number of customers, and the loss of any of these customers, or any failure by them to perform under their contracts with us, could materially and adversely affect our financial condition, permit compliance, results of operations and cash flows.

Substantially all of our coke sales currently are made pursuant to long-term contracts with AM USA, U.S. Steel and AK Steel, and we expect these three customers to continue to account for a significant portion of our revenues for the foreseeable future. In our logistics business, a significant portion of our revenues and cash flows are derived from our contract with Foresight Energy LLC at CMT, and we expect this customer to continue to account for a significant portion of the revenues of our logistics business for the foreseeable future.

We are subject to the credit risk of our major customers and other parties. If we fail to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration of their creditworthiness, any resulting increase in nonpayment or nonperformance by them could have a material adverse effect on our cash flows, financial position or results of operations. During periods of weak demand for steel or coal, our customers may experience significant reductions in their operations, or substantial declines in the prices of the steel, or coal products, they sell. These and other factors such as labor relations or bankruptcy filings may lead certain of our customers to seek renegotiation or cancellation of their existing contractual commitments to us, or reduce their utilization of our services. See Note 8 to our consolidated financial statements.

The loss of any of these customers (or financial difficulties at any of these customers, which result in nonpayment or nonperformance) could have a significant adverse effect on our business. If one or more of these customers were to significantly reduce its purchases of coke or logistics services from us without a make-whole payment, or default on their agreements with us, or terminate or fail to renew their agreements with us, or if we were unable to sell such coke or logistics services to these customers on terms as favorable to us as the terms under our current agreements, our cash flows, financial position, permit compliance, or results of operations could be materially and adversely affected.

Adverse developments at our cokemaking and/or logistics operations, including equipment failures or deterioration of assets, may lead to production curtailments, shutdowns, impairments, or additional expenditures, which could have a material adverse effect on our results of operations and financial condition.

Our cokemaking and logistics operations are subject to significant hazards and risks that include, but are not limited to, equipment malfunction, explosions, fires and the effects of severe weather conditions and extreme temperatures, any of which could result in production and transportation difficulties and disruptions, permit non-compliance, pollution, personal injury or wrongful death claims and other damage to our properties and the property of others.

Adverse developments at our cokemaking facilities could significantly disrupt our coke, steam and/or electricity production and our ability to supply coke, steam, and/or electricity to our customers. Adverse developments at our logistics operations could significantly disrupt our ability to provide handling, mixing, storage, terminalling, transloading and/or transportation services, of coal and other dry and liquid bulk commodities, to our customers. Any sustained disruption at our cokemaking and/or logistics operations could have a material adverse effect on our results of operations.

There is a risk of mechanical failure of our equipment both in the normal course of operations and following unforeseen events. Our cokemaking and logistics operations depend upon critical pieces of equipment that occasionally may be out of service for scheduled upgrades or maintenance or as a result of unanticipated failures. Our facilities are subject to equipment failures and the risk of catastrophic loss due to unanticipated events such as fires, accidents or violent weather conditions or extreme temperatures. As a result, we may experience interruptions in our processing and production capabilities, which could have a material adverse effect on our results of operations and financial condition. In particular, to the extent a disruption leads to our failure to maintain the temperature inside our coke oven batteries, we may not be able to maintain the integrity of the ovens or to continue operation of such coke ovens, which could adversely affect our ability to meet our customers' requirements for coke and, in some cases, electricity and/or steam.

Assets and equipment critical to the operations of our cokemaking and logistics operations also may deteriorate or become depleted materially sooner than we currently estimate. Such deterioration of assets may result in additional maintenance spending or additional capital expenditures. If these assets do not generate the amount of future cash flows that we expect, and we are not able to execute on capital maintenance or procure replacement assets in an economically feasible manner, our future results of operations may be materially and adversely affected.

Our operating results have been and may continue to be affected by fluctuations in our costs of production, and, if we cannot pass increases in our costs of production to our customers, our financial condition, results of operations and cash flows may be negatively affected.

Our operations require a reliable supply of equipment, replacement parts and metallurgical coal. If the cost to produce coke and provide logistics services, including cost of supplies, equipment, metallurgical coal, labor, experience significant price inflation, and we cannot pass such increases in our costs of production to our customers, our profit margins may be reduced and our financial condition, results of operations and cash flows may be adversely affected.

Our cokemaking and logistics businesses are subject to operating risks, some of which are beyond our control, that could result in a material increase in our operating expenses.

Factors beyond our control could disrupt our cokemaking and logistics operations, adversely affect our ability to service the needs of our customers, and increase our operating costs, all of which could have a material adverse effect on our results of operations. Such factors could include:

- geological, hydrologic, or other conditions that may cause damage to infrastructure or personnel;
- fire, explosion, or other major incident causing injury to personnel and/or equipment, that causes a cessation, or significant curtailment, of all or part of our cokemaking or logistics operations at a site for a period of time;
- processing and plant equipment failures, operating hazards and unexpected maintenance problems affecting our cokemaking or logistics operations, or our customers;
- adverse weather and natural disasters, such as severe winds, heavy rains or snow, flooding, extreme temperatures and other natural events affecting our cokemaking or logistics operations, transportation, or our customers; and
- possible legal challenges to the renewal of key permits, which may lead to their renewal on terms that restrict our cokemaking or logistics operations, or impose additional costs on us.

If any of these conditions or events occur, our cokemaking or logistics operations may be disrupted, operating costs could increase significantly, and we could incur substantial losses. Such disruptions in our operations could materially and adversely affect our financial condition or results of operations.

We face competition, both in our cokemaking operations and in our logistics business, which has the potential to reduce demand for our products and services, and that could have an adverse effect on our financial condition and results of operations.

We face competition, both in our cokemaking operations and in our logistics business:

- **Cokemaking operations:** Historically, coke has been used as a main input in the production of steel in blast furnaces. However, some blast furnace operators have relied upon natural gas, pulverized coal, and/or other coke substitutes. Many steelmakers also are exploring alternatives to blast furnace technology that require less or no use of coke. For example, electric arc furnace technology is a commercially proven process widely used in the U.S. As these alternative processes for production of steel become more widespread, the demand for coke, including the coke we produce, may be significantly reduced. We also face competition from alternative cokemaking technologies, including both by-product and heat recovery technologies. As these technologies improve and as new technologies are developed, competition in the cokemaking industry may intensify. As alternative processes for production of steel become more widespread, the demand for coke, including the coke we produce, may be significantly reduced.
- **Logistics business:** Decreased throughput and utilization of our logistics assets could result indirectly due to competition in the electrical power generation business from abundant and relatively inexpensive supplies of natural gas displacing thermal coal as a fuel for electrical power generation by utility companies. In addition, competition in the steel industry from processes such as electric arc furnaces, or blast furnace injection of pulverized coal or natural gas, may reduce the demand for metallurgical coals processed through our logistics facilities. In the future, additional coal handling facilities and terminals with rail and/or barge access may be constructed in the Eastern U.S. Such additional facilities could compete directly with us in specific markets now served by our logistics business. Certain coal mining companies and independent terminal operators in some areas may compete directly with our logistics facilities. In some markets, trucks may competitively deliver mined coal to certain shorter-haul destinations, resulting in reduced utilization of existing terminal capacity.

Such competition could reduce demand for our products and services, thus having a material and adverse effect on our financial condition and results of operations.

We are subject to extensive laws and regulations, which may increase our cost of doing business and have an adverse effect on our cash flows, financial position or results of operations.

Our operations are subject to strict regulation by federal, state and local authorities with respect to: discharges of substances into the air and water; emissions of greenhouse gases, or GHG; compliance with the NAAQS; management and disposal of hazardous substances and wastes; cleanup of contaminated sites; protection of groundwater quality and availability; protection of plants and wildlife; reclamation and restoration of properties after completion of mining or drilling; installation of safety equipment in our facilities; sales of electric power; and protection of employee health and safety. Complying with these and other regulatory requirements, including the terms of our permits, can be costly and time-consuming, and may hinder operations. In addition, these requirements are complex, change frequently and have become more stringent over time. Regulatory requirements may change in the future in a manner that could result in substantially increased capital, operating and compliance costs, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with applicable laws, regulations or permits may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could cause delays in permitting or development of projects or materially limit, or increase the cost of, our operations. We may not have been, or may not be, at all times, in complete compliance with all such requirements, and we may incur material costs or liabilities in connection with such requirements, or in connection with remediation at sites we own, or third-party sites where it has been alleged that we have liability, in excess of the amounts we have accrued. For a description of certain environmental laws and matters applicable to us and associated risks, see “Item 1. Business-Legal and Regulatory Requirements.”

New or more stringent greenhouse gas emission standards designed to address climate change and physical effects attributed to climate change may adversely affect our operations and impose significant costs on our business and our customers and suppliers.

There is increasing regulatory attention concerning the issue of climate change and the impact of greenhouse gases, particularly from fossil fuels, which are integral to our cokemaking and logistics businesses. Our business and operations, as well as the business and operations of our key suppliers and customers, may become subject to legislation or regulation intended to limit greenhouse gas emissions, the use of fossil fuels or the effects of climate change. It is not possible to foresee the details of such legislation or regulations or their resulting effects on our business. However, because our coking process is dependent on coal as a raw material and the coking process generates carbon dioxide, we are limited in our ability to reduce our greenhouse gas emissions and could be affected by future regulation of greenhouse gases. Any new regulations, legislation or taxes that affect other industries that use coal or other fossil fuels processed through our terminals could reduce throughput and utilization of our logistics assets. Future legislation or regulation regarding climate change and greenhouse gas emissions could impose significant costs on our business and our customers and suppliers due to increased energy, capital equipment, emissions controls, environmental monitoring and reporting and other costs in order to comply with these laws and regulations. Failure to comply with these regulations could result in fines to our company and could affect our business, financial condition and results of operations. Additionally, our suppliers may face cost increases to comply with any new legislation or regulations leading to higher costs to us for goods or services.

Climate change may cause changes in weather patterns and increase the frequency or severity of weather events and flooding. An increase in severe weather events and flooding may adversely impact us, our operations, and our ability to procure raw materials and manufacture and transport our products and could result in an adverse effect on our business, financial condition and results of operations. Extreme weather conditions may increase our costs, temporarily impact our production capabilities or cause damage to our facilities. For example, our terminals are located near bodies of water and may be impacted by flooding or hurricanes, disrupting our or our customers' ability to move products. Additionally, extreme cold could prevent coal delivery and unloading at our coke plants, impeding operation, or create a more hazardous outdoor working environment for our employees. Severe weather may also adversely impact our suppliers and our customers and their ability to purchase and transport our products.

We may be unable to obtain, maintain or renew permits or leases necessary for our operations, which could materially reduce our production, cash flows or profitability.

Our cokemaking and logistics operations require us to obtain a number of permits that impose strict regulations on various environmental and operational matters. These, as well as our facilities and operations (including our generation of electricity), require permits issued by various federal, state and local agencies and regulatory bodies. The permitting rules, and the interpretations of these rules, are complex, change frequently, and are often subject to discretionary interpretations by our regulators, all of which may make compliance more difficult or impractical, and may possibly preclude the continuance of ongoing operations or the development of future cokemaking and/or logistics facilities. Non-governmental organizations, environmental groups and individuals have certain rights to engage in the permitting process, and may comment upon, or object to, the requested permits. Such persons also have the right to bring citizen's lawsuits to challenge the issuance of permits, or the validity of environmental impact statements related thereto. If any permits or leases are not issued or renewed in a timely fashion or at all, or if permits issued or renewed are conditioned in a manner that restricts our ability to efficiently and economically conduct our operations, our cash flows or profitability could be materially and adversely affected.

Labor disputes with the unionized portion of our workforce could affect us adversely. Union represented labor creates an increased risk of work stoppages and higher labor costs.

We rely, at one or more of our facilities, on unionized labor, and there is always the possibility that we may be unable to reach agreement on terms and conditions of employment or renewal of a collective bargaining agreement. When collective bargaining agreements expire or terminate, we may not be able to negotiate new agreements on the same or more favorable terms as the current agreements, or at all, and without production interruptions, including labor stoppages. If we are unable to negotiate the renewal of a collective bargaining agreement before its expiration date, our operations and our profitability could be adversely affected. A prolonged labor dispute, which may include a work stoppage, could adversely affect our ability to satisfy our customers' orders and, as a result, adversely affect our operations, or the stability of production and reduce our future revenues, or profitability. It is also possible that, in the future, additional employee groups may choose to be represented by a labor union.

Our ability to operate our company effectively could be impaired if we fail to attract and retain key personnel.

We have implemented recruitment, training and retention efforts to optimally staff our operations. Our ability to operate our business and implement our strategies depends in part on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain other qualified personnel. The loss of the services of any of our executive officers or other key employees or the inability to attract or retain other qualified personnel in the future could have a material adverse effect on our business or business prospects. With respect to our represented employees, we may be adversely impacted by the loss of employees who retire or obtain other employment during a layoff or a work stoppage.

We currently are, and likely will be, subject to litigation, the disposition of which could have a material adverse effect on our cash flows, financial position or results of operations.

The nature of our operations exposes us to possible litigation claims in the future, including disputes relating to our operations and commercial and contractual arrangements. Although we make every effort to avoid litigation, these matters are not totally within our control. We will contest these matters vigorously and have made insurance claims where appropriate, but because of the uncertain nature of litigation and coverage decisions, we cannot predict the outcome of these matters. Litigation is very costly, and the costs associated with prosecuting and defending litigation matters could have a material adverse effect on our financial condition and profitability. In addition, our profitability or cash flow in a particular period could be affected by an adverse ruling in any litigation currently pending in the courts or by litigation that may be filed against us in the future. We are also subject to significant environmental and other government regulation, which sometimes results in various administrative proceedings. For additional information, see “Item 3. Legal Proceedings.”

We may incur costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations, and such costs and liabilities could have a material and adverse effect on our financial condition or results of operations.

Our success depends, in part, on the quality, efficacy and safety of our products and services. If our operations do not meet applicable safety standards, or our products or services are found to be unsafe, our relationships with customers could suffer and we could lose business or become subject to liability or claims. In addition, our cokemaking and logistics operations have inherent safety risks that may give rise to events resulting in death, injury, or property loss to employees, customers, or unaffiliated third parties. Depending upon the nature and severity of such events, we could be exposed to significant financial loss, reputational damage, potential civil or criminal government or other regulatory enforcement actions, or private litigation, the settlement or outcome of which could have a material and adverse effect on our financial condition or results of operations.

Our businesses are subject to inherent risks, some for which we maintain third party insurance and some for which we self-insure. We may incur losses and be subject to liability claims that could have a material adverse effect on our financial condition, results of operations or cash flows.

We maintain insurance policies that provide limited coverage for some, but not all, potential risks and liabilities associated with our business. We may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. In addition, certain risks, such as certain environmental and pollution risks, and certain cybersecurity risks, generally are not fully insurable. We must compensate employees for work-related injuries. If we do not make adequate provision for our workers' compensation liabilities, or we are pursued for applicable sanctions, costs, and liabilities, our operations and our profitability could be adversely affected. Even where insurance coverage applies, insurers may contest their obligations to make payments. Our financial condition, results of operations and cash flows could be materially and adversely affected by losses and liabilities from un-insured or under-insured events, as well as by delays in the payment of insurance proceeds, or the failure by insurers to make payments.

We may not be able to successfully implement our growth strategies or plans, and we may experience significant risks associated with future acquisitions, investments and/or divestitures. If we are unable to execute our strategic plans, whether as a result of unfavorable market conditions in the industries in which our customers operate, or otherwise, our future results of operations could be materially and adversely affected.

A portion of our strategy to grow our business is dependent upon our ability to acquire and operate new assets that result in an increase in our earnings. We may not derive the financial returns we expect on our investment in such

additional assets or such operations may not be profitable. We cannot predict the effect that any failed expansion may have on our core businesses. The success of our future acquisitions and/or investments will depend substantially on the accuracy of our analysis concerning such businesses and our ability to complete such acquisitions or investments on favorable terms, as well as to finance such acquisitions or investments and to integrate the acquired operations successfully with existing operations. Risks associated with acquisitions include the diversion of management's attention from other business concerns, the potential loss of key employees and customers of the acquired business, the possible assumption of unknown liabilities, potential disputes with the sellers, and the inherent risks in entering markets or lines of business in which we have limited or no prior experience. Antitrust and other laws may prevent us from completing acquisitions. If we are not able to execute our strategic plans effectively, or successfully integrate new operations, whether as a result of unfavorable market conditions in the industries in which our customers operate, or otherwise, our business reputation could suffer and future results of operations could be materially and adversely affected.

In the event we form joint ventures or other similar arrangements, we must pay close attention to the organizational formalities and time-consuming procedures for sharing information and making decisions. We may share ownership and management with other parties who may not have the same goals, strategies, priorities, or resources as we do. The benefits from a successful investment in an existing entity or joint venture will be shared among the co-owners, so we will not receive the exclusive benefits from a successful investment. Additionally, if a co-owner changes, our relationship may be materially and adversely affected.

We regularly review strategic opportunities to further our business objectives, and may eliminate assets that do not meet our return-on-investment criteria. The anticipated benefits of divestitures and other strategic transactions may not be realized, or may be realized more slowly than we expected. Such transactions also could result in a number of financial consequences having a material adverse effect on our results of operations and our financial position, including reduced cash balances; higher fixed expenses; the incurrence of debt and contingent liabilities (including indemnification obligations); restructuring charges; loss of customers, suppliers, distributors, licensors or employees; legal, accounting and advisory fees; and impairment charges.

Security breaches and other information systems failures could disrupt our operations, compromise the integrity of our data, expose us to liability, cause increased expenses and cause our reputation to suffer, any or all of which could have a material and adverse effect on our business or financial position.

Our business is dependent on financial, accounting and other data processing systems and other communications and information systems, including our enterprise resource planning tools. We process a large number of transactions on a daily basis and rely upon the proper functioning of computer systems. If a key system were to fail or experience unscheduled downtime for any reason, our operations and financial results could be affected adversely. Our systems could be damaged or interrupted by a security breach, terrorist attack, fire, flood, power loss, telecommunications failure or similar event. Our disaster recovery plans may not entirely prevent delays or other complications that could arise from an information systems failure. Our business interruption insurance may not compensate us adequately for losses that may occur.

In the ordinary course of our business, we collect and store sensitive data in our data centers, on our networks, and in our cloud vendors. In addition, we rely on third party service providers, for support of our information technology systems, including the maintenance and integrity of proprietary business information and other confidential company information and data relating to customers, suppliers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. We have instituted data security measures for confidential company information and data stored on electronic and computing devices, whether owned or leased by us or a third party vendor. However, despite such measures, there are risks associated with customer, vendor, and other third-party access and our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to: employee error or malfeasance, failure of third parties to meet contractual, regulatory and other obligations to us, or other disruptions.

Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations, and damage our reputation, which could materially and adversely affect our business and financial position.

We are exposed to, and may be adversely affected by, interruptions to our computer and information technology systems and sophisticated cyber-attacks.

We rely on our information technology systems and networks in connection with many of our business activities. Some of these networks and systems are managed by third-party service providers and are not under our direct control. Our

operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to our business, customers, dealers, suppliers, employees and other sensitive matters. Cyber-attacks could materially disrupt operational systems; result in loss of trade secrets or other proprietary or competitively sensitive information; compromise personally identifiable information regarding customers or employees; and jeopardize the security of our facilities. A cyber-attack could be caused by malicious outsiders using sophisticated methods to circumvent firewalls, encryption and other security defenses. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Information technology security threats, including security breaches, computer malware and other cyber-attacks are increasing in both frequency and sophistication and could create financial liability, subject us to legal or regulatory sanctions or damage our reputation with customers, dealers, suppliers and other stakeholders. We continuously seek to maintain a robust program of information security and controls, but a cyber-attack could have a material adverse effect on our competitive position, reputation, results of operations, financial condition and cash flows. As cyber-attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

We are or may become subject to privacy and data protection laws, rules and directives relating to the processing of personal data in the countries where we operate.

The growth of cyber-attacks has resulted in an evolving legal landscape which imposes costs that are likely to increase over time. For example, new laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and recent California legislation (which, among other things, provides for a private right of action), pose increasingly complex compliance challenges and could potentially elevate our costs over time. Any failure by us to comply with such laws and regulations could result in penalties and liabilities. It is also possible under certain legislation that if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result.

Impairment in the carrying value of long-lived assets could adversely affect our business, financial condition and results of operations.

We have a significant amount of long-lived assets on our Consolidated Balance Sheets. Under generally accepted accounting principles, long-lived assets must be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. We are required to perform impairment tests on our assets whenever events or changes in circumstances lead to a reduction of the estimated useful life or estimated future cash flows that would indicate that the carrying amount may not be recoverable or whenever management's plans change with respect to those assets. If business conditions or other factors cause profitability and cash flows to decline, we may be required to record non-cash impairment charges.

Events and conditions that could result in impairment in the value of our long-lived assets include: the impact of a downturn in the global economy, competition, advances in technology, adverse changes in the regulatory environment, and other factors leading to a reduction in expected long-term sales or profitability, or a significant decline in the trading price of our common stock or market capitalization, lower future cash flows, slower industry growth rates and other changes in the industries in which we or our customers operate.

Risks Related to Indebtedness

SunCoke faces material debt maturities which may adversely affect our consolidated financial position.

Over the next five years, we have \$150.5 million of total consolidated debt maturing. See Note 12 to the consolidated financial statements. We may not be able to refinance this debt, or may be forced to do so on terms substantially less favorable than our currently outstanding debt. We may be forced to delay or not make capital expenditures, which may adversely affect our competitive position and financial results.

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our credit facilities and other debt documents.

Subject to the limits contained in our credit agreements and our other debt instruments, we may be able to incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of debt could intensify. Specifically, a higher level of debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for the payment of dividends, working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the credit facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a competitive disadvantage to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the credit agreement governing our credit facilities contains restrictive covenants that limit our ability to engage in activities (such as incurring additional debt) that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt. In the event of an acceleration of all our debt, we may not have sufficient cash on hand to repay the indebtedness in full. Such event could materially adversely affect our business, financial condition and results of operations.

Our level of indebtedness may increase, reducing our financial flexibility.

In the future, we may incur significant indebtedness in order to make future acquisitions or to develop or expand our facilities. Our level of indebtedness could affect our operations in several ways, including the following:

- a significant portion of our cash flows could be used to service our indebtedness;
- a high level of debt would increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness will limit our ability to borrow additional funds, dispose of assets, pay distributions and make certain investments;
- a high level of debt may place us at a competitive disadvantage compared to our competitors that are less leveraged, and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;
- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and our industry; and
- a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, distributions or for general corporate or other purposes.

A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our common stock or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. From time to time, we may enter into, interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility.

Rating agencies may downgrade our credit ratings, which would make it more difficult for us to raise capital and would increase our financing costs.

Any downgrades in our credit ratings may make raising capital more difficult, may increase the cost and affect the terms of future borrowings, may affect the terms under which we purchase goods and services and may limit our ability to take advantage of potential business opportunities.

Risks Related to Our Cokemaking Business

If a substantial portion of our agreements to supply coke, electricity, and/or steam are modified or terminated, our cash flows, financial position, permit compliance or results of operations may be adversely affected if we are not able to replace such agreements, or if we are not able to enter into new agreements at the same level of profitability.

We make substantially all of our coke, electricity and steam sales under long-term agreements. If a substantial portion of these agreements are modified or terminated or if force majeure is exercised, our results of operations may be adversely affected if we are not able to replace such agreements, or if we are not able to enter into new agreements at the same level of profitability. The profitability of our long-term coke, energy and steam sales agreements depends on a variety of factors that vary from agreement to agreement and fluctuate during the agreement term. We may not be able to obtain long-term agreements at favorable prices, compared either to market conditions or to our cost structure. Price changes provided in long-term supply agreements may not reflect actual increases in production costs. As a result, such cost increases may reduce profit margins on our long-term coke and energy sales agreements. In addition, contractual provisions for adjustment or renegotiation of prices and other provisions may increase our exposure to short-term price volatility.

From time to time, we discuss the extension of existing agreements and enter into new long-term agreements for the supply of coke, steam, and energy to our customers, but these negotiations may not be successful and these customers may not continue to purchase coke, steam, or electricity from us under long-term agreements. In addition, declarations of bankruptcy by customers can result in changes in our contracts with less favorable terms. If any one or more of these customers were to become financially distressed and unable to pay us, significantly reduce their purchases of coke, steam, or electricity from us, or if we were unable to sell coke or electricity to them on terms as favorable to us as the terms under our current agreements, our cash flows, financial position, permit compliance or results of operations may be materially and adversely affected.

Further, because of certain technological design constraints, we do not have the ability to shut down our cokemaking operations if we do not have adequate customer demand. If a customer refuses to take or pay for our coke, we must continue to operate our coke ovens even though we may not be able to sell our coke immediately and may incur significant additional costs for natural gas to maintain the temperature inside our coke oven batteries and fees under our rail contracts to account for reductions in inbound coal or outbound coke shipments at our plants, which may have a material and adverse effect on our cash flows, financial position or results of operations.

Excess capacity in the global steel industry, and/or increased exports of coke from producing countries, may weaken our customers' demand for our coke and could materially and adversely affect our future revenues and profitability.

In some countries steelmaking capacity exceeds demand for steel products. Rather than reducing employment by matching production capacity to consumption, steel manufacturers in these countries (often with local government assistance or subsidies in various forms) may export steel at prices that are significantly below their home market prices and that may not reflect their costs of production or capital. Our steelmaking customers, may decrease the prices they charge for steel, or take other action, as the supply of steel increases. The profitability and financial position of our steelmaking customers may be adversely affected, causing such customers to reduce their demand for our coke and making it more likely that they may seek to renegotiate their contracts with us or fail to pay for the coke they are required to take under our contracts. In addition, future increases in exports of coke from China and/or other coke-producing countries also may reduce our customers' demand for coke capacity. Such reduced demand for our coke could adversely affect the certainty of our long-term relationships with our customers depress coke prices, and limit our ability to enter into new, or renew existing, commercial arrangements with our customers, as well as our ability to sell excess capacity in the spot market, and could materially and adversely affect our future revenues and profitability.

Certain provisions in our long-term coke agreements may result in economic penalties to us, or may result in termination of our coke sales agreements for failure to meet minimum volume requirements, coal-to-coke yields or other required specifications, and certain provisions in these agreements and our energy sales agreements may permit our customers to suspend performance.

Our agreements for the supply of coke, energy and/or steam, contain provisions requiring us to supply minimum volumes of our products to our customers. To the extent we do not meet these minimum volumes, we are generally required under the terms of our coke sales agreements to procure replacement supply to our customers at the applicable contract price or potentially be subject to cover damages for any shortfall. If future shortfalls occur, we will work with our customer to identify possible other supply sources while we implement operating improvements at the facility, but we may not be successful in identifying alternative supplies and may be subject to paying the contract price for any shortfall or to cover damages, either of which could adversely affect our future revenues and profitability. Our coke sales agreements also contain provisions requiring us to deliver coke that meets certain quality thresholds. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or termination of our agreements. To the extent that we do not meet the coal-to-coke yield standard in an agreement, we are responsible for the cost of the excess coal used in the cokemaking process.

Our coke and energy sales agreements contain force majeure provisions allowing temporary suspension of performance by our customers for the duration of specified events beyond the control of our customers. Declaration of force majeure, coupled with a lengthy suspension of performance under one or more coke or energy sales agreements, may seriously and adversely affect our cash flows, financial position and results of operations.

Failure to maintain effective quality control systems at our cokemaking facilities could have a material adverse effect on our results of operations.

The quality of our coke is critical to the success of our business. For instance, our coke sales agreements contain provisions requiring us to deliver coke that meets certain quality thresholds. If our coke fails to meet such specifications, we could be subject to significant contractual damages or contract terminations, and our sales could be negatively affected. The quality of our coke depends significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the design of our quality control systems, our quality-training program, our laboratories and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our results of operations.

Disruptions to our supply of coal and coal mixing services may reduce the amount of coke we produce and deliver, and if we are not able to cover the shortfall in coal supply or obtain replacement mixing services from other providers, our results of operations and profitability could be adversely affected.

Substantially all of the metallurgical coal used to produce coke at our cokemaking facilities is purchased from third-parties under one-year contracts, except for the Jewell facility, which purchases a substantial portion of its metallurgical coal under a five-year contract with prices reset annually. We cannot assure that there will continue to be an ample supply of metallurgical coal available or that these facilities will be supplied without any significant disruption in coke production, as economic, environmental, and other conditions outside of our control may reduce our ability to source sufficient amounts of coal for our forecasted operational needs. If we are not able to make up the shortfalls resulting from such supply failures through purchases of coal from other sources, the failure of our coal suppliers to meet their supply commitments could materially and adversely impact our results of operations and, ultimately, impact the structural integrity of our coke oven batteries.

At our Granite City and Haverhill cokemaking facilities, we rely on third-parties to mix coals that we have purchased into coal mixes that we use to produce coke. We have entered into long-term agreements with coal mixing service providers that are coterminous with our coke sales agreements. However, there are limited alternative providers of coal mixing services and any disruptions from our current service providers could materially and adversely impact our results of operations. In addition, if our rail transportation agreements are terminated, we may have to pay higher rates to access rail lines or make alternative transportation arrangements.

Limitations on the availability and reliability of transportation, and increases in transportation costs, particularly rail systems, could materially and adversely affect our ability to obtain a supply of coal and deliver coke to our customers.

Our ability to obtain coal depends primarily on third-party rail systems and to a lesser extent river barges. If we are unable to obtain rail or other transportation services, or are unable to do so on a cost-effective basis, our results of operations could be adversely affected. Alternative transportation and delivery systems are generally inadequate and not suitable to handle the quantity of our shipments or to ensure timely delivery. The loss of access to rail capacity could create

temporary disruption until the access is restored, significantly impairing our ability to receive coal and resulting in materially decreased revenues. Our ability to open new cokemaking facilities may also be affected by the availability and cost of rail or other transportation systems available for servicing these facilities.

Our coke production obligations at our Jewell cokemaking facility and one half of our Haverhill cokemaking facility require us to deliver coke to certain customers via railcar. We have entered into long-term rail transportation agreements to meet these obligations. Disruption of these transportation services because of weather-related problems, mechanical difficulties, train derailments, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, fuel costs, transportation delays, accidents, terrorism, domestic catastrophe or other events could temporarily, or over the long-term, impair our ability to produce coke, and therefore, could materially and adversely affect our business and results of operations.

If we are unable to effectively protect our intellectual property, third parties may use our technology, which would impair our ability to compete in our markets.

Our future success will depend in part on our ability to obtain and maintain meaningful patent protection for certain of our technologies and products throughout the world. The degree of future protection for our proprietary rights is uncertain. We rely on patents to protect a significant part our intellectual property portfolio and to enhance our competitive position. However, our presently pending or future patent applications may not issue as patents, and any patent previously issued to us or our subsidiaries may be challenged, invalidated, held unenforceable or circumvented. Furthermore, the claims in patents that have been issued to us or our subsidiaries or that may be issued to us in the future may not be sufficiently broad to prevent third parties from using cokemaking technologies and heat recovery processes similar to ours. In addition, the laws of various foreign countries in which we plan to compete may not protect our intellectual property to the same extent as do the laws of the United States. If we fail to obtain adequate patent protection for our proprietary technology, our ability to be commercially competitive may be materially impaired.

Income from operation of the Vitória, Brazil cokemaking facility may be affected by global and regional economic and political factors and the policies and actions of the Brazilian government.

The Vitória cokemaking facility is owned ArcelorMittal Brazil. We earn income from the Vitória, Brazil operations through licensing and operating fees earned at the Brazilian cokemaking facility payable to us under long-term agreements with ArcelorMittal Brazil. These revenues depend on continuing operations and, in some cases, certain minimum production levels being achieved at the Vitória cokemaking facility. In the past, the Brazilian economy has been characterized by frequent and occasionally extensive intervention by the Brazilian government and unstable economic cycles. The Brazilian government has changed in the past, and may change monetary, taxation, credit, tariff and other policies to influence Brazil's economy in the future. If the operations at Vitória cokemaking facility are interrupted or if certain minimum production levels are not achieved, we will not be able to earn the same licensing and operating fees as we are currently earning, which could have an adverse effect on our financial position, results of operations and cash flows.

Risks Related to Our Logistics Business

The growth and success of our logistics business depends upon our ability to find and contract for adequate throughput volumes, and an extended decline in demand for coal could affect the customers for our logistics business adversely. As a consequence, the operating results and cash flows of our logistics business could be materially and adversely affected.

The financial results of our logistics business segment are significantly affected by the demand for both thermal coal and metallurgical coal. An extended decline in our customers' demand for either thermal or metallurgical coals could result in a reduced need for the coal mixing, terminalling and transloading services we offer, thus reducing throughput and utilization of our logistics assets. Demand for such coals may fluctuate due to factors beyond our control:

- **Thermal coal demand:** may be impacted by changes in the energy consumption pattern of industrial consumers, electricity generators and residential users, as well as weather conditions and extreme temperatures. The amount of thermal coal consumed for electric power generation is affected primarily by the overall demand for electricity, the availability, quality and price of competing fuels for power generation, and governmental regulation. For example, over the past few years, production of natural gas in the U.S. has increased dramatically, which has resulted in lower natural-gas prices. As a result of sustained low natural gas prices, coal-fuel generation plants have been displaced by natural-gas fueled generation plants. In addition, state and federal mandates for increased use of electricity from renewable energy sources, or the retrofitting of existing coal-fired generators with pollution control systems, also could adversely impact the demand for

thermal coal. Finally, unusually warm winter weather may reduce the commercial and residential needs for heat and electricity which, in turn, may reduce the demand for thermal coal; and

- **Metallurgical coal demand:** may be impacted adversely by economic downturns resulting in decreased demand for steel and an overall decline in steel production. A decline in blast furnace production of steel may reduce the demand for furnace coke, an intermediate product made from metallurgical coal. Decreased demand for metallurgical coal also may result from increased steel industry utilization of processes that do not use, or reduce the need for, furnace coke, such as electric arc furnaces, or blast furnace injection of pulverized coal or natural gas.

Additionally, fluctuations in the market price of coal can greatly affect production rates and investments by third-parties in the development of new and existing coal reserves. Mining activity may decrease as spot coal prices decrease. We have no control over the level of mining activity by coal producers, which may be affected by prevailing and projected coal prices, demand for hydrocarbons, the level of coal reserves, geological considerations, governmental regulation and the availability and cost of capital. A material decrease in coal mining production in the areas of operation for our logistics business, whether as a result of depressed commodity prices or otherwise, could result in a decline in the volume of coal processed through our logistics facilities, which would reduce our revenues and operating income.

Decreased demand for thermal or metallurgical coals, and extended or substantial price declines for coal could adversely affect our operating results for future periods and our ability to generate cash flows necessary to improve productivity and expand operations. The cash flows associated with our logistics business may decline unless we are able to secure new volumes of coal or other dry bulk products, by attracting additional customers to these operations. Future growth and profitability of our logistics business segment will depend, in part, upon whether we can contract for additional coal and other bulk commodity volumes at a rate greater than that of any decline in volumes from existing customers. Accordingly, decreased demand for coal, or other bulk commodities, or a decrease in the market price of coal, or other bulk commodities, could have a material adverse effect on the results of operations or financial condition of our logistics business.

The geographic location of the Convent Marine Terminal could expose us to potential significant liabilities, including operational hazards and unforeseen business interruptions, that could substantially and adversely affect our future financial performance.

CMT is located in the Gulf Coast region, and its operations are subject to operational hazards and unforeseen interruptions, including interruptions from hurricanes or floods, which have historically impacted the region with some regularity. If any of these events were to occur, we could incur substantial losses because of personal injury or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations.

Risks Related to Ownership of Our Common Stock

Your percentage ownership in us may be diluted by future issuances of capital stock or securities or instruments that are convertible into our capital stock, which could reduce your influence over matters on which stockholders vote.

Our Board of Directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, shares that may be issued to satisfy our obligations under our incentive plans, shares of our authorized but unissued preferred stock and securities and instruments that are convertible into our common stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, likely would result in your interest in us being subject to the prior rights of holders of that preferred stock.

Our ability to pay dividends on our common stock may be limited by restrictive covenants in our debt agreements and by other factors.

Any declaration and payment of future dividends to holders of our common stock will be limited by restrictive covenants contained in our debt agreements, and will be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant.

Further, we may not have sufficient surplus under Delaware law to be able to pay any dividends in the future. The absence of sufficient surplus may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures or increases in reserves.

Provisions of our amended and restated articles of incorporation, our amended and restated by-laws and the Delaware General Corporation Law (the “DGCL”) could discourage potential acquisition proposals and could deter or prevent a change in control.

Our amended and restated articles of incorporation and amended and restated by-laws contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include:

- a Board of Directors that is divided into three classes with staggered terms;
- action by written consent of stockholders may only be taken unanimously by holders of all our shares of common stock;
- rules regarding how our stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our Board of Directors to issue preferred stock without stockholder approval;
- limitations on the right of stockholders to remove directors; and
- limitations on our ability to be acquired.

The DGCL also imposes some restrictions on mergers and other business combinations between us and any holder of 15 percent or more of our outstanding common stock.

We believe that these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is in our best interests and that of our stockholders.

Any or all of the foregoing provisions could limit the price that some investors might be willing to pay in the future for shares of our common stock.

A person or group could establish a substantial position in SunCoke Energy, Inc. stock.

We do not have a shareholder rights plan which may make it easier for a person or group to acquire a substantial position in SunCoke Energy, Inc. stock. Such person or group may have interests adverse to the interests of our other stockholders.

Risks Related to Our Legacy Coal Mining Business

Our former coal mining operations were subject to governmental regulations pertaining to employee health and safety and mandated benefits for retired coal miners. Following the divestiture of our coal mining operations, compliance with such regulations has continued to impose significant costs on our business.

Our former coal mining operations were subject to strict regulation by federal, state and local authorities with respect to environmental matters such as reclamation, and to matters such as employee health and safety and mandated benefits for retired coal miners. Even after divestiture of our coal mining business, compliance with these reclamation and benefits requirements has continued to impose significant costs on us. As a former coal mine operator, federal law requires us to secure payment of federal black lung benefits to claimants who were employees, and to contribute to a trust fund for payment of benefits and medical expenses to claimants who last worked in the coal industry before January 1, 1970. At December 31, 2019, our liabilities for coal workers’ black lung benefits totaled \$55.1 million. Our business could be materially and adversely harmed if these liabilities, including the number and award size of claims, were increased. See “Item 1. Business-Legal and Regulatory Requirements-Other Regulatory Requirements.”

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own the following real property:

- Approximately 1600 acres in Vansant (Buchanan County), Virginia and McDowell County, West Virginia, on which the Jewell cokemaking facility is located, along with the offices, warehouse and support buildings for our Jewell coke affiliates as well as other general property holdings and unoccupied land.
- Approximately 400 acres in Franklin Furnace (Scioto County), Ohio, at and around the area where the Haverhill cokemaking facility (both the first and second phases) is located.
- Approximately 45 acres in Granite City (Madison County), Illinois, adjacent to the U.S. Steel Granite City Works facility, on which the Granite City cokemaking facility is located. Upon the earlier of ceasing production at the facility or the end of 2044, U.S. Steel has the right to repurchase the property, including the facility, at the fair market value of the land. Alternatively, U.S. Steel may require us to demolish and remove the facility and remediate the site to original condition upon exercise of its option to repurchase the land.
- Approximately 250 acres in Middletown (Butler County), Ohio near AK Steel's Middletown Works facility, on which the Middletown cokemaking facility is located.
- Approximately 180 acres in Ceredo (Wayne County), West Virginia on which KRT has two terminals for its mixing and/or handling services along the Ohio and Big Sandy Rivers.
- Approximately 175 acres in Convent (St. James Parish), Louisiana, on which CMT is located.

We lease the following real property:

- Approximately 90 acres of land located in East Chicago (Lake County), Indiana, on which the Indiana Harbor cokemaking facility is located and the coal handling and/or mixing facilities (Lake Terminal) that service the Indiana Harbor cokemaking facility. The leased property is inside ArcelorMittal's Indiana Harbor Works facility and is part of an enterprise zone. As lessee of the property, we are responsible for restoring the leased property to a safe and orderly condition.
- Approximately 300 acres of land located in Buchanan County, Virginia, at and around the area where our DRT coal handling terminal is located.
- Approximately 30 acres in Belle (Kanawha County), West Virginia, on which KRT has a terminal for its mixing and/or handling services along the Kanawha River.
- Our corporate headquarters is located in leased office space in Lisle, Illinois under an 11-year lease that commenced in 2011.

While the Company completed the disposal of its coal mining business in April 2016, we continue to have rights to small parcels of land, mineral rights and coal mining rights for approximately 40 thousand acres of land in Buchanan and Russell Counties, Virginia. These agreements convey mining rights to us in exchange for payment of certain immaterial royalties and/or fixed fees.

Item 3. Legal Proceedings

The information presented in Note 13 to our consolidated financial statements within this Annual Report on Form 10-K is incorporated herein by reference.

Many legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Our management believes that any liabilities that may arise from such matters would not be material in relation to our business or our consolidated financial position, results of operations or cash flows at December 31, 2019.

Item 4. Mine Safety Disclosures

While the Company divested substantially all of its remaining coal mining assets in April 2016, certain retained coal mining assets remain subject to Mine Safety and Health Administration ("MSHA") regulatory purview and the Company continues to own certain logistics assets that are also regulated by MSHA. The information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.014) is included in Exhibit 95.1 to this Annual Report on Form 10-K.

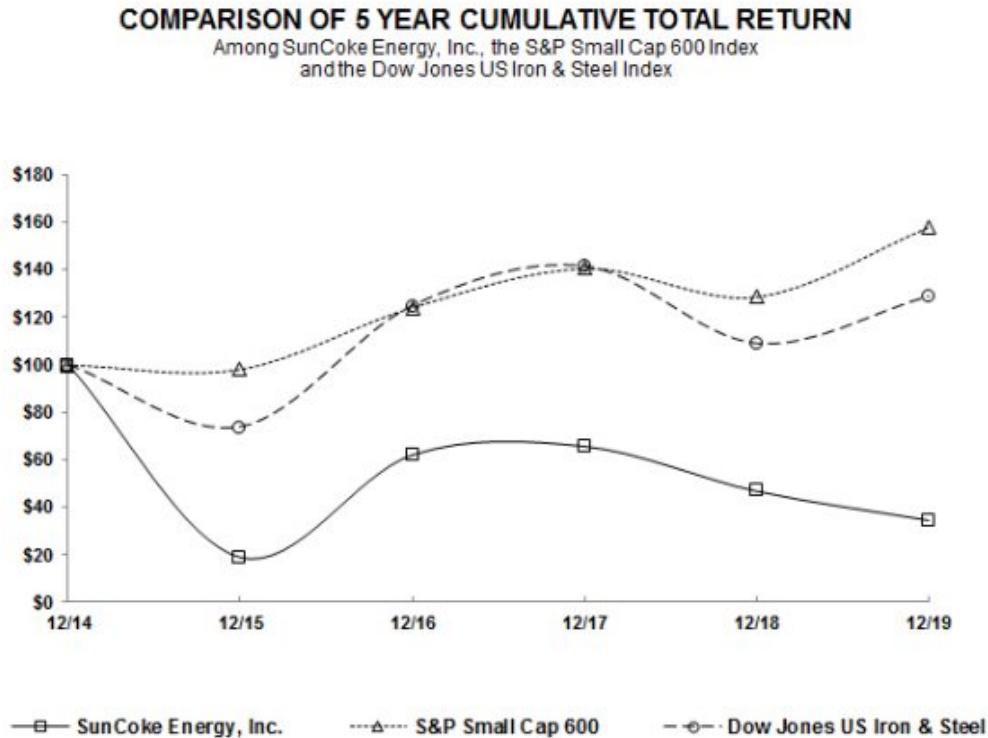
PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities

Market Information

Shares of our common stock trade under the stock trading symbol “SXC” on the NYSE. The graph below matches the Company's cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the S&P Small Cap 600 index and the Dow Jones U.S. Iron & Steel index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from December 31, 2014 to December 31, 2019.

In selecting the indices for comparison, we considered market capitalization and industry or line-of-business. The S&P Small Cap 600 is a broad equity market index comprised of companies of between \$450 million and \$2.1 billion. The Company is a part of this index. The Dow Jones U.S. Iron & Steel index is comprised of both U.S.-based steel and metals manufacturing and coal and iron ore mining companies. While we do not manufacture steel, we do produce coke, an essential ingredient in the blast furnace production of steel. In addition, we have logistics operations. Accordingly, we believe the Dow Jones U.S. Iron & Steel index is appropriate for comparison purposes.



Holders

As of February 14, 2020, we had a total of 98,047,389 issued shares and 83,738,638 outstanding shares of our common stock and had 9,826 holders of record of our common stock.

Dividends

Our Board of Directors declared the following dividends during 2019 and as of February 20, 2020:

Date Declared	Record Date	Dividend Per Share	Payment Date
November 5, 2019	November 19, 2019	\$0.0600	December 2, 2019
January 29, 2020	February 18, 2020	\$0.0600	March 2, 2020

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, covenants in our debt agreements and other factors. Any dividend program may be canceled, suspended, terminated or modified at any time at the discretion of the Board of Directors.

Company's Share Repurchase Program

On July 23, 2014, the Company's Board of Directors authorized a program to repurchase outstanding shares of the Company's common stock, \$0.01 par value, at any time and from time to time in the open market, through privately negotiated transactions, block transactions, or otherwise for a total aggregate cost to the Company not to exceed \$150.0 million. During 2019, the Company repurchased \$36.1 million of our common stock, or 6.3 million shares, in the open market for an average price of \$5.72.

Since December 31, 2019, the Company has repurchased an additional \$3.3 million of our common stock, or 0.5 million shares, in the open market for an average share price of \$6.25, resulting in the completion of this stock repurchase program.

The following table summarizes the repurchases during the quarter ended December 31, 2019:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased under the Plans or Programs
October 1 – 31, 2019	1,742,966	\$ 5.62	1,742,966	\$ 16,454,077
November 1 – 30, 2019	1,646,084	\$ 5.19	1,646,084	\$ 7,909,188
December 1 – 31, 2019	850,000	\$ 5.44	850,000	\$ 3,284,883
For the quarter ended December 31, 2019	4,239,050			

On October 28, 2019, the Company's Board of Directors authorized a new program to repurchase outstanding shares of the Company's common stock, \$0.01 par value, from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, or by other means in accordance with federal securities laws, for a total aggregate cost to the Company not to exceed \$100.0 million.

Item 6. Selected Financial Data

The following table presents summary consolidated operating results and other information of SunCoke Energy and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10-K.

	Years Ended December 31,				
	2019 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾
(Dollars in millions, except per share amounts)					
Operating Results:					
Total revenues	\$ 1,600.3	\$ 1,450.9	\$ 1,331.5	\$ 1,223.3	\$ 1,362.7
Operating (loss) income	\$ (144.3)	\$ 118.7	\$ 104.2	\$ 97.9	\$ 76.6
Net (loss) income ⁽²⁾⁽³⁾	\$ (148.4)	\$ 47.0	\$ 103.5	\$ 59.5	\$ 10.3
Net (loss) income attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ 26.2	\$ 122.4	\$ 14.4	\$ (22.0)
(Loss) earnings attributable to SunCoke Energy, Inc. per common share:					
Basic	\$ (1.98)	\$ 0.40	\$ 1.90	\$ 0.22	\$ (0.34)
Diluted	\$ (1.98)	\$ 0.40	\$ 1.88	\$ 0.22	\$ (0.34)
Dividends paid per share	\$ 0.06	\$ —	\$ —	\$ —	\$ 0.4335
Other Information:					
Total assets	\$ 1,753.8	\$ 2,045.3	\$ 2,060.1	\$ 2,120.9	\$ 2,255.5
Long-term debt and financing obligation	\$ 780.0	\$ 834.5	\$ 861.1	\$ 849.2	\$ 997.7

- (1) The results of CMT have been included in the consolidated financial statements since it was acquired on August 12, 2015. CMT contributed the following:

	Years Ended December 31,				
	2019	2018	2017	2016	2015
(Dollars in millions)					
Combined assets	\$ 116.3	\$ 370.9	\$ 394.6	\$ 411.7	\$ 426.1
Revenue	\$ 53.3	\$ 81.3	\$ 71.1	\$ 62.7	\$ 28.6
Operating (loss) income	\$ (218.2)	\$ 40.2	\$ 42.3	\$ 46.5	\$ 18.4

The 2019 results reflect Murray American Coal, Inc.'s bankruptcy and the rejection of its take-or-pay contract, which resulted in the absence of approximately \$30 million of take-or-pay revenues. Additionally, in September 2019, the Company recorded a non-cash, pretax asset impairment charge to the Logistics segment of \$247.4 million, or \$178.3 million, net of tax. See Note 8 to our consolidated financial statements.

- (2) On June 27, 2018, the Company sold its investment in VISA SunCoke Limited ("VISA SunCoke"), resulting in a net \$5.4 million loss from equity method investment. During 2015, we recorded other-than-temporary impairment charges on our investment in VISA SunCoke of \$19.4 million, which brought our investment in VISA SunCoke to zero.
- (3) During 2017, the Company recorded \$154.7 million of net tax benefits, \$125.0 million of which were attributable to SunCoke, related to the new Tax Legislation. Additionally, during 2017, the Company recorded deferred income tax expense of \$64.2 million, all of which was attributable to noncontrolling interest, related to the Final Regulations. See Note 5 to our consolidated financial statements.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K contains certain forward-looking statements of expected future developments, as defined in the Private Securities Litigation Reform Act of 1995. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under “Cautionary Statement Concerning Forward-Looking Statements” and “Risk Factors.”

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is based on financial data derived from the financial statements prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) and certain other financial data that is prepared using a non-GAAP measure. For a reconciliation of the non-GAAP measure to the most comparable GAAP component, see “Non-GAAP Financial Measures” at the end of this Item and Note 20 to our consolidated financial statements.

Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flows. Our results of operations include reference to our business operations and market conditions, which are further described in Part I of this document.

2019 Overview

Our consolidated results of operations in 2019 were as follows:

	Year Ended December 31, 2019
	(Dollars in millions)
Net loss	\$ (148.4)
Net cash provided by operating activities	\$ 181.9
Adjusted EBITDA	\$ 247.9

The Company delivered against our key objectives in 2019, including:

- **Achieved revised financial objectives.** The net loss in 2019 reflects the impact of the asset impairment charges to the Logistics segment discussed in "Items Impacting Comparability." We delivered Adjusted EBITDA of \$247.9 million, which was within our revised guidance \$240 million to \$250 million, and operating cash flow of \$181.9 million, which was above our revised guidance of \$150 million to \$160 million. Our revised guidance reflected the impacts to the Logistics segment resulting from the bankruptcy of Murray American Coal, Inc. ("Murray") and the rejection of its take-or-pay contract. Domestic Coke delivered strong results, mitigating the impact of challenges faced by our Logistics customers.
- **Completed last phase of oven rebuilds at Indiana Harbor.** With the completion of the final phase of our multi-year oven rebuild campaign at our Indiana Harbor cokemaking facility, we delivered Adjusted EBITDA of \$24.4 million on 1,046 thousand tons of coke sales, exceeding our expectation of Adjusted EBITDA of \$22 million on 1,025 thousand tons of coke sales. The 2019 oven rebuilds cost approximately \$44 million, including capital expenditures of \$35 million. These costs were below our expectation of between \$50 million to \$60 million, including capital expenditures of \$40 million to \$48 million.
- **Completed the Simplification Transaction.** On June 28, 2019, we acquired all of the outstanding common units of SunCoke Energy Partners, L.P. ("the Partnership") not already owned by SunCoke in exchange for newly issued SunCoke common shares (the "Simplification Transaction"). The successful completion of the Simplification Transaction provided immediate value to our shareholders and will allow the Company to maximize capital allocation strategies in the future. Our simplified structure also allows financial flexibility for growth opportunities and eliminates the qualifying income limitations of a master limited partnership on growth.
- **Pursued balanced capital allocation.** Simplifying SunCoke’s structure has enabled us to utilize our solid cash flow to execute a balanced capital allocation strategy in 2019. We returned meaningful capital to shareholders through the repurchase of 6.3 million shares during 2019 for \$36.3 million and the declaration and payment of a dividend of \$0.06 per share during the fourth quarter of 2019. Additionally, we extinguished approximately \$58 million of debt in 2019 and remained focused on further strengthening our balance sheet and leverage ratio

consistent with our long-term debt to Adjusted EBITDA target of 3.0 times. We believe these activities demonstrated SunCoke's financial flexibility to maximize long-term shareholder value.

- **Delivered operational excellence and optimized our asset base.** We continued to improve operational performance across our cokemaking operations. Our strong 2019 Domestic Coke results reflected the improved operating performance of the fully rebuilt ovens at our Indiana Harbor facility as well as the benefit of lower outage work at our Granite City cokemaking facility. Despite lower volumes resulting from the challenges faced by our Logistics customers, our terminals continued to operate efficiently and safely throughout 2019.

Our Focus and Outlook for 2020

During 2020, our primary focus will be to:

- **Achieve financial objectives.** We expect to deliver Adjusted EBITDA of between \$235 million and \$245 million and operating cash flow of between \$170 million and \$185 million. With the final phase of the oven rebuild campaign complete, we anticipate Indiana Harbor will produce at near nameplate coke capacity and generate run-rate Adjusted EBITDA of approximately \$50 million in 2020. Our anticipated improvement in Domestic Coke Adjusted EBITDA is expected to be more than offset by the impact of lower volumes in our Logistics business, driven by the expectation of lower renegotiated volumes and rates with Foresight Energy LLC ("Foresight").
- **Deliver operations excellence and optimize asset base.** We continue to expect strong operational and safety performance while optimizing asset utilization, as well as successfully executing on our 2020 capital plan. We plan to spend between \$70 million and \$80 million on capital expenditures in 2020, which is our expectation for normal on-going capital expenditure levels.
- **Acquire new customers and develop business at CMT.** We are focused on revitalizing CMT with new product and customer mix. CMT is an attractive terminal for various types of customers since it is one of the largest export terminals on the U.S. Gulf Coast and provides strategic access to seaborne markets. Repositioning CMT from primarily a coal export terminal to a broad-based and diversified terminal will be critical for the continued success of our logistics business.
- **Position coke business for long-term success.** The contracts at our Jewell and Haverhill Phase I cokemaking facilities both expire in December 2020. The successful negotiation of these contracts with favorable terms to SunCoke will be a key initiative for our organization in 2020.
- **Pursue balanced capital allocation.** In 2019, we made significant progress on our capital allocation initiatives by reducing our debt, investing in our assets and returning meaningful capital to our shareholders. We expect to continue to execute against these capital allocation priorities of reducing debt in 2020.

Items Impacting Comparability

- **Simplification Transaction.** The Partnership owns our Haverhill, Middletown, and Granite City cokemaking facilities and Convent Marine Terminal ("CMT"), Kanawha River Terminal ("KRT") and SunCoke Lake Terminal ("Lake Terminal"). Prior to June 28, 2019, SunCoke owned a 60.4 percent limited partner interest in the Partnership, a then publicly traded master limited partnership, as well as our 2.0 percent general partner interest. The remaining 37.6 percent limited partner interest in the Partnership was held by public unitholders. On June 28, 2019, the Company acquired all 17,727,249 outstanding common units of the Partnership not already owned by SunCoke in exchange for 24,818,149 newly issued SunCoke common shares in the Simplification Transaction. Additionally, the final pro-rated quarterly Partnership distribution was settled with 635,502 newly issued SunCoke common shares. Following the completion of the Simplification Transaction, the Partnership became a wholly-owned subsidiary of SunCoke. As of January 1, 2020, the Partnership merged with and into SunCoke Energy Partners Finance Corp., which is also a wholly-owned subsidiary of the Company.

The Simplification Transaction was accounted for as a non-cash equity transaction, and no gain or loss was recognized in our Consolidated Statements of Operations for this transaction. The Company incurred transaction costs totaling \$11.0 million, of which \$5.4 million were incurred by SunCoke and were capitalized as a reduction to additional paid-in capital on the Consolidated Balance Sheets. The remaining transaction costs were incurred by the Partnership resulting in \$4.9 million and \$0.4 million of expense included in selling, general and administrative expenses on the Consolidated Statements of Operations for the years ended December 31, 2019, and 2018, respectively. Subsequent to the closing of the Simplification Transaction, SunCoke incurred \$0.3 million of legal and consulting costs, which were included in selling, general and

administrative expenses on the Consolidated Statements of Operations. All transaction costs were excluded from Adjusted EBITDA.

With the closing of the Simplification Transaction, the income previously attributable to noncontrolling interest in the Partnership became 100 percent attributable to SunCoke and, therefore, will now be taxable to the Company.

- **Adverse Logistics Customer Developments.** A significant portion of our logistics business has historically been from long-term, take-or-pay contracts with Murray and Foresight, which have been adversely impacted by declining coal export prices and domestic demand.

On October 29, 2019, Murray filed for Chapter 11 bankruptcy and also filed a motion to reject its contract with CMT. The bankruptcy court issued an order authorizing Murray's motion to reject the contract on December 3, 2019, which was effective as of the bankruptcy petition date. While the Company intends to pursue all remedies in bankruptcy court, we do not anticipate any future coal export volumes from Murray. No take-or-pay revenues related to Murray volume shortfalls were recorded in 2019.

During 2019, Foresight engaged outside counsel and financial advisors to assess restructuring options. On October 1, 2019, Foresight elected to exercise its 30 day grace period on its third quarter interest payment to its lenders. The grace period was subsequently extended to February 28, 2020. We expect to renegotiate Foresight's contract and anticipate this will result in lower volumes and lower rates in 2020.

As a result of these developments, the Company recorded non-cash, pre-tax impairment charges to the Logistics segment on the Consolidated Statements of Operations of \$247.4 million, of which \$73.5 million represented a full write-down of the Logistics goodwill balance, as well as a \$113.3 million impairment of CMT's long-lived intangible assets and a \$60.6 million impairment of CMT's properties, plants and equipment. See Note 8 to our consolidated financial statements. These non-cash impairment charges resulted in a \$69.1 million income tax benefit in 2019.

- **Tax Legislation.** On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Legislation") was enacted. The Tax Legislation significantly revised the U.S. corporate income tax structure, including lowering corporate income tax rates. As a result, in 2017, SunCoke recorded net income tax benefits of \$154.7 million, of which \$125.0 million was attributable to the Company, resulting from the remeasurement of U.S. deferred income tax liabilities and assets at the lower enacted corporate tax rates. During 2018, based on an updated analysis of the foreign tax credit rules relating to the new Tax Legislation, the Company revised its estimate of the realizability of its foreign tax credits, resulting in a \$4.8 million benefit on the consolidated Statements of Operations. See Note 5 to our consolidated financial statements.
- **Divestiture of India Equity Method Investment.** On June 27, 2018, the Company sold its 49 percent investment in VISA SunCoke Limited ("VISA SunCoke") for cash consideration of \$4.0 million. Consequently, the Company recognized \$9.0 million of accumulated currency translation losses and incurred \$0.4 million of transaction costs, resulting in a net \$5.4 million loss from equity method investment in 2018 on the Consolidated Statements of Operations. Our investment in VISA SunCoke was previously accounted for as an equity method investment and was fully impaired in 2015.

Consolidated Results of Operations

The following section includes year-over-year analysis of consolidated results of operations for the year ended December 31, 2019 as compared to the year ended December 31, 2018. See "Analysis of Segment Results" later in this section for further details of these results. Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2018 Annual Report on Form 10-K for the year-over-year analysis of consolidated results of operations for the year ended December 31, 2018 as compared to the year ended December 31, 2017.

	Years Ended December 31,		Increase (Decrease)
	2019	2018	
(Dollars in millions)			
Revenues			
Sales and other operating revenue	\$ 1,600.3	\$ 1,450.9	\$ 149.4
Costs and operating expenses			
Cost of products sold and operating expenses	1,277.6	1,124.5	153.1
Selling, general and administrative expenses	75.8	66.1	9.7
Depreciation and amortization expense	143.8	141.6	2.2
Long-lived asset and goodwill impairment ⁽¹⁾	247.4	—	247.4
Total costs and operating expenses	1,744.6	1,332.2	412.4
Operating (loss) income	(144.3)	118.7	(263.0)
Interest expense, net	60.3	61.4	(1.1)
(Gain) loss on extinguishment of debt, net	(1.5)	0.3	(1.8)
(Loss) income before income tax (benefit) expense and loss from equity method investment	(203.1)	57.0	(260.1)
Income tax (benefit) expense	(54.7)	4.6	(59.3)
Loss from equity method investment ⁽¹⁾	—	5.4	(5.4)
Net (loss) income	(148.4)	47.0	(195.4)
Less: Net income attributable to noncontrolling interests	3.9	20.8	(16.9)
Net (loss) income attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ 26.2	\$ (178.5)

(1) See year-over-year changes described in "Items Impacting Comparability."

Sales and Other Operating Revenue and Costs of Products Sold and Operating Expenses. Sales and other operating revenue and costs of products sold and operating expenses increased in 2019 as compared to 2018, primarily due to the pass-through of higher coal prices and higher sales volumes in our Domestic Coke segment. These benefits were slightly offset by lower sales volumes in our Logistics segment, resulting in lower revenue and lower margins. Costs of products sold and operating expenses further increased in 2019 due to costs associated with high water levels in our logistics business.

Selling, General and Administrative Expenses. The increase in selling, general and administrative expense in 2019 as compared to 2018 was driven by \$5.5 million of higher costs associated with our legacy black lung liabilities as well as costs associated with the Simplification Transaction of \$5.2 million. These increases in expense were partially offset by lower legal costs.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense during 2019 was driven by depreciation expense on the completed oven rebuilds at Indiana Harbor and gas sharing project at Granite City, which was partially offset by \$2.8 million of lower depreciation and amortization expense as a result of the impairment to our Logistics assets.

Interest Expense, net. Weighted average debt balances during 2019 and 2018 were \$845.0 million and \$883.8 million, respectively. Related interest expense during 2019 and 2018 was \$60.5 million and \$62.6 million, respectively, or weighted average interest rates of 7.16 percent and 7.09 percent, respectively. Interest expense in 2019 reflects the impact of lower debt balances as the Company extinguished approximately \$58 million of debt during 2019.

Income Taxes. The income tax benefit recorded was \$54.7 million in 2019, while 2018 had an income tax expense of \$4.6 million. The periods presented are not comparable as 2019 included non-cash, pre-tax impairment charges recorded to our Logistics assets, which resulted in a \$69.1 million income tax benefit. The Company's effective tax rate was 26.9 percent and 8.0 percent during 2019 and 2018, respectively. The change in our effective tax rate reflects the impact of the Simplification Transaction as well as the absence of a \$4.8 million favorable valuation allowance adjustment recorded in 2018. See "Items Impacting Comparability" for additional discussion.

Noncontrolling Interest. Income attributable to noncontrolling interest represents the common public unitholders' interest in the Partnership prior to the closing of the Simplification Transaction as well as a third-party interest in our Indiana Harbor cokemaking facility. The following table provides details into net income (loss) attributable to noncontrolling interest.

	Years Ended December 31,	
	2019	2018
Net income attributable to the Partnership's common public unitholders ⁽¹⁾	\$ 2.6	\$ 21.6
Net income (loss) attributable to third-party interest in our Indiana Harbor cokemaking facility ⁽²⁾	1.3	(0.8)
Net income attributable to noncontrolling interest	\$ 3.9	\$ 20.8

(1) The decrease during 2019 as compared to 2018 is due to the Simplification Transaction, which closed on June 28, 2019, whereby all publicly held units were acquired by SunCoke.

(2) The increase during 2019 as compared to 2018 is due to improved profitability at Indiana Harbor driven by higher volumes and improved performance from the rebuilt ovens.

Results of Reportable Business Segments

We report our business results through three segments:

- Domestic Coke consists of our Jewell facility, located in Vansant, Virginia, our Indiana Harbor facility, located in East Chicago, Indiana, our Haverhill facility, located in Franklin Furnace, Ohio, our Granite City facility located in Granite City, Illinois, and our Middletown facility located in Middletown, Ohio.
- Brazil Coke consists of operations in Vitória, Brazil, where we operate the ArcelorMittal Brazil cokemaking facility.
- Logistics consists of Convent Marine Terminal ("CMT"), located in Convent, Louisiana, Kanawha River Terminal ("KRT"), located in Ceredo and Belle, West Virginia, SunCoke Lake Terminal ("Lake Terminal"), located in East Chicago, Indiana, and Dismal River Terminal ("DRT"), located in Vansant, Virginia. Lake Terminal and DRT are located adjacent to our Indiana Harbor and Jewell cokemaking facilities, respectively.

The operations of each of our segments are described in Part I of this document.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other, including activity from our legacy coal mining business.

Management believes Adjusted EBITDA is an important measure of operating performance and uses it as the primary basis for the chief operating decision maker to evaluate the performance of each of our reportable segments. Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with GAAP. See Note 20 to our consolidated financial statements.

Segment Operating Data

The following table sets forth financial and operating data by segment for the years ended December 31, 2019 and 2018:

	Years Ended December 31,		
	2019	2018	Increase (Decrease)
(Dollars in millions, except per ton amounts)			
Sales and other operating revenue:			
Domestic Coke	\$ 1,489.1	\$ 1,308.3	\$ 180.8
Brazil Coke	38.4	40.4	(2.0)
Logistics	72.8	102.2	(29.4)
Logistics intersegment sales	26.3	24.5	1.8
Elimination of intersegment sales	(26.3)	(24.5)	(1.8)
Total sales and other operating revenue	\$ 1,600.3	\$ 1,450.9	\$ 149.4
Adjusted EBITDA⁽¹⁾:			
Domestic Coke	\$ 226.7	\$ 207.9	\$ 18.8
Brazil Coke	16.0	18.4	(2.4)
Logistics	42.6	72.6	(30.0)
Corporate and Other, including legacy costs, net ⁽²⁾	(37.4)	(35.7)	(1.7)
Adjusted EBITDA	\$ 247.9	\$ 263.2	\$ (15.3)
Coke Operating Data:			
Domestic Coke capacity utilization (%)	98	95	3
Domestic Coke production volumes (thousands of tons)	4,168	4,016	152
Domestic Coke sales volumes (thousands of tons)	4,171	4,033	138
Domestic Coke Adjusted EBITDA per ton ⁽³⁾	\$ 54.35	\$ 51.55	2.80
Brazilian Coke production—operated facility (thousands of tons)	1,641	1,768	(127)
Logistics Operating Data:			
Tons handled (thousands of tons) ⁽⁴⁾	21,053	26,605	(5,552)

(1) See Note 20 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliation from GAAP to the non-GAAP measurement for the years ended December 31, 2019, 2018 and 2017.

(2) Corporate and Other includes the activity from our legacy coal mining business, which incurred Adjusted EBITDA losses of \$11.2 million and \$9.8 million for the years ended December 31, 2019 and 2018, respectively.

(3) Reflects Domestic Coke Adjusted EBITDA divided by Domestic Coke sales volumes.

(4) Reflects inbound tons handled during the period.

Analysis of Segment Results

Domestic Coke

The following table explains year-over-year changes in our Domestic Coke segment's sales and other operating revenues and Adjusted EBITDA results:

	Sales and other operating revenue		Adjusted EBITDA	
	2019 vs. 2018		2019 vs. 2018	
(Dollars in millions)				
Beginning	\$	1,308.3	\$	207.9
Volumes ⁽¹⁾		33.9		6.5
Coal cost recovery and yields ⁽²⁾		149.3		1.3
Operating and maintenance costs ⁽³⁾		1.4		10.6
Energy and other		(3.8)		0.4
Ending	\$	1,489.1	\$	226.7

(1) Sales volumes increased 138 thousand tons in 2019, primarily due to improved operating performance at Indiana Harbor.

(2) The increase in revenues reflects the pass through of higher coal prices.

(3) Adjusted EBITDA benefited in the current year period from the absence of certain outage work, which adversely impacted Adjusted EBITDA in 2018.

Logistics

The following table explains year-over-year changes in our Logistics segment's sales and other operating revenues and Adjusted EBITDA results:

	Sales and other operating revenue, inclusive of intersegment sales		Adjusted EBITDA	
	2019 vs. 2018		2019 vs. 2018	
(Dollars in millions)				
Beginning	\$	126.7	\$	72.6
Transloading volumes ⁽¹⁾		(28.1)		(26.5)
Price/margin impact of mix in transloading services		3.2		3.2
Other ⁽²⁾		(2.7)		(6.7)
Ending	\$	99.1	\$	42.6

(1) Lower volumes were due to the decline in thermal coal export pricing, which adversely impacted certain logistics customers and contributed to the bankruptcy of Murray and the rejection of its take-or-pay contract with us. Consequently, no take-or-pay revenues related to Murray volume shortfalls were recorded in 2019. See "Items Impacting Comparability" for additional details.

(2) Adjusted EBITDA was negatively affected by increased mooring costs resulting from high water levels throughout 2019.

Brazil Coke

Sales and other operating revenue decreased \$2.0 million, or 5.0 percent, to \$38.4 million in 2019 compared to \$40.4 million in 2018, due to lower volumes at our customer's request, which also resulted in lower production bonuses.

Adjusted EBITDA decreased \$2.4 million, or 13.0 percent, to \$16.0 million in 2019 compared to \$18.4 million in 2018, due to lower volumes and lower production bonuses discussed above.

Corporate and Other

Corporate and Other expenses, which include costs related to our legacy coal mining business, increased \$1.7 million, or 4.8 percent, to \$37.4 million in 2019 as compared to \$35.7 million in 2018. This increase was driven by \$5.5 million of higher costs associated with our legacy black lung liabilities further discussed in "Critical Accounting Policies," mostly offset by lower legal costs.

Liquidity and Capital Resources

Our primary liquidity needs are to fund working capital, fund investments, service our debt, maintain cash reserves and replace partially or fully depreciated assets and other capital expenditures. Our sources of liquidity include cash generated from operations, borrowings under our revolving credit facility and, from time to time, debt and equity offerings. We believe our current resources are sufficient to meet our working capital requirements for our current business for the foreseeable future. As of December 31, 2019, we had \$97.1 million of cash and cash equivalents and \$244.5 million of borrowing availability under our Revolving Facility.

Cash Flow Summary

The following table sets forth a summary of the net cash provided by (used in) operating, investing and financing activities for the years ended December 31, 2019 and 2018:

	Years Ended December 31,	
	2019	2018
	(Dollars in millions)	
Net cash provided by operating activities	\$ 181.9	\$ 185.8
Net cash used in investing activities	(109.8)	(95.8)
Net cash used in financing activities	(120.7)	(64.5)
Net (decrease) increase in cash and cash equivalents	\$ (48.6)	\$ 25.5

Cash Provided by Operating Activities

Net cash provided by operating activities decreased \$3.9 million to \$181.9 million in 2019 as compared to 2018. The absence of take-or-pay revenues from Murray was mostly offset by the improved operating performance of our domestic cokemaking operations as well as a favorable year-over-year change of approximately \$10 million in primary working capital, which is comprised of accounts receivable, inventories and accounts payable, primarily driven by the timing of coal purchases in the fourth quarter of 2019.

Cash Used in Investing Activities

Net cash used in investing activities increased \$14.0 million to \$109.8 million in 2019 as compared to 2018. The current year period included higher capital spending of \$9.8 million as compared to the prior year, which is primarily the result of capital spending for certain upgrades in order to improve the long-term reliability and operational performance of our assets. The change also reflects the absence of \$4.0 million of cash received for the sale of the India equity method investment in the prior year period.

Cash Used in Financing Activities

Net cash used in financing activities was \$120.7 million in 2019. In 2019, the Company reduced total debt by \$58.5 million for total cash payments of \$55.1 million and also paid \$2.1 million of related debt issuance costs. Additionally, the Company repurchased shares for total cash payments of \$36.3 million under the repurchase program discussed in Item 5 of Part II to our consolidated financial statements and paid dividends to stockholders of \$5.1 million. The Partnership made distribution payments to public unitholders of \$14.2 million prior to the Simplification Transaction, and the Company made payments of \$5.1 million in connection with the Simplification Transaction.

Net cash used in financing activities was \$64.5 million in 2018, and was primarily related to the Partnership's distribution payments to public unitholders of \$31.9 million, repayments on the Partnership's Revolver of \$25.0 million, the Company's purchase of outstanding Partnership common units for \$4.2 million and repayments on the Financing Obligation of \$2.6 million.

Dividends

On November 5, 2019, SunCoke's Board of Directors declared a cash dividend of \$0.06 per share of the Company's common stock. This dividend was paid on December 2, 2019, to stockholders of record on November 19, 2019.

Additionally, on January 29, 2020, SunCoke's Board of Directors declared a cash dividend of \$0.06 per share of the Company's common stock. This dividend will be paid on March 2, 2020, to stockholders of record on February 18, 2020.

Share Repurchase Programs

During 2019, the Company repurchased \$36.1 million of our common stock, or 6.3 million shares, in the open market for an average price of \$5.72.

Since December 31, 2019, the Company has repurchased an additional \$3.3 million of our common stock, or 0.5 million shares, in the open market for an average share price of \$6.25, resulting in the completion of this stock repurchase program.

On October 28, 2019, the Company's Board of Directors authorized a new program to repurchase outstanding shares of the Company's common stock, \$0.01 par value, from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, or by other means in accordance with federal securities laws, for a total aggregate cost to the Company not to exceed \$100.0 million.

Covenants

As of December 31, 2019, we were in compliance with all applicable debt covenants. We do not anticipate a violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing. See Note 12 to the consolidated financial statements for details on debt covenants.

Credit Rating

In March 2019, S&P Global Ratings reaffirmed our corporate credit rating of BB- (stable). Additionally, in May 2019, Moody's Investors Service reaffirmed our corporate family rating of B1 (stable).

Capital Requirements and Expenditures

Our operations are capital intensive, requiring significant investment to upgrade or enhance existing operations and to meet environmental and operational regulations. The level of future capital expenditures will depend on various factors, including market conditions and customer requirements, and may differ from current or anticipated levels. Material changes in capital expenditure levels may impact financial results, including but not limited to the amount of depreciation, interest expense and repair and maintenance expense.

Our capital requirements have consisted, and are expected to consist, primarily of:

- Ongoing capital expenditures required to maintain equipment reliability, the integrity and safety of our coke ovens and steam generators and to comply with environmental regulations. Ongoing capital expenditures are made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and/or to extend their useful lives and also include new equipment that improves the efficiency, reliability or effectiveness of existing assets. Ongoing capital expenditures do not include normal repairs and maintenance expenses, which are expensed as incurred;
- Environmental remediation project expenditures required to implement design changes to ensure that our existing facilities operate in accordance with existing environmental permits; and
- Expansion capital expenditures to acquire and/or construct complementary assets to grow our business and to expand existing facilities as well as capital expenditures made to enable the renewal of a coke sales agreement and/or logistics service agreement and on which we expect to earn a reasonable return.

The following table summarizes ongoing, environmental remediation project and expansion capital expenditures:

	Years Ended December 31,	
	2019	2018
	(Dollars in millions)	
Ongoing capital ⁽¹⁾	\$ 94.2	\$ 69.7
Environmental remediation project ⁽²⁾	15.9	29.8
Expansion capital	—	0.8
Total capital expenditures	\$ 110.1	\$ 100.3

(1) Includes \$34.8 million and \$33.6 million of capital expenditures in connection with the oven rebuild initiative at our Indiana Harbor facility for the years ended December 31, 2019 and 2018, respectively.

(2) Includes \$2.3 million and \$3.2 million of interest capitalized in connection with the Granite City gas sharing project for the years ended December 31, 2019 and 2018, respectively. The gas sharing projects were completed in June 2019, and we do not anticipate any further capital expenditures.

In 2020, we expect our capital expenditures to be between \$70 million and \$80 million.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2019:

	Payment Due Dates				
	Total	2020	2021-2022	2023-2024	Thereafter
(Dollars in millions)					
Total borrowings:⁽¹⁾					
Principal	\$ 800.5	\$ 2.9	\$ 4.3	\$ 143.3	\$ 650.0
Interest	291.6	54.6	108.5	106.2	22.3
Operating leases ⁽²⁾	14.1	2.3	3.9	2.6	5.3
Purchase obligations:					
Coal ⁽³⁾	671.3	671.3	—	—	—
Transportation and coal handling ⁽⁴⁾	75.5	27.5	17.8	13.6	16.6
Other ⁽⁵⁾	7.5	2.4	3.3	1.8	—
Total	\$ 1,860.5	\$ 761.0	\$ 137.8	\$ 267.5	\$ 694.2

- (1) At December 31, 2019, debt consists of \$650.0 million of 2025 Senior Notes, \$7.2 million of Financing Obligation and \$143.3 million of Revolving Facility. Projected interest costs on variable rate instruments were calculated using market rates at December 31, 2019.
- (2) Our operating leases include land, office space, equipment, railcars and locomotives. See Note 14 to our consolidated financial statements.
- (3) Certain coal procurement contracts included in the table above were not executed at December 31, 2019. These contracts were approximately \$30 million of purchase obligations and were finalized in the first quarter of 2020.
- (4) Transportation and coal handling services consist primarily of railroad and terminal services attributable to delivery and handling of coal purchases and coke sales. Long-term commitments generally relate to locations for which limited transportation options exist and match the length of the related coke sales agreement.
- (5) Primarily represents open purchase orders for materials, supplies and services.

A purchase obligation is an enforceable and legally binding agreement to purchase goods or services that specifies significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our principal purchase obligations in the ordinary course of business consist of coal and transportation and distribution services, including railroad services. We also have contractual obligations supporting financing arrangements of third-parties, contracts to acquire or construct properties, plants and equipment, and other contractual obligations, primarily related to services and materials. Most of our coal purchase obligations are based on fixed prices. These purchase obligations generally include fixed or minimum volume requirements. Transportation and distribution obligations also typically include required minimum volume commitments. The purchase obligation amounts in the table above are based on the minimum quantities or services to be purchased at estimated prices to be paid based on current market conditions. Accordingly, the actual amounts may vary significantly from the estimates included in the table.

Off-Balance Sheet Arrangements

We have letters of credit disclosed in Note 12 to the consolidated financial statements as well as short-term leases discussed in Note 14 to the consolidated financial statements. Additionally, we had outstanding surety bonds with third parties of approximately \$23 million as of December 31, 2019 to secure reclamation and other performance commitments. Other than these arrangements, the Company has not entered into any transactions, agreements or other contractual arrangements that would result in material off-balance sheet liabilities.

Impact of Inflation

Although the impact of inflation has been relatively low in recent years, it is still a factor in the U.S. economy and may increase the cost to acquire or replace properties, plants, and equipment and may increase the costs of labor and supplies. To the extent permitted by competition, regulations and existing agreements, we have generally passed along increased costs due to inflation to our customers in the form of higher fees and we expect to continue this practice.

Critical Accounting Policies

A summary of our significant accounting policies is included in Note 2 to the consolidated financial statements. Our management believes that the application of these policies on a consistent basis enables us to provide the users of our financial statements with useful and reliable information about our operating results and financial condition. The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. Significant items that are subject to such estimates and assumptions consist of: (1) accounting for impairments of goodwill and long-lived assets and (2) black lung benefit obligations. Although our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results may differ to some extent from the estimates on which our consolidated financial statements have been prepared at any point in time. Despite these inherent limitations, our management believes the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and consolidated financial statements and footnotes provide a meaningful and fair perspective of our financial condition.

Accounting for Impairments

Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is tested for impairment as of October 1 of each year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit to below its carrying value. Goodwill allocated to our Logistics segment was zero and \$73.5 million at December 31, 2019 and December 31, 2018, respectively.

A significant portion of our logistics business has historically held long-term, take-or-pay contracts with Murray and Foresight, which have been adversely impacted by declining coal export prices and domestic demand. On October 29, 2019, Murray filed for Chapter 11 bankruptcy and also filed a motion to reject its contract with CMT, which was subsequently authorized by the bankruptcy court. In addition, during the third quarter Foresight engaged outside counsel and financial advisors to assess restructuring options and has elected to exercise its grace period on its third quarter interest payment to its lenders, which was subsequently extended to February 28, 2020.

The Company concluded the impact of the events discussed above could more likely than not reduce the fair value of the Logistics reporting unit below its carrying value, requiring SunCoke to perform its annual goodwill test as of September 30, 2019. The fair value of the Logistics reporting unit, which was determined based on a discounted cash flow analysis, did not exceed the carrying value of the reporting unit. Key assumptions in our goodwill impairment test included reduced forecasted volumes and reduced rates from Foresight, no further business from Murray, incremental merchant business and a discount rate of 12 percent, representing the estimated weighted average cost of capital for this business line. As a result, the Company recorded a \$73.5 million non-cash, pre-tax impairment charge to the Logistics segment on the Consolidated Statements of Operations during 2019, which represents a full impairment of the Logistics goodwill balance.

Long-lived Assets

Long-lived assets are comprised of properties, plants and equipment as well as our long-lived intangible assets, comprised of customer contracts, customer relationships, and permits.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. A long-lived asset, or group of assets, is considered to be impaired when the undiscounted net cash flows expected to be generated by the asset are less than its carrying amount. Such estimated future cash flows are highly subjective and are based on numerous assumptions about future operations and market conditions. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset, or group of assets. It is also difficult to precisely estimate fair market value because quoted market prices for our long-lived assets may not be readily available. Therefore, fair market value is generally based on the present values of estimated future cash flows using discount rates commensurate with the risks associated with the assets being reviewed for impairment.

As a result of our logistics customers' events discussed above, CMT's long-lived assets, including customer contracts, customer relationships, permits and properties, plant and equipment, were also assessed for impairment as of September 30, 2019. The Company re-evaluated its projections for throughput volumes, pricing and customer performance against the existing long-term take-or-pay contracts. The resulting undiscounted cash flows were lower than the carrying value of the asset group. Therefore, the Company assessed the fair value of the asset group to measure the amount of impairment. The fair value of the CMT long-lived assets was determined to be \$112.1 million based on discounted cash flows, asset replacement cost and adjustments for capacity utilization, which are considered Level 3 inputs in the fair value hierarchy as defined in Note 18 to our consolidated financial statements. Key assumptions in our discounted cash flows included reduced forecasted volumes and reduced rates from Foresight, no further business from Murray, incremental merchant business and a discount rate of 11 percent, representing the estimated weighted average cost of capital for this asset group. As a result, during 2019, the Company recorded a total non-cash, pre-tax long-lived asset impairment charge of \$173.9 million included in long-lived asset and goodwill impairment on the Consolidated Statements of Operations, all of which was attributable to the Logistics segment. The charge included an impairment of CMT's long-lived intangible assets and property, plants and equipment of \$113.3 million and \$60.6 million, respectively.

Black Lung Benefit Liabilities

The Company has obligations related to coal workers' pneumoconiosis, or black lung, benefits to certain of our former coal miners and their dependents. Such benefits are provided for under Title IV of the Federal Coal Mine and Safety Act of 1969 and subsequent amendments, as well as for black lung benefits provided in the states of Virginia, Kentucky and West Virginia pursuant to workers' compensation legislation. The Patient Protection and Affordable Care Act ("PPACA"), which was implemented in 2010, amended previous legislation related to coal workers' black lung obligations. PPACA provides for the automatic extension of awarded lifetime benefits to surviving spouses and changes the legal criteria used to assess and award claims. We act as a self-insurer for both state and federal black lung benefits and adjust our liability each year based upon actuarial calculations of our expected future payments for these benefits.

Our independent actuarial consultants calculate the present value of the estimated black lung liability annually based on actuarial models utilizing our population of former coal miners, historical payout patterns of both the Company and the industry, actuarial mortality rates, disability incidence, medical costs, death benefits, dependents, discount rates and the current federally mandated payout rates. The estimated liability may be impacted by future changes in the statutory mechanisms, modifications by court decisions and changes in filing patterns driven by perceptions of success by claimants and their advisors, the impact of which cannot be estimated.

The following table summarizes discount rates utilized, active claims and the total black lung liabilities:

	December 31,	
	2019	2018
Discount rate ⁽¹⁾	2.9%	4.0%
Active claims	324	345
Total black lung liability (dollars in millions) ⁽²⁾	\$ 55.1	\$ 49.4

(1) The discount rate is determined based on a portfolio of high-quality corporate bonds with maturities that are consistent with the estimated duration of our black lung obligations. A decrease of 25 basis points in the discount rate would have increased black lung expense by \$1.3 million in 2019.

(2) The current portion of the black lung liability was \$4.6 million and \$4.5 million at December 31, 2019 and 2018, respectively, and was included in accrued liabilities on the Consolidated Balance Sheets.

The following table summarizes annual black lung payments and expense:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Payments	\$ 5.2	\$ 6.3	\$ 7.4
Expense ⁽¹⁾	\$ 10.9	\$ 5.4	\$ 7.5

(1) Expense during 2019 reflects the impact of lower discount rates and an increase in expected future claims as a result of higher refile and approval rate assumptions.

Recent Accounting Standards

See Note 2 to our consolidated financial statements.

Non-GAAP Financial Measures

In addition to the GAAP results provided in the Annual Report on Form 10-K, we have provided a non-GAAP financial measure, Adjusted EBITDA. Our management, as well as certain investors, uses this non-GAAP measure to analyze our current and expected future financial performance. This measure is not in accordance with, or a substitute for, GAAP and may be different from, or inconsistent with, non-GAAP financial measures used by other companies. See Note 20 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliation from GAAP to the non-GAAP measurement for 2019, 2018 and 2017.

Below is a reconciliation of 2020 Adjusted EBITDA guidance from its closest GAAP measure:

	2020	
	Low	High
Net income	\$ 33	\$ 43
Add:		

Depreciation and amortization expense	132	128
Interest expense, net	58	58
Income tax expense	12	16
Adjusted EBITDA	\$ 235	\$ 245
Subtract: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	7	7
Adjusted EBITDA attributable to SunCoke Energy, Inc.	\$ 228	\$ 238

(1) Reflects non-controlling interest in Indiana Harbor.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Annual Report on Form 10-K, including, among others, in the sections entitled “Business,” “Risk Factors,” “Quantitative and Qualitative Disclosures About Market Risk” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Such forward-looking statements are based on management’s beliefs and assumptions based on information currently available. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and may be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “will,” “should” or the negative of these terms or similar expressions. In particular, statements in this Annual Report on Form 10-K concerning future dividend declarations are subject to approval by our Board of Directors and will be based upon circumstances then existing.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update any forward-looking statement (or its associated cautionary language), whether as a result of new information or future events, after the date of this Annual Report on Form 10-K, except as required by applicable law.

The risk factors discussed in “Risk Factors” could cause our results to differ materially from those expressed in the forward-looking statements made in this Annual Report on Form 10-K. There also may be other risks that are currently unknown to us or that we are unable to predict at this time. Such risks and uncertainties include, without limitation:

- volatility and cyclical downturns in the steel industry and in other industries in which our customers and/or suppliers operate;
- changes in the marketplace that may affect our cokemaking business, including the supply and demand for our coke products, as well as increased imports of coke from foreign producers;
- volatility, cyclical downturns and other change in the business climate and market for coal, affecting customers or potential customers for our logistics business;
- changes in the marketplace that may affect our logistics business, including the supply and demand for thermal and metallurgical coal;
- severe financial hardship or bankruptcy of one or more of our major customers, or the occurrence of a customer default or other event affecting our ability to collect payments from our customers;
- our ability to repair aging coke ovens to maintain operational performance;
- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking operations, and in the operations of our subsidiaries major customers, business partners and/or suppliers;
- changes in the expected operating levels of our assets;
- changes in the level of capital expenditures or operating expenses, including any changes in the level of environmental capital, operating or remediation expenditures;
- changes in levels of production, production capacity, pricing and/or margins for coal and coke;
- changes in product specifications for the coke that we produce or the coals we mix, store and transport;
- our ability to meet minimum volume requirements, coal-to-coke yield standards and coke quality standards in our coke sales agreements;
- variation in availability, quality and supply of metallurgical coal used in the cokemaking process, including as a result of non-performance by our suppliers;
- effects of geologic conditions, weather, natural disasters and other inherent risks beyond our control;
- effects of adverse events relating to the operation of our facilities and to the transportation and storage of hazardous materials or regulated media (including equipment malfunction, explosions, fires, spills, impoundment failure and the effects of severe weather conditions);

- the existence of hazardous substances or other environmental contamination on property owned or used by us;
- required permits and other regulatory approvals and compliance with contractual obligations and/or bonding requirements in connection with our cokemaking, logistics operations, and/or former coal mining activities;
- the availability of future permits authorizing the disposition of certain mining waste and the management of reclamation areas;
- risks related to environmental compliance;
- our ability to comply with applicable federal, state or local laws and regulations, including, but not limited to, those relating to environmental matters;
- risks related to labor relations and workplace safety;
- availability of skilled employees for our cokemaking, and/or logistics operations, and other workplace factors;
- our ability to service our outstanding indebtedness;
- our indebtedness and certain covenants in our debt documents;
- our ability to comply with the covenants and restrictions imposed by our financing arrangements;
- changes in the availability and cost of equity and debt financing;
- impacts on our liquidity and ability to raise capital as a result of changes in the credit ratings assigned to our indebtedness;
- competition from alternative steelmaking and other technologies that have the potential to reduce or eliminate the use of coke;
- our dependence on, relationships with, and other conditions affecting our customers;
- our dependence on, relationships with, and other conditions affecting our suppliers;
- nonperformance or force majeure by, or disputes with, or changes in contract terms with, major customers, suppliers, dealers, distributors or other business partners;
- effects of adverse events relating to the business or commercial operations of our customers and/or suppliers;
- changes in credit terms required by our suppliers;
- our ability to secure new coal supply agreements or to renew existing coal supply agreements;
- effects of railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- our ability to enter into new, or renew existing, long-term agreements upon favorable terms for the sale of coke, steam, or electric power, or for handling services of coal and other aggregates (including transportation, storage and mixing);
- our ability to enter into new, or renew existing, agreements upon favorable terms for logistics services;
- our ability to successfully implement domestic and/or international growth strategies;
- our ability to identify acquisitions, execute them under favorable terms, and integrate them into our existing business operations;
- our ability to realize expected benefits from investments and acquisitions;
- our ability to enter into joint ventures and other similar arrangements under favorable terms;
- our ability to consummate assets sales, other divestitures and strategic restructuring in a timely manner upon favorable terms, and/or realize the anticipated benefits from such actions;
- our ability to consummate investments under favorable terms, including with respect to existing cokemaking facilities, which may utilize by-product technology, and integrate them into our existing businesses and have them perform at anticipated levels;
- our ability to develop, design, permit, construct, start up, or operate new cokemaking facilities in the U.S. or in foreign countries;

- disruption in our information technology infrastructure and/or loss of our ability to securely store, maintain, or transmit data due to security breach by hackers, employee error or malfeasance, terrorist attack, power loss, telecommunications failure or other events;
- the accuracy of our estimates of reclamation and other environmental obligations;
- risks related to obligations under mineral leases retained by us in connection with the divestment of our legacy coal mining business;
- risks related to the ability of the assignee(s) to perform in compliance with applicable requirements under mineral leases assigned in connection with the divestment of our legacy coal mining business;
- proposed or final changes in existing, or new, statutes, regulations, rules, governmental policies and taxes, or their interpretations, including those relating to environmental matters and taxes;
- proposed or final changes in accounting and/or tax methodologies, laws, regulations, rules, or policies, or their interpretations, including those affecting inventories, leases, post-employment benefits, income, or other matters;
- changes in federal, state, or local tax laws or regulations, including the interpretations thereof;
- claims of noncompliance with any statutory or regulatory requirements;
- changes in insurance markets impacting cost, level and/or types of coverage available, and the financial ability of our insurers to meet their obligations;
- inadequate protection of our intellectual property rights;
- volatility in foreign currency exchange rates affecting the markets and geographic regions in which we conduct business; and
- historical consolidated financial data may not be reliable indicators of future results.

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause actual results to differ materially from those expressed in any forward-looking statement made by us. Other factors not discussed herein also could have material adverse effects on us. All forward-looking statements included in this Annual Report on Form 10-K are expressly qualified in their entirety by the foregoing cautionary statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary areas of market risk include changes in: (1) the price of coal, which is the key raw material for our cokemaking business; (2) interest rates; and (3) foreign currency exchange rates. We do not enter into any market risk sensitive instruments for trading purposes.

Price of coal

We did not use derivatives to hedge any of our coal purchases or sales. Although we have not previously done so, we may enter into derivative financial instruments from time to time in the future to economically manage our exposure related to these market risks.

For our Domestic Coke segment, the largest component of the price of our coke is coal cost. However, under the coke sales agreements at all of our Domestic Coke cokemaking facilities, coal costs are a pass-through component of the coke price, provided that we are able to realize certain targeted coal-to-coke yields. As such, when targeted coal-to-coke yields are achieved, the price of coal is not a significant determining factor in the profitability of these facilities. The coal component of the Jewell coke price is based on the weighted-average contract price of third-party coal purchases at our Haverhill facility applicable to AM USA coke sales. Therefore, we are subject to market risk to the extent the cost to procure coal at Jewell differs from the amount allowable to be passed through to our customer based on Haverhill's coal price.

The provisions of our coke sales agreements require us to meet minimum production levels and generally require us to secure replacement coke supplies at the prevailing market price if we do not meet contractual minimum volumes. Because market prices for coke are generally highly correlated to market prices for metallurgical coal, to the extent any of our facilities are unable to produce their contractual minimum volumes, we are subject to market risk related to the procurement of replacement supplies.

Interest rates

We are exposed to changes in interest rates as a result of borrowing activities with variable interest rates and interest earned on our cash balances. During the years ended December 31, 2019 and 2018, the daily average outstanding balance on borrowings with variable interest rates was \$152.1 million and \$172.5 million, respectively. Assuming a 50 basis point change in LIBOR, interest expense would have been impacted by \$0.8 million and \$0.9 million in 2019 and 2018, respectively. At December 31, 2019, we had outstanding borrowings with variable interest rates of \$143.3 million under the Revolving Facility.

At December 31, 2019 and 2018, we had cash and cash equivalents of \$97.1 million and \$145.7 million, respectively, which accrue interest at various rates. Assuming a 50 basis point change in the rate of interest associated with our cash and cash equivalents, interest income would have been impacted by \$0.6 million and \$0.7 million for the years ended December 31, 2019 and 2018, respectively.

Foreign currency

Because we operate outside the U.S., we are subject to risk resulting from changes in the Brazilian real currency exchange rates. The currency exchange rates are influenced by a variety of economic factors including local inflation, growth, interest rates and governmental actions, as well as other factors. Revenues and expenses of our foreign operations are translated at average exchange rates during the period and balance sheet accounts are translated at period-end exchange rates. Balance sheet translation adjustments are excluded from the results of operations and are recorded in equity as a component of accumulated other comprehensive loss. If the currency exchange rates had changed by 10 percent, we estimate the impact to our net income in both 2019 and 2018 would have been approximately \$0.4 million.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	49
Consolidated Statements of Operations for the Years Ended December 31, 2019, 2018 and 2017	52
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2019, 2018 and 2017	53
Consolidated Balance Sheets at December 31, 2019 and 2018	54
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017	55
Consolidated Statements of Equity for the Years Ended December 31, 2019, 2018 and 2017	56
Notes to Consolidated Financial Statements	59
1. General and Basis of Presentation	59
2. Summary of Significant Accounting Policies	59
3. Acquisitions and Divestitures	62
4. Customer Concentrations	64
5. Income Taxes	65
6. Inventories	68
7. Properties, Plants, and Equipment, Net	68
8. Goodwill and Other Intangible Assets	68
9. Asset Retirement Obligations	70
10. Retirement Benefit Plans	70
11. Accrued Liabilities	73
12. Debt and Financing Obligation	73
13. Commitments and Contingent Liabilities	75
14. Leases	77
15. Accumulated Other Comprehensive Loss	79
16. Share-Based Compensation	79
17. Earnings Per Share	83
18. Fair Value Measurements	84
19. Revenue From Contracts with Customers	85
20. Business Segment Information	87
21. Selected Quarterly Data (unaudited)	90
22. Supplemental Condensed Consolidating Financial Information	91

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

SunCoke Energy, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of SunCoke Energy, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018 the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases effective January 1, 2019 due to the adoption of Accounting Standards Update 2016-02, Leases (Topic 842), and its subsequent amendments.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to

permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the fair value for the Logistics reporting unit

As discussed in Note 8 to the consolidated financial statements, the Company assessed goodwill in the Logistics reporting unit for impairment. As of September 30, 2019, the Company concluded the fair value of its Logistics reporting unit was below its carrying value and recorded a \$73.5 million impairment charge. The Company determined the fair value of the Logistics reporting unit using a discounted cash flow analysis.

We identified assessment of the fair value of the Logistics reporting unit as a critical audit matter. The determination of the fair value required the use of cash flow and discount rate assumptions. Auditor judgment was required to evaluate the Company's estimation of forecasted volumes and rates on existing contracts and incremental business, which included the Company's use of historical data, industry data impacting expected volumes, and average handling prices. In addition, the discounted cash flow analysis included a discount rate assumption for which there was limited observable market information, and the calculated fair value of the Logistics reporting unit was sensitive to possible changes to this assumption.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's goodwill impairment assessment process, including controls related to the development of cash flows of the Logistics reporting unit and the discount rate. We evaluated the Company's cash flow assumptions, by comparing the assumptions to current and historical volume levels and pricing. We performed sensitivity analyses over the assumptions for forecasted volumes and rates and the discount rate to assess their impact on the fair value of the Logistics reporting unit. We compared the Company's historical estimates of volumes and rates to actual results to assess the Company's ability to accurately forecast. In addition, we involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's discount rate by comparing the inputs to the discount rate to publicly available data for comparable entities and assessing the resulting discount rate
- testing the estimate of the Logistics reporting unit fair value using the reporting unit's cash flow assumptions and discount rate, and compared the results to the Company's fair value estimate.

Evaluation of the Company's estimated black lung benefit liability

As discussed in Note 13 to the consolidated financial statements, as of December 31, 2019, the Company's black lung benefit liability was \$55.1 million. The Company, with the assistance of an external expert, estimated the liability using an actuarial model with several assumptions.

We identified the evaluation of the Company's estimated black lung benefit liability as a critical audit matter. There was a high degree of subjectivity and sensitivity in evaluating the actuarial model and certain assumptions in the actuarial model. The actuarial model included internally developed assumptions related to expected claim filing patterns and expected claimant success rates. There was limited market information from which to develop the model and these assumptions, and therefore subjective auditor judgment was required to evaluate the relevance and reliability of internally developed information.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's process to estimate the black lung benefit liability, including controls related to

the development of assumptions related to the expected claim filing patterns and claimant success rates. We evaluated the Company's assumptions related to expected claim filing patterns and the claimant success rates by comparing the assumptions to industry filing patterns and claimant success rates. We performed sensitivity analyses over the expected claim filing patterns and claimant success rate assumptions to assess their impact on the Company's estimated black lung liability. We compared the Company's historical black lung payment estimates to actual payments to assess the accuracy of previous estimates related to its black lung benefit liability. In addition, we involved actuarial professionals with specialized skills and knowledge who assisted in evaluating the model and the expected claim filing patterns and expected claimant success rates assumptions used by the Company to estimate its black lung benefit liability by comparing the model and assumptions to industry standards.

Assessment of impairment of long-lived assets at Convent Marine Terminal

As discussed in Note 8 to the consolidated financial statements, in 2019 the Company assessed the Convent Marine Terminal (CMT) long-lived assets for impairment. The fair value of the asset group was lower than the carrying value, resulting in an impairment charge of \$173.9 million. The Company determined the fair value of the CMT asset group based on discounted cash flows and asset replacement cost with related adjustments for capacity utilization.

We identified the assessment of the impairment of the Convent Marine Terminal as a critical audit matter. In part, the calculation of the impairment is based on the estimated fair value of the Convent Marine Terminal. Auditor judgment was required to evaluate the Company's estimation of forecasted volumes and rates on existing contracts and incremental business, which included the Company's use of historical data, industry data impacting expected volumes, and average handling prices. In addition, the discounted cash flow analysis included a discount rate assumption for which there was limited observable market information, and the calculated fair value of the Convent Marine Terminal was sensitive to possible changes to this assumption. Additionally, the estimate of asset replacement cost included adjustments for capacity utilization for which there was limited observable market information.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's long-lived asset impairment assessment process, including controls related to the development of cash flows of the CMT asset group, the discount rate, asset replacement cost and adjustments for capacity utilization. We evaluated the Company's cash flow assumptions, including those related to forecasted volumes and rates on existing contracts and incremental merchant business, by comparing the assumptions to current and historical volume levels and pricing. We performed sensitivity analyses over the cash flow and discount rate assumptions to assess their impact on the Company's determination of the fair value of the Convent Marine terminal. We compared the Company's historical estimates of cash flows to actual results to assess the Company's ability to accurately forecast. In addition, we involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's discount rate by comparing the Company's inputs to the discount rate to publicly available data for comparable entities and assessing the resulting discount rate to the Company's discount rate
- evaluating the asset replacement cost and related adjustments for capacity utilization by comparing the asset replacement cost and related adjustments for capacity utilization to publicly available data for comparable asset groups
- testing the estimate of the Convent Marine Terminal's fair value using the Company's cash flow assumptions and discount rate, and compared the results of our estimate of fair value to the Company's fair value estimate.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

Chicago, Illinois

February 20, 2020

SunCoke Energy, Inc.
Consolidated Statements of Operations

	Years Ended December 31,		
	2019	2018	2017
	(Dollars and shares in millions, except per share amounts)		
Revenues			
Sales and other operating revenue	\$ 1,600.3	\$ 1,450.9	\$ 1,331.5
Costs and operating expenses			
Cost of products sold and operating expenses	1,277.6	1,124.5	1,020.1
Selling, general and administrative expenses	75.8	66.1	79.0
Depreciation and amortization expense	143.8	141.6	128.2
Long-lived asset and goodwill impairment	247.4	—	—
Total costs and operating expenses	1,744.6	1,332.2	1,227.3
Operating (loss) income	(144.3)	118.7	104.2
Interest expense, net	60.3	61.4	61.9
(Gain) loss on extinguishment of debt, net	(1.5)	0.3	20.4
(Loss) income before income tax (benefit) expense and loss from equity method investment	(203.1)	57.0	21.9
Income tax (benefit) expense	(54.7)	4.6	(81.6)
Loss from equity method investment	—	5.4	—
Net (loss) income	(148.4)	47.0	103.5
Less: Net income (loss) attributable to noncontrolling interests	3.9	20.8	(18.9)
Net (loss) income attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ 26.2	\$ 122.4
(Loss) earnings attributable to SunCoke Energy, Inc. per common share:			
Basic	\$ (1.98)	\$ 0.40	\$ 1.90
Diluted	\$ (1.98)	\$ 0.40	\$ 1.88
Weighted average number of common shares outstanding:			
Basic	76.8	64.7	64.3
Diluted	76.8	65.5	65.2

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Comprehensive Income (Loss)

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Net (loss) income	\$ (148.4)	\$ 47.0	\$ 103.5
Other comprehensive income (loss):			
Reclassifications of actuarial loss amortization and prior service benefit to earnings (net of related tax expense of zero for all years)	—	(0.1)	0.2
Retirement benefit plans funded status adjustment (net of related tax benefit (expense) of \$0.3 million, (\$0.2) million and \$0.3 million, respectively)	(0.7)	0.6	(0.8)
Currency translation adjustment	(0.6)	(1.4)	(0.5)
Recognition of accumulated currency translation loss upon sale of equity method investment	—	9.0	—
Comprehensive (loss) income	(149.7)	55.1	102.4
Less: Comprehensive income (loss) attributable to noncontrolling interests	3.9	20.8	(18.9)
Comprehensive (loss) income attributable to SunCoke Energy, Inc.	\$ (153.6)	\$ 34.3	\$ 121.3

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Balance Sheets

	December 31,	
	2019	2018
(Dollars in millions, except par value amounts)		
Assets		
Cash and cash equivalents	\$ 97.1	\$ 145.7
Receivables, net	59.5	75.4
Inventories	147.0	110.4
Income tax receivable	2.2	0.7
Other current assets	2.5	2.8
Total current assets	308.3	335.0
Properties, plants and equipment (net of accumulated depreciation of \$903.7 million and \$855.8 million at December 31, 2019 and 2018, respectively)	1,390.2	1,471.1
Goodwill	3.4	76.9
Other intangible assets, net	34.7	156.8
Deferred charges and other assets	17.2	5.5
Total assets	\$ 1,753.8	\$ 2,045.3
Liabilities and Equity		
Accounts payable	\$ 142.4	\$ 115.0
Accrued liabilities	47.0	45.6
Deferred revenue	0.3	3.0
Current portion of long-term debt and financing obligation	2.9	3.9
Interest payable	2.2	3.6
Total current liabilities	194.8	171.1
Long-term debt and financing obligation	780.0	834.5
Accrual for black lung benefits	50.5	44.9
Retirement benefit liabilities	24.5	25.2
Deferred income taxes	147.6	254.7
Asset retirement obligations	14.4	14.6
Other deferred credits and liabilities	23.6	17.6
Total liabilities	1,235.4	1,362.6
Equity		
Preferred stock, \$0.01 par value. Authorized 50,000,000 shares; no issued shares at both December 31, 2019 and 2018	—	—
Common stock, \$0.01 par value. Authorized 300,000,000 shares; issued 98,047,389 and 72,233,750 shares at December 31, 2019 and 2018, respectively	1.0	0.7
Treasury stock, 13,783,182 and 7,477,657 shares at December 31, 2019 and 2018, respectively	(177.0)	(140.7)
Additional paid-in capital	712.1	488.8
Accumulated other comprehensive loss	(14.4)	(13.1)
Retained (deficit) earnings	(30.1)	127.4
Total SunCoke Energy, Inc. stockholders' equity	491.6	463.1
Noncontrolling interests	26.8	219.6
Total equity	518.4	682.7
Total liabilities and equity	\$ 1,753.8	\$ 2,045.3

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2019	2018	2017
(Dollars in millions)			
Cash Flows from Operating Activities:			
Net (loss) income	\$ (148.4)	\$ 47.0	\$ 103.5
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Long-lived asset and goodwill impairment	247.4	—	—
Depreciation and amortization expense	143.8	141.6	128.2
Deferred income tax benefit	(63.1)	(3.4)	(87.2)
Payments in excess of expense for postretirement plan benefits	(1.9)	(2.4)	(1.8)
Share-based compensation expense	4.5	3.1	4.8
(Gain) loss on extinguishment of debt, net	(1.5)	0.3	20.4
Loss from equity method investment	—	5.4	—
Changes in working capital pertaining to operating activities:			
Receivables, net	15.9	(6.9)	(7.8)
Inventories	(36.6)	0.6	(18.5)
Accounts payable	23.5	(0.7)	11.7
Accrued liabilities	0.3	(7.3)	2.6
Deferred revenue	(2.7)	1.3	(0.8)
Interest payable	(1.4)	(1.8)	(10.8)
Income taxes	(1.5)	4.5	(0.2)
Other	3.6	4.5	4.4
Net cash provided by operating activities	<u>181.9</u>	<u>185.8</u>	<u>148.5</u>
Cash Flows from Investing Activities:			
Capital expenditures	(110.1)	(100.3)	(75.6)
Return of Brazilian investment	—	—	20.5
Sale of equity method investment	—	4.0	—
Other investing activities	0.3	0.5	—
Net cash used in investing activities	<u>(109.8)</u>	<u>(95.8)</u>	<u>(55.1)</u>
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	—	45.0	693.7
Repayment of long-term debt	(90.5)	(45.7)	(644.9)
Debt issuance costs	(2.1)	(0.5)	(17.4)
Proceeds from revolving facility	408.6	179.5	350.0
Repayment of revolving facility	(370.3)	(204.5)	(392.0)
Repayment of financing obligation	(2.9)	(2.6)	(2.5)
Cash distributions to noncontrolling interests	(14.2)	(31.9)	(47.0)
Acquisition of additional interest in the Partnership	—	(4.2)	(48.7)
Shares repurchased	(36.3)	—	—
Dividends paid	(5.1)	—	—
Other financing activities	(7.9)	0.4	1.1
Net cash used in financing activities	<u>(120.7)</u>	<u>(64.5)</u>	<u>(107.7)</u>
Net (decrease) increase in cash and cash equivalents	(48.6)	25.5	(14.3)
Cash, cash equivalents and restricted cash at beginning of year	145.7	120.2	134.5
Cash and cash equivalents at end of year	<u>\$ 97.1</u>	<u>\$ 145.7</u>	<u>\$ 120.2</u>
Supplemental Disclosure of Cash Flow Information			
Interest paid, net of capitalized interest of \$2.3 million, \$3.2 million and \$1.1 million, respectively	\$ 58.2	\$ 59.6	\$ 67.9
Income taxes paid, net of refunds of \$0.3 million, \$4.3 million and \$1.0 million, respectively	\$ 9.5	\$ 3.7	\$ 5.8

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Equity

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
At December 31, 2016	71,707,304	\$ 0.7	7,477,657	\$ (140.7)	\$ 492.1	\$ (19.0)	\$ (22.0)	\$ 311.1	\$ 328.8	\$ 639.9
Net income (loss)	—	—	—	—	—	—	122.4	122.4	(18.9)	103.5
Reclassifications of prior service cost and actuarial loss amortization to earnings (net of related tax expense of zero)	—	—	—	—	—	0.2	—	0.2	—	0.2
Retirement benefit plans funded status adjustment (net of related tax benefit of \$0.3 million)	—	—	—	—	—	(0.8)	—	(0.8)	—	(0.8)
Currency translation adjustment	—	—	—	—	—	(0.5)	—	(0.5)	—	(0.5)
Cash distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(47.0)	(47.0)
Share-based compensation expense	—	—	—	—	4.7	—	—	4.7	0.1	4.8
Share-issuances, net of shares withheld for taxes	299,601	—	—	—	1.1	—	—	1.1	—	1.1
Acquisition of additional interest in the Partnership:										
Cash paid	—	—	—	—	(19.1)	—	—	(19.1)	(29.6)	(48.7)
Deferred tax adjustment	—	—	—	—	7.1	—	—	7.1	—	7.1
Cumulative effect from adoption of ASU 2016-09	—	—	—	—	0.3	—	(0.3)	—	—	—
Cumulative effect from adoption of ASU 2018-02	—	—	—	—	—	(1.1)	1.1	—	—	—
At December 31, 2017	<u>72,006,905</u>	<u>\$ 0.7</u>	<u>7,477,657</u>	<u>\$ (140.7)</u>	<u>\$ 486.2</u>	<u>\$ (21.2)</u>	<u>\$ 101.2</u>	<u>\$ 426.2</u>	<u>\$ 233.4</u>	<u>\$ 659.6</u>

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Equity

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
At December 31, 2017	72,006,905	\$ 0.7	7,477,657	\$ (140.7)	\$ 486.2	\$ (21.2)	\$ 101.2	\$ 426.2	\$ 233.4	\$ 659.6
Net income	—	—	—	—	—	—	26.2	26.2	20.8	47.0
Reclassification of prior service cost and actuarial loss amortization to earnings, net of tax	—	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Retirement benefit plans funded status adjustment (net of related tax benefit of \$0.2 million)	—	—	—	—	—	0.6	—	0.6	—	0.6
Currency translation adjustment	—	—	—	—	—	(1.4)	—	(1.4)	—	(1.4)
Recognition of accumulated currency translation loss upon sale of equity method investment	—	—	—	—	—	9.0	—	9.0	—	9.0
Cash distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(31.9)	(31.9)
Share-based compensation expense	—	—	—	—	3.1	—	—	3.1	—	3.1
Share-issuances, net of shares withheld for taxes	226,845	—	—	—	0.7	—	—	0.7	—	0.7
Acquisition of additional interest in the Partnership:										
Cash paid	—	—	—	—	(1.5)	—	—	(1.5)	(2.7)	(4.2)
Deferred tax adjustment	—	—	—	—	0.3	—	—	0.3	—	0.3
At December 31, 2018	<u>72,233,750</u>	<u>\$ 0.7</u>	<u>7,477,657</u>	<u>\$ (140.7)</u>	<u>\$ 488.8</u>	<u>\$ (13.1)</u>	<u>\$ 127.4</u>	<u>\$ 463.1</u>	<u>\$ 219.6</u>	<u>\$ 682.7</u>

(See Accompanying Notes)

SunCoke Energy, Inc.
Consolidated Statements of Equity

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total SunCoke Energy, Inc. Equity	Non- controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
(Dollars in millions)										
At December 31, 2018	72,233,750	\$ 0.7	7,477,657	\$ (140.7)	\$ 488.8	\$ (13.1)	\$ 127.4	\$ 463.1	\$ 219.6	\$ 682.7
Net (loss) income	—	—	—	—	—	—	(152.3)	(152.3)	3.9	(148.4)
Retirement benefit plans funded status adjustment (net of related tax benefit of \$0.3 million)	—	—	—	—	—	(0.7)	—	(0.7)	—	(0.7)
Currency translation adjustment	—	—	—	—	—	(0.6)	—	(0.6)	—	(0.6)
Share-based compensation expense	—	—	—	—	4.5	—	—	4.5	—	4.5
Share issuances, net of shares withheld for taxes	359,988	—	—	—	(1.7)	—	—	(1.7)	—	(1.7)
Share repurchases	—	—	6,305,525	(36.3)	—	—	—	(36.3)	—	(36.3)
Dividends	—	—	—	—	—	—	(5.2)	(5.2)	—	(5.2)
Cash distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(14.2)	(14.2)
Simplification Transaction:										
Share issuances, for the acquisition of Partnership public units	24,818,149	0.3	—	—	182.2	—	—	182.5	(182.5)	—
Share issuances, for the final Partnership distribution	635,502	—	—	—	—	—	—	—	—	—
Transaction costs	—	—	—	—	(5.4)	—	—	(5.4)	—	(5.4)
Deferred tax adjustment	—	—	—	—	43.7	—	—	43.7	—	43.7
At December 31, 2019	<u>98,047,389</u>	<u>\$ 1.0</u>	<u>13,783,182</u>	<u>\$ (177.0)</u>	<u>\$ 712.1</u>	<u>\$ (14.4)</u>	<u>\$ (30.1)</u>	<u>\$ 491.6</u>	<u>\$ 26.8</u>	<u>\$ 518.4</u>

(See Accompanying Notes)

SunCoke Energy, Inc.

Notes to Consolidated Financial Statements

1. General and Basis of Presentation

Description of Business

SunCoke Energy, Inc. (“SunCoke Energy,” “SunCoke,” “Company,” “we,” “our” and “us”) is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has over 55 years of coke production experience. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. Additionally, we own and operate a logistics business, which primarily provides handling and/or mixing services of coal and other aggregates to third-party customers as well as to our own cokemaking facilities.

We have designed, developed, built, own and operate five cokemaking facilities in the United States (“U.S.”) with collective nameplate capacity to produce approximately 4.2 million tons of coke per year. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. (“ArcelorMittal Brazil”), which has approximately 1.7 million tons of annual cokemaking capacity.

Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal’s volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. This differs from by-product cokemaking, which repurposes the coal’s liberated volatile components for other uses. We have constructed the only greenfield cokemaking facilities in the U.S. in approximately 30 years and are the only North American coke producer that utilizes heat recovery technology in the cokemaking process. We provide steam pursuant to steam supply and purchase agreements with our customers. Electricity is sold into the regional power market or pursuant to energy sales agreements.

Our logistics business provides handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. The logistics business has terminals in Indiana, West Virginia, Virginia, and Louisiana with collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has total storage capacity of approximately 3 million tons.

Incorporated in Delaware in 2010 and headquartered in Lisle, Illinois, we became a publicly-traded company in 2011, and our stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “SXC.”

Consolidation and Basis of Presentation

The consolidated financial statements of the Company and its subsidiaries were prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”) and include the assets, liabilities, revenues and expenses of the Company and all subsidiaries where we have a controlling financial interest. Intercompany transactions and balances have been eliminated in consolidation.

Our consolidated financial statements include SunCoke Energy Partners, L.P. (the “Partnership”), which owned our Haverhill, Middletown, and Granite City cokemaking facilities and Convent Marine Terminal (“CMT”), Kanawha River Terminal (“KRT”) and SunCoke Lake Terminal (“Lake Terminal”). On June 28, 2019, the Company acquired the outstanding units of the Partnership not already owned by SunCoke, at which time the Partnership became a wholly-owned subsidiary of SunCoke. See Note 3. As of January 1, 2020, the Partnership merged with and into SunCoke Energy Partners Finance Corp., which is also a wholly-owned subsidiary of the Company.

Net income attributable to noncontrolling interest represents the common public unitholders’ interest in the Partnership prior to the transaction discussed in Note 3 as well as a 14.8 percent third-party interest in our Indiana Harbor cokemaking facility.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from these estimates.

Revenue Recognition

The Company sells coke as well as steam and electricity and also provides mixing and/or handling services of coal and other aggregates. The Company also receives fees for operating the cokemaking plant in Brazil and for the licensing of its proprietary technology for use at this facility as well as reimbursement of substantially all of its operating costs. See Note 19.

Cash Equivalents

The Company considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. These cash equivalents consist principally of certificates of deposit.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method, except for the Company's materials and supplies inventory, which are determined using the average-cost method. The Company utilizes the selling prices under its long-term coke supply contracts to record lower of cost or net realizable value inventory adjustments.

Properties, Plants and Equipment

Plants and equipment are depreciated on a straight-line basis over their estimated useful lives. Coke and energy plant, machinery and equipment are generally depreciated over 25 to 30 years. Logistics plant and equipment are generally depreciated over 15 to 35 years. Depreciation and amortization is excluded from cost of products sold and operating expenses and is presented separately on the Consolidated Statements of Operations. Gains and losses on the disposal or retirement of fixed assets are reflected in earnings when the assets are sold or retired. Amounts incurred that extend an asset's useful life, increase its productivity or add production capacity are capitalized. The Company accounts for changes in useful lives, when appropriate, as a change in estimate, with prospective application only. The Company capitalized interest of \$2.3 million, \$3.2 million, and \$1.1 million in 2019, 2018 and 2017, respectively. Direct costs, such as outside labor, materials, internal payroll and benefits costs incurred during capital projects are capitalized; indirect costs are not capitalized. Normal repairs and maintenance costs are expensed as incurred.

Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is tested for impairment as of October 1 of each year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit to below its carrying value. The Company performs its annual goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount. The Company would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. See Note 8.

Intangible Assets

Intangible assets are primarily comprised of permits, customer contracts and customer relationships. Intangible assets are amortized over their useful lives in a manner that reflects the pattern in which the economic benefit of the intangible asset is consumed. Intangible assets are assessed for impairment when a triggering event occurs.

Impairment of Long-Lived Assets

Long-lived assets, which includes intangible assets and properties, plants and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. A long-lived asset, or group of assets, is considered to be impaired when the undiscounted net cash flows expected to be generated by the asset are less than its carrying amount. Such estimated future cash flows are highly subjective and are based on numerous assumptions about future operations and market conditions. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset, or group of assets. It is also difficult to precisely estimate fair market value because quoted market prices for our long-lived assets may not be readily available. Therefore, fair market value is generally based on the present values of estimated future cash flows using discount rates commensurate with the risks associated with the assets being reviewed for impairment. See Note 8.

Income Taxes

Deferred tax asset and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are projected to be recovered or settled. The Company recognizes uncertain tax positions in its financial statements when minimum recognition threshold and measurement attributes are met in accordance with current accounting guidance. See Note 5.

Black Lung Benefit Liabilities

The Company has obligations related to coal workers' pneumoconiosis, or black lung, benefits of certain of our former coal miners and their dependents. We act as a self-insurer for both state and federal black lung benefits and adjust our liability each year based upon actuarial calculations of our expected future payments for these benefits, including a provision for incurred but not reported losses. See Note 13.

Postretirement Benefit Plan Liabilities

The postretirement benefit plans, which are frozen, are unfunded and the accumulated postretirement benefit obligation is fully recognized on the Consolidated Balance Sheets. Actuarial gains (losses) and prior service costs (benefits) which have not yet been recognized in net income are recognized as a credit (charge) to accumulated other comprehensive income (loss). The credit (charge) to accumulated other comprehensive income (loss), which is reflected net of related tax effects, is subsequently recognized in net income when amortized as a component of postretirement benefit plans expense included in interest expense, net on the Consolidated Statements of Operations. See Note 10.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and depreciated over its remaining estimated useful life. The Company's asset retirement obligations primarily relate to costs associated with restoring land to its original state. See Note 9.

Shipping and Handling Costs

Shipping and handling costs are included in cost of products sold and operating expenses on the Consolidated Statements of Operations and are generally passed through to our customers. The Company has elected the practical expedient under Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers," to account for shipping and handling activities as a promise to fulfill the transfer of coke.

Share-Based Compensation

We measure the cost of employee services in exchange for equity instrument awards and cash awards based on the grant-date fair value of the award. Cash awards and the performance metrics of equity awards are remeasured on a quarterly basis. The market metrics of equity awards are not remeasured. The total cost is recognized over the requisite service period. Award forfeitures are accounted for as they occur. The costs of equity awards and cash awards are recorded to additional paid-in capital and accrued liabilities, respectively, on the Consolidated Balance Sheets. See Note 16.

Fair Value Measurements

The Company determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As required, the Company utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy included in current accounting guidance. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety. See Note 18.

Currency Translation

The functional currency of the Company's Brazilian operations is the Brazilian real. The Company's Brazil operations translate its assets and liabilities into U.S. dollars at the current exchange rates in effect at the end of the fiscal period. The gains or losses that result from this process are shown as cumulative translation adjustments within accumulated other comprehensive loss in the Consolidated Balance Sheets. The revenue and expense accounts of foreign operations are translated into U.S. dollars at the average exchange rates during the period.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)." ASU 2016-02 requires leases to be recognized as assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. Subsequently, the FASB has issued various ASUs to provide further clarification around certain aspects of ASC 842, "Leases." We adopted the standard effective January 1, 2019 using the modified retrospective transition approach and elected not to adjust prior comparative periods. Upon adoption, the Company recognized right-of-use assets and lease liabilities of \$5.1 million at January 1, 2019. See Note 14.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted this standard on January 1, 2018, using the modified retrospective method with no material impact on our revenue recognition model on an annual basis. See Note 19.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted cash." The Company retrospectively adopted this ASU in the first quarter 2018 and modified the Company's cash flow presentation to include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Historical restricted cash balances were related to cash withheld from the 2015 acquisition of CMT to fund the completion of certain expansion capital improvements, and the related immaterial impacts were reclassified on the consolidated statement of cash flows for the year ended December 31, 2017. The restricted cash balance was zero at both December 31, 2019 and December 31, 2018.

In March 2017, the FASB issued ASU 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." The Company adopted this ASU in the first quarter 2018 and retrospectively presented net periodic postretirement benefit cost in the income statement separately from the service cost component and outside a subtotal of income from operations. In conjunction with the adoption of this standard, expense of \$1.3 million was reclassified from operating income and was recorded in interest expense, net on the Consolidated Statements of Operations for the year ended December 31, 2017. See Note 10.

In February 2018, the FASB issued ASU 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The Company adopted this ASU in the first quarter 2018 and reclassified \$1.1 million of deferred tax adjustments to accumulated other comprehensive income (loss) from retained earnings on the December 31, 2017 balance sheet for the tax effects resulting from the Tax Cuts and Jobs Act of 2017.

Labor Concentrations

As of December 31, 2019, we have approximately 895 employees in the U.S. Approximately 39 percent of our domestic employees, principally at our cokemaking operations, are represented by the United Steelworkers union under various contracts. Additionally, approximately 3 percent of our domestic employees are represented by the International Union of Operating Engineers. During 2019, the labor agreements at KRT, Lake Terminal and Haverhill were renewed and will expire on April 30, 2022, June 30, 2022 and October 31, 2023, respectively. In addition, during 2019, the labor agreement at Indiana Harbor was retroactively renewed, with an effective date of September 1, 2018 and an expiration date of August 31, 2022.

As of December 31, 2019, we have approximately 276 employees at the cokemaking facility in Vitória, Brazil, all of whom are represented by a union under a labor agreement. During 2019, the labor agreement at our Vitoria, Brazil facility was renewed for an additional year, and it expires on November 30, 2020.

3. Acquisitions and Divestitures

Simplification Transaction

Prior to June 28, 2019, SunCoke owned a 60.4 percent limited partner interest in the Partnership as well as our 2.0 percent general partner interest. The remaining 37.6 percent limited partner interest in the Partnership was held by public unitholders. On June 28, 2019, the Company acquired all 17,727,249 outstanding common units of the Partnership not already owned by SunCoke in exchange for 24,818,149 newly issued SunCoke common shares (the "Simplification Transaction"). Additionally, the final pro-rated quarterly Partnership distribution was settled with 635,502 newly issued SunCoke common shares. Following the completion of the Simplification Transaction, the Partnership became a wholly-owned subsidiary of SunCoke, the Partnership common units ceased to be publicly traded and the Partnership's incentive distribution rights were eliminated.

SunCoke controlled the Partnership both before and after the Simplification Transaction. Therefore, the change in our ownership interest was accounted for as an equity transaction, and no gain or loss was recognized in our Consolidated Statements of Operations for this transaction.

The following table summarizes the non-cash (decreases) increases on our balance sheet related to the Simplification Transaction, reflecting the changes in ownership of the Partnership and a step-up in the tax basis in the underlying assets acquired:

	(Dollars in millions)	
Noncontrolling interest	\$	(182.5)
Deferred income taxes	\$	(43.7)
Common stock	\$	0.3
Additional paid-in capital	\$	225.9

Additionally, the Company incurred transaction costs totaling \$11.0 million, of which \$5.4 million were incurred by SunCoke and were recorded as a reduction to additional paid-in capital on the Consolidated Balance Sheets at December 31, 2019. The remaining transaction costs were incurred by the Partnership, resulting in \$4.9 million and \$0.4 million of expense included in selling, general and administrative expenses on the Consolidated Statements of Operations for the years ended December 31, 2019 and 2018, respectively. Subsequent to the closing of the Simplification Transaction, SunCoke incurred \$0.3 million of legal and consulting costs, which were included in selling, general and administrative expenses on the Consolidated Statements of Operations for the year ended December 31, 2019.

The following table summarizes the effects of the changes in the Company's ownership interest in the Partnership on SunCoke's equity:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Net (loss) income attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ 26.2	\$ 122.4
Increase (decrease) in SunCoke Energy, Inc. equity for the purchase of additional interest in the Partnership ⁽¹⁾	182.5	(1.2)	(12.0)
Changes from net (loss) income attributable to SunCoke Energy, Inc. and transfers to noncontrolling interest	\$ 30.2	\$ 25.0	\$ 110.4

- (1) During the years ended December 31, 2018 and 2017, the Company purchased 231,171 and 2,853,032, respectively, of outstanding Partnership common units in the open market for total cash payments of \$4.2 million and \$48.7 million, respectively. SunCoke controlled the Partnership both before and after these unit acquisitions. Therefore, the cash paid for the Partnership units in excess of the net book value of Partnership interest acquired was recorded as a reduction to additional paid-in capital, reducing SunCoke's equity balance. Upon the closing of the Simplification Transaction, the Company's program to purchase outstanding Partnership common units was terminated.

Divestiture of India Equity Method Investment

On June 27, 2018, we sold our 49 percent investment in VISA SunCoke Limited ("VISA SunCoke") for cash consideration of \$4.0 million. Consequently, we recognized \$9.0 million of accumulated currency translation losses and incurred \$0.4 million of transaction costs, resulting in a net \$5.4 million loss from equity method investment during 2018 on the Consolidated Statements of Operations. Our investment in VISA SunCoke was previously accounted for as an equity method investment and was fully impaired in 2015. Therefore, its financial results had not been included in our financial statements since that time.

Divestiture of Preferred Investment in Brazilian Cokemaking Operations

On November 28, 2016, ArcelorMittal Brazil redeemed SunCoke's indirectly held preferred and common equity interests in Sol Coqueria Tubarão S.A. ("Brazil Investment"), previously accounted for at cost, for consideration of \$41.0 million. The Company received \$20.5 million in cash at closing in 2016 and received the remaining \$20.5 million in cash, plus interest of \$0.2 million, in 2017. Starting in 2016, SunCoke receives \$5.1 million in licensing fees per year, in addition to our per ton licensing fee, through 2023 related to the addition of certain patents to its existing intellectual property licensing agreement, which are currently in use by ArcelorMittal Brazil at the Brazil facility. The Company also extended the life of its patents with the Brazilian authorities through 2033, providing opportunity to extend the existing licensing agreement beyond 2023. Licensing fees are included in sales and other operating revenue on the Consolidated Statements of Operations.

4. Customer Concentrations

In 2019, the Company sold approximately 4.2 million tons of coke under long-term, take-or-pay contracts to its three primary customers in the U.S.: AK Steel Corporation ("AK Steel"), ArcelorMittal USA LLC and/or its affiliates ("AM USA") and United States Steel Corporation ("U.S. Steel"). In addition, licensing and operating fees are payable to the Company under long-term contracts with ArcelorMittal Brazil.

The table below shows sales to the Company's significant customers:

	Years Ended December 31,					
	2019		2018		2017	
	Sales and other operating revenue	Percent of Company sales and other operating revenue	Sales and other operating revenue	Percent of Company sales and other operating revenue	Sales and other operating revenue	Percent of Company sales and other operating revenue
	(Dollars in millions)					
AM USA and ArcelorMittal Brazil ⁽¹⁾	\$ 824.5	51.5%	\$ 735.8	50.7%	\$ 678.2	50.9%
AK Steel ⁽²⁾	\$ 433.3	27.1%	\$ 377.9	26.0%	\$ 331.3	24.9%
U.S. Steel ⁽³⁾	\$ 255.4	16.0%	\$ 206.8	14.3%	\$ 214.1	16.1%

(1) Represents revenues included in our Domestic Coke and Brazil Coke segments.

(2) Represents revenues included in our Domestic Coke segment.

(3) Represents revenues included in our Domestic Coke and Logistics segments.

The Company generally does not require any collateral with respect to its receivables. At both December 31, 2019 and 2018, the Company's receivables balances were primarily due from AM USA and ArcelorMittal Brazil, AK Steel and U.S. Steel. As a result, the Company experiences concentrations of credit risk in its receivables with these three customers. These concentrations of credit risk may be affected by changes in economic or other conditions affecting the steel industry.

The table below shows receivables due from the Company's significant customers:

	December 31,	
	2019	2018
	(Dollars in millions)	
AM USA and ArcelorMittal Brazil	\$ 28.0	\$ 34.3
AK Steel	\$ 13.2	\$ 25.3
U.S. Steel	\$ 7.3	\$ 5.2

Our logistics business provided coal handling and storage services to Murray Energy Corporation, Inc. ("Murray") and Foresight Energy LLC ("Foresight"), who have historically been the two primary customers in the Logistics segment. In 2019, Murray filed for bankruptcy and rejected its take-or-pay contract with CMT, which resulted in the absence of approximately \$30 million of take-or-pay revenues. See Note 8.

The table below shows sales to Foresight and Murray:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Sales and other operating revenue ⁽¹⁾	\$ 32.4	\$ 62.5	\$ 57.8
Percent of Company sales and other operating revenue	2.0%	4.3%	4.3%
Percent of Logistics segment sales and other operating revenue, including intersegment sales	32.7%	49.3%	49.4%

(1) The 2019 results reflect zero take-or-pay revenues from Murray.

Receivables, net due from Foresight totaled \$0.5 million at December 31, 2019. Receivables, net due from Foresight and Murray totaled \$3.2 million at December 31, 2018.

5. Income Taxes

The components of income before income tax (benefit) expense and loss from equity method investment are as follows:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Domestic	\$ (218.6)	\$ 39.3	\$ 4.3
Foreign	15.5	17.7	17.6
Total	\$ (203.1)	\$ 57.0	\$ 21.9

Income tax expense (benefit) consisted of the following:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Current tax expense (benefit):			
U.S. federal	\$ 0.3	\$ 1.4	\$ 1.7
State	3.8	2.1	(1.0)
Foreign	4.3	4.5	4.9
Total current tax expense	8.4	8.0	5.6
Deferred tax (benefit) expense:			
U.S. federal	(39.3)	(3.1)	(99.7)
State	(23.8)	(0.3)	12.5
Total deferred tax (benefit) expense	(63.1)	(3.4)	(87.2)
Total	\$ (54.7)	\$ 4.6	\$ (81.6)

The reconciliation of income tax expense at the U.S. statutory rate to income tax expense (benefit) is as follows:

	Years Ended December 31,					
	2019		2018		2017	
	(Dollars in millions)					
Income tax (benefit) expense at U.S. statutory rate	\$ (42.7)	21.0 %	\$ 12.0	21.0 %	\$ 7.7	35.0 %
Increase (reduction) in income taxes resulting from:						
Logistics goodwill impairment	3.3	(1.7)%	—	— %	—	— %
Impact of Final Regulations ⁽¹⁾	—	— %	(1.4)	(2.5)%	64.2	293.2 %
Impact of Tax Legislation ⁽²⁾	—	— %	(4.8)	(8.4)%	(154.7)	(706.4)%
Income attributable to noncontrolling interests in partnerships ⁽³⁾	(0.6)	0.3 %	(3.9)	(6.8)%	(5.4)	(24.7)%
State and other income taxes, net of federal income tax effects	(15.0)	7.4 %	1.6	2.8 %	2.0	9.1 %
Change in valuation allowance ⁽⁴⁾	0.6	(0.3)%	0.7	1.2 %	3.9	17.8 %
Other	(0.3)	0.2 %	0.4	0.7 %	0.7	3.2 %
Income tax (benefit) expense at effective tax rate	\$ (54.7)	26.9 %	\$ 4.6	8.0 %	\$ (81.6)	(372.8)%

- (1) On January 19, 2017, the Internal Revenue Service ("IRS") announced its decision to exclude cokemaking as a qualifying income generating activity in its final regulations (the "Final Regulations") issued under section 7704(d)(1)(E) of the Internal Revenue Code relating to the qualifying income exception for publicly traded partnerships. As a result, the Partnership recorded deferred income tax expense of \$148.6 million to set up its initial deferred income tax liability during 2017, primarily related to differences in the book and tax basis of fixed assets. However, the Company had previously recorded \$84.4 million of the deferred income tax liability in its financial statements related to the Company's share of the deferred tax liability for the book and tax differences in its investment in the Partnership. As such, the Company's 2017 financial statements reflect the \$64.2 million incremental impact from the Final Regulations solely attributable to the Partnership's public unitholders, which was also recorded as an equal reduction to noncontrolling interest.

In 2018, the Partnership recorded a deferred tax benefit of \$3.6 million related to its changes in projected deferred tax liability associated with projected book and tax differences at the end of the 10-year transition period due to current period additions and changes in estimated useful lives of certain assets. The Company's 2018 financial statements reflect a \$1.4 million benefit, which is solely attributable to the Partnership's public unitholders and was also recorded as an equal reduction to noncontrolling interest.

As a result, the Final Regulations had no impact to net income attributable to the Company in 2018 or 2017. Following the closing of the Simplification Transaction in June 2019, the Final Regulations no longer apply to the Company.

- (2) On December 22, 2017, the Tax Cuts and Jobs Act ("Tax Legislation") was enacted. The Tax Legislation significantly revised the U.S. corporate income tax structure, including lowering corporate income tax rates. In addition, the SEC staff released Staff Accounting Bulletin 118 on December 23, 2017, which provided for companies to record a provisional impact of the Tax Legislation during a measurement period, not to exceed one year, in situations where companies do not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting under ASC 740, "Income Taxes", for certain income tax effects of the Tax Legislation for the reporting period which includes enactment. During 2017, SunCoke recorded a provisional net income tax benefit of \$154.7 million, of which \$125.0 million was attributable to the Company, for the impact of this Tax Legislation. These benefits were primarily due to the \$169.0 million net benefit resulting from the remeasurement of U.S. deferred income tax liabilities and assets at the lower enacted corporate tax rates. During 2017, based on information available at the time, the Company recorded provisional income tax expense of \$14.3 million for a valuation allowance against \$19.0 million of foreign tax credit carryforwards that the Company believed would not be realized prior to their expiration as a result of the Tax Legislation. Based on an updated analysis of the foreign tax credit rules relating to the new Tax Legislation, the Company revised its estimate of the realizability of its foreign tax credits, resulting in a net \$4.8 million benefit during the third quarter of 2018. There

were no other significant changes to previous estimates and amounts recorded in 2017 relating to this Tax Legislation.

(3) No income tax expense is reflected in the Consolidated Statements of Operations for income attributable to noncontrolling interests in our Indiana Harbor cokemaking facility or the Partnership prior to the Simplification Transaction discussed in Note 3. Excludes the impact of the Final Regulations on qualifying income discussed above.

(4) In 2017, the Company recorded a valuation allowance as a result of changes in future state allocation assumptions.

The tax effects of temporary differences that comprise the net deferred income tax liability from operations are as follows:

	December 31,	
	2019	2018
	(Dollars in millions)	
Deferred tax assets:		
Retirement benefit liabilities	\$ 6.4	\$ 6.4
Black lung benefit liabilities	12.8	11.3
Share-based compensation	4.7	6.4
Federal tax credit carryforward ⁽¹⁾	20.5	21.5
Foreign tax credit carryforward ⁽²⁾	14.4	15.9
Federal net operating loss ⁽³⁾	1.6	—
Section 163j interest limitation carryforward ⁽⁴⁾	5.7	1.8
State tax credit carryforward, net of federal income tax effects ⁽⁵⁾	1.1	2.4
State net operating loss carryforward, net of federal income tax effects ⁽⁵⁾	13.6	13.5
Other liabilities not yet deductible	4.4	4.9
Total deferred tax assets	85.2	84.1
Less: valuation allowance ⁽⁷⁾	(20.9)	(20.7)
Deferred tax asset, net	64.3	63.4
Deferred tax liabilities:		
Properties, plants and equipment	(17.9)	(111.5)
Investment in partnerships	(194.0)	(206.6)
Total deferred tax liabilities	(211.9)	(318.1)
Net deferred tax liability	\$ (147.6)	\$ (254.7)

(1) Federal tax credit carryforward expires in 2032 through 2034.

(2) Foreign tax credit carryforward expires in 2024 through 2029.

(3) Federal net operating loss does not expire.

(4) The Tax Legislation generally limits the deductibility of business interest expense to 30 percent of adjusted taxable income. This limitation resulted in a deferred tax asset as the interest expense in excess of the limitation is eligible for deduction in future taxable years and has no expiration.

(5) State tax credit carryforward, net of federal income tax effects expires in 2020 through 2022.

(6) State net operating loss carryforward, net of federal income tax effects expires in 2023 through 2037.

(7) Primarily related to state tax credit and net operating loss carryforwards and an \$11.4 million allowance against the foreign tax credit carryforward.

The Company's consolidated federal income tax returns have been examined by the IRS for all years through the year ended December 31, 2014. SunCoke is currently open to examination by the IRS for tax years ended December 31, 2015 and forward.

State and foreign income tax returns are generally subject to examination for a period of three to five years after the filing of the respective returns. The state impact of any amended federal returns remains subject to examination by various states for a period of up to one year after formal notification of such amendments to the states.

There were no uncertain tax positions at December 31, 2019 and 2018, and there were no associated interest or penalties recognized for the years ended December 31, 2019, 2018 or 2017. The Company does not expect that any unrecognized tax benefits pertaining to income tax matters will be required in the next twelve months.

6. Inventories

The Company's inventory consists of metallurgical coal, which is the principal raw material for the Company's cokemaking operations, coke, which is the finished good sold by the Company to its customers, and materials, supplies and other. These components of inventories were as follows:

	December 31,	
	2019	2018
	(Dollars in millions)	
Coal	\$ 94.4	\$ 59.9
Coke	8.1	8.6
Materials, supplies and other	44.5	41.9
Total inventories	<u>\$ 147.0</u>	<u>\$ 110.4</u>

7. Properties, Plants, and Equipment, Net

The components of net properties, plants and equipment were as follows:

	December 31,	
	2019	2018
	(Dollars in millions)	
Coke and energy plant, machinery and equipment	\$ 1,968.2	\$ 1,876.3
Logistics plant, machinery and equipment	147.9	218.3
Land and land improvements	106.0	119.7
Construction-in-progress	29.5	72.7
Other	42.3	39.9
Gross investment, at cost	<u>2,293.9</u>	<u>2,326.9</u>
Less: accumulated depreciation	<u>(903.7)</u>	<u>(855.8)</u>
Total properties, plants and equipment, net	<u>\$ 1,390.2</u>	<u>\$ 1,471.1</u>

8. Goodwill and Other Intangible Assets

A significant portion of our logistics business has historically held long-term, take-or-pay contracts with Murray and Foresight, which have been adversely impacted by declining coal export prices and domestic demand. On October 29, 2019, Murray filed for Chapter 11 bankruptcy and also filed a motion to reject its contract with CMT, which was subsequently authorized by the bankruptcy court. In addition, during the third quarter Foresight engaged outside counsel and financial advisors to assess restructuring options and has elected to exercise its grace period on its third quarter interest payment to its lenders, which was subsequently extended to February 28, 2020.

Impairment of Goodwill

The Company concluded the impact of the events discussed above could more likely than not reduce the fair value of the Logistics reporting unit below its carrying value, requiring SunCoke to perform its annual goodwill test as of September 30, 2019. The fair value of the Logistics reporting unit, which was determined based on a discounted cash flow analysis, did not exceed the carrying value of the reporting unit. Key assumptions in our goodwill impairment test included reduced forecasted volumes and reduced rates from Foresight, no further business from Murray, incremental merchant business and a discount rate of 12 percent, representing the estimated weighted average cost of capital for this business line. As a result, the Company recorded a \$73.5 million non-cash, pre-tax impairment charge to the Logistics segment on the Consolidated Statements of Operations during 2019, which represents a full impairment of the Logistics goodwill balance.

Goodwill allocated to SunCoke's reportable segments as of December 31, 2019 and December 31, 2018 and changes in the carrying amount of goodwill during the fiscal year ended December 31, 2019 are shown below. There were no changes in the carrying amount of goodwill during the fiscal year ended December 31, 2018.

	Domestic Coke	Logistics	Total
	(Dollars in millions)		
Net balances at December 31, 2017 and 2018	\$ 3.4	\$ 73.5	\$ 76.9
Impairment	—	(73.5)	(73.5)
Net balances at December 31, 2019	\$ 3.4	\$ —	\$ 3.4

Impairment of Long-Lived Assets

As a result of our logistics customers' events discussed above, CMT's long-lived assets, including customer contracts, customer relationships, permits and properties, plant and equipment, were also assessed for impairment as of September 30, 2019. The Company re-evaluated its projections for throughput volumes, pricing and customer performance against the existing long-term take-or-pay contracts. The resulting undiscounted cash flows were lower than the carrying value of the asset group. Therefore, the Company assessed the fair value of the asset group to measure the amount of impairment. The fair value of the CMT long-lived assets was determined to be \$112.1 million based on discounted cash flows, asset replacement cost and adjustments for capacity utilization, which are considered Level 3 inputs in the fair value hierarchy as defined in Note 18. Key assumptions in our discounted cash flows included reduced forecasted volumes and reduced rates from Foresight, no further business from Murray, incremental merchant business and a discount rate of 11 percent, representing the estimated weighted average cost of capital for this asset group. As a result, during 2019, the Company recorded a total non-cash, pre-tax long-lived asset impairment charge of \$173.9 million included in long-lived asset and goodwill impairment on the Consolidated Statements of Operations, all of which was attributable to the Logistics segment. The charge included an impairment of CMT's long-lived intangible assets and property, plants and equipment of \$113.3 million and \$60.6 million, respectively.

Components of other intangible assets, net

The components of other intangible assets, net were as follows:

	Weighted - Average Remaining Amortization Years	December 31, 2019			December 31, 2018		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
		(Dollars in millions)					
Customer contracts	1	\$ 7.7	\$ 7.2	\$ 0.5	\$ 31.7	\$ 17.7	\$ 14.0
Customer relationships	5	6.7	3.9	2.8	28.7	7.5	21.2
Permits	23	31.7	0.3	31.4	139.0	17.4	121.6
Total		\$ 46.1	\$ 11.4	\$ 34.7	\$ 199.4	\$ 42.6	\$ 156.8

The permits above represent the environmental and operational permits required to operate a coal export terminal in accordance with the U.S. Environmental Protection Agency ("EPA") and other regulatory bodies. Intangible assets are amortized over their useful lives in a manner that reflects the pattern in which the economic benefit of the asset is consumed. The permits' useful lives were estimated to be 27 years at acquisition based on the expected useful life of the significant operating equipment at the facility. We have historical experience of renewing and extending similar arrangements at our other facilities and intend to continue to renew our permits as they come up for renewal for the foreseeable future. The permits were renewed regularly prior to our acquisition of CMT. These permits have an average remaining renewal term of approximately 1.4 years.

Total amortization expense for intangible assets subject to amortization was \$8.8 million, \$11.1 million and \$11.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. Based on the carrying value of finite-lived intangible assets as of December 31, 2019, we estimate amortization expense for each of the next five years as follows:

	(Dollars in millions)	
2020	\$	2.4
2021		2.0
2022		2.0
2023		2.0
2024		1.8
Thereafter		24.5
Total	\$	34.7

9. Asset Retirement Obligations

The Company has asset retirement obligations, primarily in the Domestic Coke segment, related to certain contractual obligations. These contractual obligations mostly relate to costs associated with restoring land to its original state, and may require the retirement and removal of long-lived assets from certain cokemaking properties as well as other reclamation obligations related to our former coal mining business. The Federal Surface Mining Control and Reclamation Act of 1977 and similar state statutes require that mine property be restored in accordance with specified standards and an approved reclamation plan. We do not have any unrecorded asset retirement obligations.

The following table provides a reconciliation of changes in the asset retirement obligation from operations during each period:

	Years ended December 31,	
	2019	2018
Asset retirement obligation at beginning of year	\$ 14.6	\$ 14.0
Liabilities settled	(1.2)	(0.4)
Accretion expense ⁽¹⁾	1.0	0.9
Revisions in estimated cash flows	0.9	0.1
Asset retirement obligation at end of year⁽²⁾	15.3	14.6

(1) Included in cost of products sold and operating expenses on the Consolidated Statements of Operations.

(2) The current portion of asset retirement obligation liabilities, which totaled \$0.9 million at December 31, 2019, is classified in accrued liabilities on the Consolidated Balance Sheets.

10. Retirement Benefits Plans

Postretirement Health Care and Life Insurance Plans

The Company has plans which provide health care and life insurance benefits for many of its retirees (“postretirement benefit plans”). The postretirement benefit plans are unfunded and the costs are borne by the Company. Effective January 1, 2011, postretirement medical benefits for future retirees were phased out or eliminated for non-mining employees with less than ten years of service.

Postretirement benefit plans expense consisted of the following components:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Interest cost on benefit obligations	\$ 1.1	\$ 1.0	\$ 1.1
Amortization of:			
Actuarial losses	0.6	0.6	0.9
Prior service benefit	(0.6)	(0.7)	(0.7)
Total expense	<u>\$ 1.1</u>	<u>\$ 0.9</u>	<u>\$ 1.3</u>

Postretirement benefit plans expense is determined using actuarial assumptions as of the beginning of the year or using weighted-average assumptions when curtailments, settlements and/or other events require a plan remeasurement. The following assumptions were used to determine postretirement benefit plans expense:

	December 31,		
	2019	2018	2017
Discount rate	4.00%	3.35%	3.65%

The following amounts were recognized as components of other comprehensive income (loss) before related tax impacts:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Reclassifications to earnings of:			
Actuarial loss amortization	\$ 0.6	\$ 0.6	\$ 0.9
Prior service benefit amortization	(0.6)	(0.7)	(0.7)
Retirement benefit plan funded status adjustments:			
Actuarial (losses) gains	(1.0)	0.8	(1.1)
	<u>\$ (1.0)</u>	<u>\$ 0.7</u>	<u>\$ (0.9)</u>

The following table sets forth the components of the changes in benefit obligations:

	Years Ended December 31,	
	2019	2018
	(Dollars in millions)	
Benefit obligation at beginning of year	\$ 28.2	\$ 31.3
Interest cost	1.1	1.0
Actuarial loss/(gain)	1.0	(0.8)
Benefits paid	(2.9)	(3.3)
Benefit obligation at end of year ⁽¹⁾	<u>\$ 27.4</u>	<u>\$ 28.2</u>

(1) The current portion of retirement benefit liabilities, which totaled \$2.9 million and \$3.0 million at December 31, 2019 and 2018, respectively, is classified in accrued liabilities on the Consolidated Balance Sheets.

The following table sets forth the cumulative amounts not yet recognized in net (loss) income:

	Years Ended December 31,	
	2019	2018
(Dollars in millions)		
Cumulative amounts not yet recognized in net (loss) income:		
Actuarial losses	\$ 10.8	\$ 10.4
Prior service benefits	(2.0)	(2.6)
Accumulated other comprehensive loss (before related tax benefit)	\$ 8.8	\$ 7.8

The expected benefit payments through 2029 for the postretirement benefit plan are as follows:

	(Dollars in millions)	
Year ending December 31:		
2020	\$	2.9
2021	\$	2.8
2022	\$	2.6
2023	\$	2.4
2024	\$	2.2
2025 through 2029	\$	8.6

The measurement date for the Company's postretirement benefit plans is December 31. The following discount rates were used to determine the benefit obligation:

	December 31,	
	2019	2018
Discount rate	2.90%	4.00%

The health care cost trend assumption used at both December 31, 2019 and 2018 to compute the accumulated postretirement benefit obligation for the postretirement benefit plans was 6.50 percent, which is assumed to decline gradually to 5.00 percent in 2026 and to remain at that level thereafter.

Defined Contribution Plans

The Company has defined contribution plans which provide retirement benefits for certain of its employees. The Company's contributions, which are principally based on the Company's pretax income and the aggregate compensation levels of participating employees and are charged against income as incurred, amounted to \$6.8 million, \$6.5 million and \$6.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

11. Accrued Liabilities

Accrued liabilities consist of following:

	December 31,	
	2019	2018
	(Dollars in millions)	
Accrued benefits	\$ 21.7	\$ 21.2
Current portion of postretirement benefit obligation	2.9	3.0
Other taxes payable	9.9	9.1
Current portion of black lung liability	4.6	4.5
Other	7.9	7.8
Total accrued liabilities	<u>\$ 47.0</u>	<u>\$ 45.6</u>

12. Debt and Financing Obligation

Total debt and financing obligation consisted of the following:

	December 31,	
	2019	2018
	(Dollars in millions)	
7.500 percent senior notes, due 2025 ("2025 Senior Notes")	\$ 650.0	\$ 700.0
Term loan, due 2022 ("Term Loan")	N/A	43.9
Revolving credit facility, due 2024 ("Revolving Facility")	143.3	—
SunCoke's revolving credit facility, due 2022 ("2022 Revolving Facility")	N/A	—
Partnership's revolving credit facility, due 2022 ("Partnership Revolver")	N/A	105.0
5.82 percent financing obligation, due 2021 ("Financing Obligation")	7.2	10.1
Total borrowings	<u>\$ 800.5</u>	<u>\$ 859.0</u>
Original issue discount	(4.3)	(5.4)
Debt issuance costs	(13.3)	(15.2)
Total debt and financing obligation	<u>\$ 782.9</u>	<u>\$ 838.4</u>
Less: current portion of long-term debt and financing obligation	2.9	3.9
Total long-term debt and financing obligation	<u>\$ 780.0</u>	<u>\$ 834.5</u>

2025 Senior Notes

The 2025 Senior Notes were the senior unsecured obligations of the Partnership. On August 5, 2019, SunCoke entered into a supplemental indenture relating to the 2025 Senior Notes, pursuant to which SunCoke has provided a full and unconditional parent guarantee of these obligations. As of January 1, 2020, the Partnership merged with and into SunCoke Energy Partners Finance Corp. ("Finance Corp"), at which time the 2025 Senior Notes became the senior unsecured obligations of Finance Corp, which is a wholly-owned subsidiary of the Company. Subsequently, Finance Corp and SunCoke entered into a supplemental indenture relating to the 2025 Senior Notes to acknowledge the merger and clarify certain terms of the indenture. Interest on the 2025 Senior Notes is payable semi-annually in cash in arrears on June 15 and December 15 of each year.

The Company may redeem some or all of the 2025 Senior Notes at any time on or after June 15, 2020 at specified redemption prices plus accrued and unpaid interest, if any, to the redemption date. Before June 15, 2020, and following certain equity offerings, the Company also may redeem up to 35 percent of the 2025 Senior Notes at a price equal to 107.5 percent of the principal amount, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to June 15, 2020, the Company may redeem some or all of the 2025 Senior Notes at a price equal to 100 percent of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium. During the third quarter of 2019, the Company repurchased \$50.0 million face value of outstanding 2025 Senior Notes for \$46.6 million of cash payments, resulting in a gain on extinguishment of debt on the Consolidated Statements of Operations of \$2.2 million, net of the write-off of unamortized debt issuance costs and original issue discount.

The Company is obligated to offer to purchase all or a portion of the 2025 Senior Notes at a price of (a) 101 percent of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase, upon the occurrence of certain change of control events and (b) 100 percent of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase, upon the occurrence of certain asset dispositions. These restrictions and prohibitions are subject to certain qualifications and exceptions set forth in the Indenture, including without limitation, reinvestment rights with respect to the proceeds of asset dispositions.

The 2025 Senior Notes contain covenants that, among other things, limit the Company's ability and the ability of certain subsidiaries to (i) incur indebtedness, (ii) pay dividends or make other distributions, (iii) prepay, redeem or repurchase certain subordinated debt, (iv) make loans and investments, (v) sell assets, (vi) incur liens, (vii) enter into transactions with affiliates, (viii) enter into agreements restricting the ability of subsidiaries to pay dividends and (ix) consolidate or merge.

Revolving Facility

The proceeds of any borrowings made under the Revolving Facility can be used to finance working capital needs, acquisitions, capital expenditures and for other general corporate purposes. The obligations under the credit agreement are guaranteed by certain of the Company's subsidiaries and secured by liens on substantially all of the Company's and the guarantors' assets pursuant to a guarantee and collateral agreement.

On August 5, 2019, the Company amended and restated the Partnership Revolver to provide additional flexibility by increasing the capacity to \$400.0 million extending the revolving termination date to August 5, 2024 and including SunCoke Energy, Inc. as a borrower ("Revolving Facility"). This Revolving Facility also replaced the 2022 Revolving Facility. With proceeds from the Revolving Facility, the Company repaid the outstanding Partnership Revolver balance of \$100.0 million as well as its outstanding Term Loan for \$43.3 million. As a result, the Company recorded a loss on extinguishment of debt on the Consolidated Statements of Operations of \$0.7 million for the year ended December 31, 2019, representing a write-off of unamortized debt issuance costs. These debt refinancing activities increased total borrowing capacity by \$15.0 million and extended maturities by approximately two years, with no impact on our total debt balance.

As of December 31, 2019, the Revolving Facility had letters of credit outstanding of \$12.2 million and \$143.3 million outstanding balance, leaving \$244.5 million available. During 2019, the Company replaced certain letters of credit totaling \$11.5 million with new letters of credit, which no longer reduce the Revolving Facility's available balance. Commitment fees are based on the unused portion of the Revolving Facility at a rate of 0.25 percent.

Borrowings under the Revolving Facility bear interest, at SunCoke's option, at either (i) a rate per annum equal to either the adjusted Eurodollar Rate, which currently is the London Interbank Offered Rate ("LIBOR") plus 2.0 percent or (ii) an alternate base rate ("ABR") plus 1.0 percent. The spread is subject to change based on SunCoke's consolidated leverage ratio, as defined in the credit agreement. The weighted-average interest rate for borrowings outstanding under the Revolving Facility was 3.9 percent during 2019.

There were no borrowings under the 2022 Revolving Facility during 2019, 2018 or 2017.

Partnership Revolver

Prior to the Revolver Refinancing described above, borrowings under the Partnership Revolver bore interest at either (i) a variable rate of LIBOR plus 250 basis points or (ii) an ABR plus 150 basis points. The spread was subject to change based on the Partnership's consolidated leverage ratio, as defined in the credit agreement. The weighted-average interest rate for borrowings under the Partnership Revolver was 5.3 percent, 4.8 percent and 3.8 percent during 2019, 2018 and 2017, respectively.

Financing Obligation

The Company's sale-leaseback arrangement of certain coke and logistics equipment has an initial lease period of 60 months and an early buyout option after 48 months to purchase the equipment at 34.5 percent of the original lease equipment cost. The arrangement is accounted for as a financing transaction, resulting in a financing obligation on the Consolidated Balance Sheets. The financing obligation is guaranteed by the Partnership.

Covenants

Under the terms of the Revolving Facility, the Company is subject to a maximum consolidated leverage ratio of 4.50:1.00 and a minimum consolidated interest coverage ratio of 2.50:1.00. The Company's debt agreements contains other covenants and events of default that are customary for similar agreements and may limit our ability to take various actions including our ability to pay a dividend or repurchase our stock.

If we fail to perform our obligations under these and other covenants, the lenders' credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the Revolving Facility could be declared immediately due and payable. The Company has a cross default provision that applies to our indebtedness having a principal amount in excess of \$35 million.

As of December 31, 2019, the Company was in compliance with all debt covenants. We do not anticipate violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing.

Maturities

As of December 31, 2019, the combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

	(Dollars in millions)
2020	\$ 2.9
2021 ⁽¹⁾	4.3
2022	—
2023	—
2024	143.3
2025-Thereafter	650.0
Total	<u>\$ 800.5</u>

(1) This \$4.3 million may be paid in 2020 should the Company choose to exercise its early buyout option on the Financing Obligation.

13. Commitments and Contingent Liabilities

Legal Matters

The EPA issued Notices of Violations (“NOVs”) for our Haverhill and Granite City cokemaking facilities which stemmed from alleged violations of our air emission operating permits for these facilities. We worked in a cooperative manner with the EPA, the Ohio Environmental Protection Agency and the Illinois Environmental Protection Agency to address the allegations and entered into a consent decree in federal district court in the Southern District of Illinois (the “Court”) with these parties. The consent decree included a \$2.2 million civil penalty payment, which was paid in December 2014, as well as capital projects to improve the reliability of the energy recovery systems and enhance environmental performance at the Haverhill and Granite City facilities. In the third quarter of 2018, the Court entered an amendment to the consent decree, which provided the Haverhill and Granite City facilities with additional time to perform necessary maintenance on the flue gas desulfurization systems without exceeding consent decree limits. The emissions associated with this maintenance will be mitigated in accordance with the amendment, and there are no civil penalty payments associated with this amendment performance. The project at Haverhill was completed in 2016. The project at Granite City was due to be completed in February 2019, but was instead completed in June 2019, and the Company is in discussions with the government entities regarding, among other things, the timing thereof. We spent \$151.5 million related to these environmental projects since work began in 2012.

SunCoke Energy has also received NOVs, Findings of Violations (“FOVs”), and information requests from the EPA related to our Indiana Harbor cokemaking facility, which allege violations of certain air operating permit conditions for this facility. The Clean Air Act (the “CAA”) provides the EPA with the authority to issue, among other actions, an order to enforce a State Implementation Plan (“SIP”) 30 days after an NOV. The CAA also authorizes EPA enforcement of other non-SIP requirements immediately after an FOV. Generally, an NOV applies to SIPs and requires the EPA to wait 30 days, while an FOV applies to all other provisions (such as federal regulations) of the CAA, and has no waiting period. The NOVs and/or FOVs were received in 2010, 2012, 2013, 2015 and 2016. After discussions with the EPA and the Indiana Department of Environmental Management (“IDEM”) in 2010, resolution of the NOVs and FOVs was postponed by mutual agreement because of ongoing discussions regarding the NOVs at Haverhill and Granite City. In January 2012, the Company began working in a cooperative manner to address the allegations with the EPA, the IDEM and Cokenergy, LLC., an independent power producer that owns and operates an energy facility, including heat recovery equipment and a flue gas desulfurization system, that processes hot flue gas from our Indiana Harbor facility to produce steam and electricity and to reduce the sulfur and particulate content of such flue gas.

The EPA, IDEM, SunCoke Energy and Cokenergy, LLC met regularly since those discussions commenced to reach a settlement of the NOV's and FOV's. Capital projects were underway during this time to address items that would be included in conjunction with a settlement. A consent decree among the parties was entered by the federal district court in the Northern District of Indiana during the fourth quarter of 2018. The settlement includes a \$2.5 million civil penalty that was paid in the fourth quarter of 2018. Further, the settlement consists of capital projects that were completed during the fourth quarter of 2019 to improve reliability and environmental performance of the coke ovens at the facility.

The Company is a party to certain other pending and threatened claims, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and environmental claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of these claims could be resolved unfavorably to the Company. Management of the Company believes that any liability which may arise from these claims would not have a material adverse impact on our consolidated financial statements.

Black Lung Benefit Liabilities

The Company has obligations related to coal workers' pneumoconiosis, or black lung, benefits to certain of our former coal miners and their dependents. Such benefits are provided for under Title IV of the Federal Coal Mine and Safety Act of 1969 and subsequent amendments, as well as for black lung benefits provided in the states of Virginia, Kentucky and West Virginia pursuant to workers' compensation legislation. The Patient Protection and Affordable Care Act ("PPACA"), which was implemented in 2010, amended previous legislation related to coal workers' black lung obligations. PPACA provides for the automatic extension of awarded lifetime benefits to surviving spouses and changes the legal criteria used to assess and award claims. We act as a self-insurer for both state and federal black lung benefits and adjust our liability each year based upon actuarial calculations of our expected future payments for these benefits.

Our independent actuarial consultants calculate the present value of the estimated black lung liability annually based on actuarial models utilizing our population of former coal miners, historical payout patterns of both the Company and the industry, actuarial mortality rates, disability incidence, medical costs, death benefits, dependents, discount rates and the current federally mandated payout rates. The estimated liability may be impacted by future changes in the statutory mechanisms, modifications by court decisions and changes in filing patterns driven by perceptions of success by claimants and their advisors, the impact of which cannot be estimated.

The following table summarizes discount rates utilized, active claims and the total black lung liabilities:

	December 31,	
	2019	2018
Discount rate ⁽¹⁾	2.9%	4.0%
Active claims	324	345
Total black lung liability (dollars in millions) ⁽²⁾	\$ 55.1	\$ 49.4

(1) The discount rate is determined based on a portfolio of high-quality corporate bonds with maturities that are consistent with the estimated duration of our black lung obligations. A decrease of 25 basis points in the discount rate would have increased black lung expense by \$1.3 million in 2019.

(2) The current portion of the black lung liability was \$4.6 million and \$4.5 million at December 31, 2019 and 2018, respectively, and was included in accrued liabilities on the Consolidated Balance Sheets.

The following table summarizes annual black lung payments and expense:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Payments	\$ 5.2	\$ 6.3	\$ 7.4
Expense	\$ 10.9	\$ 5.4	\$ 7.5

14. Leases

The Company leases land, office space, equipment, railcars and locomotives. Arrangements are assessed at inception to determine if a lease exists and, with the adoption of ASC 842, “Leases,” right-of-use (“ROU”) assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Because the Company’s leases do not provide an implicit rate of return, the Company uses its incremental borrowing rate at the inception of a lease to calculate the present value of lease payments. The Company has elected to apply the short-term lease exception for all asset classes, therefore, excluding all leases with a term of less than 12 months from the balance sheet, and will recognize the lease payments in the period they are incurred. Additionally, the Company has elected to account for lease and nonlease components of an arrangement, such as assets and services, as a single lease component for all asset classes.

Certain of our long-term leases include one or more options to renew or to terminate, with renewal terms that can extend the lease term from one month to 50 years. The impact of lease renewals or terminations are included in the expected lease term to the extent the Company is reasonably certain to exercise the renewal or termination. The Company's finance leases are immaterial to our consolidated financial statements.

The components of lease expense were as follows:

	Year ended December 31, 2019
	(Dollars in millions)
Operating leases:	
Cost of products sold and operating expenses	\$ 1.9
Selling, general and administrative expenses	0.5
	<u>\$ 2.4</u>
Short-term leases:	
Cost of products sold and operating expenses ⁽¹⁾⁽²⁾	9.3
Total lease expense	<u>\$ 11.7</u>

(1) Includes expenses for month-to-month equipment leases, which are classified as short-term as the Company is not reasonably certain to renew the lease term beyond one month.

(2) Includes variable lease expenses, which are immaterial to the consolidated financial statements.

Supplemental balance sheet information related to leases was as follows:

	Financial Statement Classification	December 31, 2019
		(Dollars in millions)
Operating ROU assets	Deferred charges and other assets	<u>\$ 12.4</u>
Operating lease liabilities:		
Current operating lease liabilities	Accrued liabilities	\$ 1.9
Noncurrent operating lease liabilities	Other deferred credits and liabilities	9.8
Total operating lease liabilities		<u>\$ 11.7</u>

The weighted average remaining lease term and weighted average discount rate were as follows:

	December 31, 2019
Weighted average remaining lease term of operating leases	7.9 years
Weighted average discount rate of operating leases	4.8%

Supplemental cash flow information related to leases was as follows:

	Year Ended December 31, 2019
	(Dollars in millions)
Operating cash flow information:	
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 3.9
Non-cash activity:	
ROU assets obtained in exchange for new operating lease liabilities	\$ 7.9

Maturities of operating lease liabilities as of December 31, 2019 are as follows:

	(Dollars in millions)
Year ending December 31:	
2020	\$ 2.3
2021	2.2
2022	1.7
2023	1.3
2024	1.3
2025-Thereafter	5.3
Total lease payments	14.1
Less: imputed interest	2.4
Total lease liabilities	\$ 11.7

Leases prior to the adoption of ASC 842, "Leases"

The aggregate amount of future minimum annual rental payments applicable to noncancelable leases as of December 31, 2018 were as follows:

	Minimum Rental Payments
	(Dollars in millions)
Year ending December 31:	
2019	\$ 2.0
2020	1.1
2021	1.0
2022	0.5
2023	0.1
2024-Thereafter	0.7
Total	\$ 5.4

Total rental expense for all operating leases was \$9.8 million and \$7.3 million in 2018 and 2017, respectively.

Prior to the adoption of ASC 842, "Leases," certain contracts to sell coke were deemed to contain a lease. The lease component of the price of coke represented the rental payment for the use of the property, plant and equipment. The total amount of revenue recognized by the Company for these rentals represented less than 10 percent of consolidated sales and was included in other operating revenues for each of the years ended December 31, 2018 and 2017. Upon adoption of ASC 842, "Leases," in 2019, these long-term contracts to sell coke were no longer deemed to contain operating leases.

15. Accumulated Other Comprehensive Loss

The following tables set forth the changes in the balance of accumulated other comprehensive loss, net of tax, by component:

	Benefit Plans	Currency Translation Adjustments	Total
	(Dollars in millions)		
At December 31, 2017	\$ (6.5)	\$ (14.7)	\$ (21.2)
Other comprehensive loss before reclassifications / adjustments	—	(1.4)	(1.4)
Amounts reclassified from accumulated other comprehensive loss	(0.1)	—	(0.1)
Retirement benefit plans funded status adjustment	0.6	—	0.6
Recognition of accumulated currency translation loss upon sale of equity method investment ⁽¹⁾	—	9.0	9.0
Net current period change in accumulated other comprehensive loss	0.5	7.6	8.1
At December 31, 2018	\$ (6.0)	\$ (7.1)	\$ (13.1)
Other comprehensive loss before reclassifications / adjustments	—	(0.6)	(0.6)
Retirement benefit plans funded status adjustment	(0.7)	—	(0.7)
Net current period change in accumulated other comprehensive loss	(0.7)	(0.6)	(1.3)
At December 31, 2019	\$ (6.7)	\$ (7.7)	\$ (14.4)

(1) These accumulated currency translation losses were recognized into income as a result of the sale of our equity method investment in VISA SunCoke.

The tax benefit associated with the Company's benefit plans as of December 31, 2019 and 2018 was \$2.1 million and \$1.8 million, respectively.

The increase (decrease) on net income due to reclassification adjustments from accumulated other comprehensive income were as follows⁽¹⁾:

	December 31,		
	2019	2018	2017
	(Dollars in millions)		
Recognition of accumulated currency translation loss upon sale of equity method investment	\$ —	\$ (9.0)	\$ —
Amortization of benefit plans to net income: ⁽²⁾			
Actuarial loss	\$ (0.6)	\$ (0.6)	\$ (0.9)
Prior service benefit	0.6	0.7	0.7
Total, net of tax ⁽³⁾	\$ —	\$ (8.9)	\$ (0.2)

(1) Amounts in parentheses indicate debits to net income.

(2) These accumulated other comprehensive (income) loss components are included in the computation of postretirement benefit plan expense (benefit) and included in interest expense, net on the Consolidated Statements of Operations. See Note 10.

(3) The related tax cost (benefit) was immaterial for all years presented.

16. Share-Based Compensation

Equity Classified Awards

The SunCoke Energy, Inc. Long-Term Performance Enhancement Plan ("SunCoke LTPEP") provides for the grant of equity-based awards including stock options and share units, or restricted stock, to the Company's directors, officers, and other employees, advisors, and consultants who are selected by the plan committee for participation in the SunCoke LTPEP. All awards vest immediately upon a change in control and a qualifying termination of employment as defined by the SunCoke LTPEP. The plan authorizes the issuance of (i) 1,600,000 shares of SunCoke Energy common stock issuable upon

the adjustment of Sunoco, Inc. equity awards in connection with the Separation and Distribution Agreement between Sunoco, Inc. and SunCoke and (ii) up to 7,500,000 shares, which reflects the 6,000,000 shares initially authorized under the Plan and an additional 1,500,000 shares to be issued under the Plan pursuant to an amendment effective February 14, 2018, of SunCoke Energy, Inc. common stock pursuant to new awards under the SunCoke LTPEP.

The Company measures the cost of employee services in exchange for an award of equity instruments based on the grant-date fair value of the award. The performance metrics of equity awards are remeasured on a quarterly basis for updates to the probability of achievement. The market metrics of equity awards are not remeasured. The total cost is recognized over the requisite service period. Award forfeitures are accounted for as they occur.

Stock Options

The Company granted the following stock options during the years ended December 31, 2019, 2018 and 2017, with an exercise price equal to the closing price of our common stock on the date of grant:

	No. of Shares	Weighted Average Per Share		
		Exercise Price	Weighted Average Grant Date Fair Value	
Traditional stock options:				
2019 grant	267,897	\$ 9.87	\$ 4.09	
2018 grant	78,447	\$ 10.49	\$ 5.38	
2017 grant	157,196	\$ 10.29	\$ 5.32	
Performance based options:				
2017 grant ⁽¹⁾	80,595	\$ 9.85	\$ 5.17	

(1) In order to become exercisable, the performance based options required the closing price of the Company's common stock to reach or exceed \$14.78 per share for the 2017 grants for any 15 trading days during the three-year period beginning on the grant date. As this was not achieved, these performance based options were forfeited in 2020.

The stock options vest in three equal annual installments beginning one year from the date of grant. The stock options expire ten years from the date of grant.

The Company calculates the value of each employee stock option, estimated on the date of grant, using the Black-Scholes option pricing model with a Monte Carlo simulation for the performance based options. The weighted-average fair value of employee stock options granted during the years ended December 31, 2019, 2018 and 2017 was based on using the following weighted-average assumptions:

	Years Ended December 31,		
	2019	2018	2017
Risk free interest rate	2%	3%	2%
Expected term	6 years	6 years	6 years
Volatility	53%	52%	53%
Dividend yield	2%	—%	—%

The risk-free interest rate assumption is based on the U.S. Treasury yield curve at the date of grant for periods which approximate the expected life of the option. The expected term of the employee options represent the average contractual term adjusted by the average vesting period of each option tranche. We based our expected volatility on our historical volatility over our entire available trading history. The dividend yield assumption is based on the Company's expectation of dividend payouts at the time of grant.

The following table summarizes information with respect to common stock option awards outstanding as of December 31, 2019 and stock option activity during the fiscal year then ended:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (millions)
Outstanding at December 31, 2018	2,885,788	\$ 15.46	4.8	\$ 2.1
Granted	267,897	\$ 9.87		
Exercised	—	\$ —		
Forfeited	(16,854)	\$ 16.29		
Outstanding at December 31, 2019	3,136,831	\$ 15.02	4.3	\$ 0.3
Exercisable at December 31, 2019	2,742,311	\$ 15.70	3.4	\$ 0.3
Expected to vest at December 31, 2019	394,520	\$ 10.00	8.6	\$ —

Intrinsic value for stock options is defined as the difference between the current market value of our common stock and the exercise price of the stock options. Total intrinsic value of stock options exercised during 2018 and 2017 was \$0.8 million and \$0.3 million, respectively. There were no stock options exercised during 2019.

Restricted Stock Units

The Company granted the following restricted stock units ("RSUs") during the years ended December 31, 2019, 2018 and 2017:

	Shares	Weighted Average Grant-Date Fair Value	Grant Date Fair Value
			(Dollars in millions)
2019 grants	136,425	\$ 9.87	\$ 1.3
2018 grants	32,128	\$ 10.49	\$ 0.3
2017 grants	22,628	\$ 9.85	\$ 0.2

The RSUs vest in three annual installments beginning one year from the date of grant.

The following table summarizes information with respect to RSUs outstanding as of December 31, 2019 and RSU activity during the fiscal year then ended:

	Number of RSUs	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2018	47,213	\$ 10.29
Granted	136,425	\$ 9.87
Vested	(18,254)	\$ 10.23
Forfeited	—	\$ —
Nonvested at December 31, 2019	165,384	\$ 9.95

Total grant date fair value of RSUs vested was \$0.2 million, \$1.2 million and \$2.3 million during 2019, 2018 and 2017, respectively.

Performance Share Units

The Company grants performance share units ("PSUs"), which represent the right to receive shares of the Company's common stock, contingent upon the attainment of Company performance and market goals and continued employment.

The Company granted the following PSUs during the years ended December 31, 2019, 2018 and 2017:

	Shares	Fair Value per Share	Grant Date Fair Value
			(Dollars in millions)
2019 grant ⁽¹⁾	227,378	\$ 10.79	\$ 2.5
2018 grant ⁽¹⁾	96,389	\$ 11.36	\$ 1.1
2017 grant ⁽²⁾	385,758	\$ 11.61	\$ 4.5

(1) The service period for the 2019 and 2018 PSUs ends on December 31, 2021 and 2020, and the awards will vest during the first quarter of 2022 and 2021, respectively.

(2) The Company granted 237,610 PSUs in February 2017, for which the service period will end on December 31, 2019, and 148,148 PSUs in December 2017, for which the service period will end on December 31, 2020. These awards will vest during the first quarter of 2020 and 2021, respectively.

The PSU grants were split 50/50 between the Company's three-year cumulative Adjusted EBITDA performance measure and the Company's three-year average pre-tax return on capital ("ROIC") performance measure for its coke and logistics businesses and unallocated corporate expenses. The number of PSU's ultimately awarded will be determined by the Adjusted EBITDA and ROIC performance versus targets and the Company's three-year total shareholder return ("TSR") as compared to the TSR of the companies making up the Nasdaq Iron & Steel Index ("TSR Modifier"). The TSR Modifier can impact the payout (between 50 percent and 150 percent of the 2017 award and between 25 percent and 125 percent of the 2018 and 2019 awards) of the Company's final performance measure results. The award may vest between zero and 250 percent of the original units granted. The fair value of the PSUs granted is based on the closing price of our common stock on the date of grant as well as a Monte Carlo simulation for the valuation of the TSR Modifier.

The following table summarizes information with respect to unearned PSUs outstanding as of December 31, 2019 and PSU activity during the fiscal year then ended:

	Number of PSUs	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2018	752,375	\$ 8.86
Granted	227,378	\$ 10.79
Performance adjustments	105,651	4.83
Vested	(495,181)	\$ 4.83
Forfeited	(14,860)	\$ 10.90
Nonvested at December 31, 2019	<u>575,363</u>	\$ 11.20

Liability Classified Awards

Restricted Stock Units Settled in Cash

During the years ended December 31, 2019, 2018 and 2017, the Company issued 147,851, 108,522 and 98,364 restricted stock units to be settled in cash ("Cash RSUs"), respectively, which vest in three annual installments beginning one year from the grant date. The weighted average grant date fair value of the Cash RSUs granted during the years ended December 31, 2019, 2018 and 2017, was \$9.66, \$10.71 and \$9.82, respectively, and was based on the closing price of our common stock on the day of grant. The Cash RSU liability at December 31, 2019 was adjusted based on the closing price of our common stock on December 31, 2019 of \$6.23 per share. The Cash RSU liability at December 31, 2019 was not material.

Cash Incentive Award

The Company also granted share-based compensation to eligible participants under the SunCoke Energy, Inc. Long-Term Cash Incentive Plan ("SunCoke LTCIP"), which became effective January 1, 2016. The SunCoke LTCIP is designed to provide for performance-based, cash-settled awards. All awards vest immediately upon a change in control and a qualifying termination of employment as defined by the SunCoke LTCIP.

The Company issued a grant date fair value award of \$0.6 million, \$1.0 million and \$0.7 million during the years ended December 31, 2019, 2018 and 2017, respectively, for which the service periods end on December 31, 2022, 2021 and 2020, respectively, and the awards will vests during the first quarter of 2023, 2022 and 2021, respectively. The awards are

split 50/50 between the Company's three cumulative Adjusted EBITDA performance and the Company's three-year average pre-tax return on capital performance measure for its coke and logistics businesses and unallocated corporate expense, consistent with the PSU awards. See above for details.

The cash incentive award liability at December 31, 2019 was adjusted based on the Company's current performance related to the above awards. The cash incentive award liability at December 31, 2019 was not material.

Summary of Share-Based Compensation Expense

Below is a summary of the compensation expense, unrecognized compensation costs, the period for which the unrecognized compensation cost is expected to be recognized over and the estimated forfeiture rate for each award:

	Years Ended December 31,						December 31, 2019	
	2019	2018	2017	2019	2018	2017	Unrecognized Compensation Cost	Recognition Period
	Compensation Expense ⁽¹⁾			Net of tax				
(Dollars in millions)								
Equity Awards:								
Stock Options	\$ 1.1	\$ 0.5	\$ 1.3	\$ 0.9	\$ 0.4	\$ 0.8	\$ 0.5	1.2
RSUs	1.0	0.4	1.1	0.9	0.3	0.7	\$ 0.5	1.2
PSUs	2.2	1.9	1.9	1.8	1.7	1.2	\$ 2.4	1.5
Total equity awards	\$ 4.3	\$ 2.8	\$ 4.3	\$ 3.6	\$ 2.4	\$ 2.7		
Liability Awards:								
Cash RSUs	\$ 0.9	\$ 0.8	\$ 1.0	\$ 0.7	\$ 0.6	\$ 0.6	\$ 0.5	1.6
Cash incentive award	0.4	0.9	0.2	0.3	0.7	0.1	\$ 0.5	1.4
Total liability awards	\$ 1.3	\$ 1.7	\$ 1.2	\$ 1.0	\$ 1.3	\$ 0.7		

(1) Compensation expense is recognized by the Company in selling, general and administrative expenses on the Consolidated Statements of Operations.

The Company issued \$0.2 million, \$0.3 million, and \$0.5 million of share-based compensation to the Company's Board of Directors during the years ended December 31, 2019, 2018 and 2017, respectively.

17. Earnings Per Share

Basic earnings per share ("EPS") has been computed by dividing net (loss) income available to SunCoke Energy, Inc. by the weighted average number of shares outstanding during the period. Except where the result would be anti-dilutive, diluted earnings per share has been computed to give effect to share-based compensation awards using the treasury stock method.

The following table sets forth the reconciliation of the weighted-average number of common shares used to compute basic earnings per share to those used to compute diluted EPS:

	Years Ended December 31,		
	2019	2018	2017
(Shares in millions)			
Weighted-average number of common shares outstanding-basic	76.8	64.7	64.3
Add: effect of dilutive share-based compensation awards	—	0.8	0.9
Weighted-average number of shares-diluted	76.8	65.5	65.2

The following table shows stock options, restricted stock units, and performance stock units that are excluded from the computation of diluted earnings per share as the shares would have been anti-dilutive:

	Years Ended December 31,		
	2019	2018	2017
	(Shares in millions)		
Stock options	3.0	2.7	2.9
Restricted stock units	0.1	—	—
Performance stock units	0.4	0.1	0.1
Total	<u>3.5</u>	<u>2.8</u>	<u>3.0</u>

18. Fair Value Measurements

The Company measures certain financial and non-financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2—inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Cash Equivalents

Certain assets and liabilities are measured at fair value on a recurring basis. The Company's cash equivalents, which amounted to \$5.1 million and \$3.2 million at December 31, 2019 and 2018, respectively, were measured at fair value based on quoted prices in active markets for identical assets. These inputs are classified as Level 1 within the valuation hierarchy.

CMT Contingent Consideration

In connection with the CMT acquisition, the Company entered into a contingent consideration arrangement that runs through 2022 and requires us to make future payments to The Cline Group based on future volume over a specified threshold, price and contract renewals. The fair value of the contingent consideration was estimated based on a probability-weighted analysis using significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions included probability adjusted levels of handling services provided by CMT, anticipated price per ton on future sales and probability of contract renewal, including length of future contracts, volume commitment, and anticipated price per ton. Due to a change in market and customer conditions further described in Note 8, we decreased our forecasted projections, which were classified as Level 3 inputs. The decrease in forecasted projections, as well as a payment made in 2019, resulted in a reduction of the contingent consideration liability, primarily included in other deferred credits and liabilities on the Consolidated Balance Sheets, to zero at December 31, 2019 from \$5.0 million at December 31, 2018.

During 2018, CMT achieved record volumes and the Company increased CMT's throughput volume projections in future periods for certain customers due to favorable coal prices, which were expected to increase export volume through CMT. The combined impact of the strong 2018 volumes and improved volume projections resulted in an increase of \$2.5 million to the fair value of the contingent consideration balance. During 2017, as a result of adverse mining conditions faced by one of our thermal coal customers, as well as fluctuating export coal pricing, the Company lowered CMT's throughput volume, which reduced the contingent consideration liability balance by \$1.7 million.

The changes in fair value discussed above were recorded to costs of products sold and operating expenses on the Consolidated Statements of Operations during 2019, 2018 and 2017.

Certain Financial Assets and Liabilities not Measured at Fair Value

At December 31, 2019 and 2018, the fair value of the Company's long-term debt was estimated to be \$776.1 million and \$822.8 million, respectively, compared to a carrying amount of \$800.5 million and \$859.0 million, respectively. These fair values were estimated by management based upon estimates of debt pricing provided by financial institutions which are considered Level 2 inputs.

19. Revenue from Contracts with Customers

Cokemaking

Substantially all our coke sales are made pursuant to long-term, take-or-pay agreements with AM USA, AK Steel and U.S. Steel, who are three of the largest blast furnace steelmakers in North America. The take-or-pay provisions of our agreements require us to deliver minimum annual tonnage, which varies by contract, but covers at least 90 percent of each facility's nameplate capacity. The take-or-pay provisions also require our customers to purchase such volumes of coke or pay the contract price for any tonnage they elect not to take. These coke sales agreements have an average remaining term of approximately four years, and to date, our coke customers have satisfied their obligations under these agreements.

Our coke sales prices include an operating cost component, a coal cost component and a return of capital component. Operating costs under two of our coke sales agreements are contractual, subject to an annual adjustment based on an inflation index. Under our other four coke sales agreements operating costs are passed through to the respective customers subject to an annually negotiated budget, in some cases subject to a cap annually adjusted for inflation, and generally we share any difference in costs from the budgeted amounts with our customers. Our coke sales agreements contain pass-through provisions for coal and coal procurement costs, subject to meeting contractual coal-to-coke yields. To the extent that the actual coal-to-coke yields are less than the contractual standard, we are responsible for the cost of the excess coal used in the cokemaking process. Conversely, to the extent our actual coal-to-coke yields are higher than the contractual standard, we realize gains. The reimbursement of pass-through operating and coal costs from these coke sales agreements are considered to be variable consideration components included in the cokemaking sales price. The return of capital component for each ton of coke sold to the customer is determined at the time the coke sales agreement is signed and is effective for the term of each sales agreement. This component of our coke sales prices is intended to provide an adequate return on invested capital and may differ based on investment levels and other considerations. The actual return on invested capital at any facility is also impacted by favorable or unfavorable performance on pass-through cost items. Revenues are recognized when performance obligations to our customers are satisfied in an amount that reflects the consideration that we expect to receive in exchange for the coke.

Logistics

In our logistics business, handling and/or mixing services are provided to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled, but rather act as intermediaries between our customers and end users, deriving our revenues from services provided on a per ton basis. The handling and mixing services consist primarily of two performance obligations, unloading and loading of materials. Our logistics business has take-or-pay agreements requiring us to handle approximately 4 million tons annually, excluding our agreement with Foresight, which we anticipate will be renegotiated in 2020, resulting in lower volumes and price. See Note 8. The take-or-pay provisions in these agreements require our customers to purchase such handling services or pay the contract price for services they elect not to take.

Estimated take-or-pay revenue of approximately \$14 million from all of our multi-year logistics contracts, excluding our agreement with Foresight, is expected to be recognized over the next four years for unsatisfied or partially unsatisfied performance obligations as of December 31, 2019. Revenues are recognized when the customer receives the benefits of the services provided, in an amount that reflects the consideration that we will receive in exchange for those services. Billings to CMT customers for take-or-pay volume shortfalls based on pro-rata volume commitments under take-or-pay contracts that are in excess of billings earned for services provided are recorded as contract liabilities and characterized as deferred revenue on the Consolidated Balance Sheets. Deferred revenue is recognized at the earliest of i) when the performance obligation is satisfied; ii) when the performance obligation has expired, based on the terms of the contract; or iii) when the likelihood that the customer would exercise its right to the performance obligation becomes remote.

The following table provides changes in the Company's deferred revenue:

	2019	2018
	(Dollars in millions)	
Beginning balance	\$ 3.0	\$ 1.7
Reclassification of the beginning contract liabilities to revenue, as a result of performance obligation satisfied	(3.0)	(1.4)
Billings in excess of services performed, not recognized as revenue	0.3	2.7
Ending balance	<u>\$ 0.3</u>	<u>\$ 3.0</u>

Energy

Our energy sales are made pursuant to either steam or energy supply and purchase agreements or is sold into the regional power market. Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal's volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. The energy provided under these arrangements results in transfer of control over time. Revenues are recognized over time as energy is delivered to our customers, in an amount based on the terms of each arrangement.

Operating and Licensing Fees

Operating and licensing fees are made pursuant to long-term contracts with ArcelorMittal Brazil, where we operate a Brazilian cokemaking facility. The licensing fees are based upon the level of production required by our customer as well as a fixed annual fee. Operating fees include the full pass-through of the operating costs of the Brazilian facility as well as a per ton fee based on the level of production required by our customer. Revenues are recognized over time as our customers receive and consume the benefits in an amount that corresponds directly with the value provided to the customer to date.

Disaggregated Sales and Other Operating Revenue

The following table provides disaggregated sales and other operating revenue by product or service, excluding intersegment revenues:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Sales and other operating revenue:			
Cokemaking	\$ 1,434.9	\$ 1,250.5	\$ 1,140.8
Energy	51.1	49.7	53.2
Logistics	72.1	101.0	89.7
Operating and licensing fees	38.4	40.4	43.4
Other	3.8	9.3	4.4
Sales and other operating revenue	<u>\$ 1,600.3</u>	<u>\$ 1,450.9</u>	<u>\$ 1,331.5</u>

Disaggregated sales and other operating revenue by customer is discussed in Note 4.

20. Business Segment Information

The Company reports its business through three segments: Domestic Coke, Brazil Coke and Logistics. The Domestic Coke segment includes the Jewell, Indiana Harbor, Haverhill, Granite City and Middletown cokemaking facilities. Each of these facilities produces coke, and all facilities except Jewell recover waste heat, which is converted to steam or electricity through a similar production process.

The Brazil Coke segment includes the licensing and operating fees payable to us under long-term contracts with ArcelorMittal Brazil, under which we operate a cokemaking facility located in Vitória, Brazil through at least 2023.

Logistics operations are comprised of CMT, KRT, Lake Terminal, which provides services to our Indiana Harbor cokemaking facility, and DRT, which provides services to our Jewell cokemaking facility. Handling and mixing results are presented in the Logistics segment.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other. Corporate and Other also includes activity from our legacy coal mining business.

Segment assets are those assets utilized within a specific segment and exclude taxes.

The following table includes Adjusted EBITDA, which is the measure of segment profit or loss reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance:

	Years Ended December 31,		
	2019	2018	2017
(Dollars in millions)			
Sales and other operating revenue:			
Domestic Coke	\$ 1,489.1	\$ 1,308.3	\$ 1,195.0
Brazil Coke	38.4	40.4	43.4
Logistics	72.8	102.2	93.1
Logistics intersegment sales	26.3	24.5	23.8
Elimination of intersegment sales	(26.3)	(24.5)	(23.8)
Total sales and other operating revenue	\$ 1,600.3	\$ 1,450.9	\$ 1,331.5
Adjusted EBITDA:			
Domestic Coke	\$ 226.7	\$ 207.9	\$ 188.9
Brazil Coke	16.0	18.4	18.2
Logistics	42.6	72.6	70.8
Corporate and Other ⁽¹⁾	(37.4)	(35.7)	(43.2)
Total Adjusted EBITDA	\$ 247.9	\$ 263.2	\$ 234.7
Depreciation and amortization expense:			
Domestic Coke	\$ 120.5	\$ 114.4	\$ 102.6
Brazil Coke	0.6	0.7	0.7
Logistics	21.4	25.1	24.4
Corporate and Other	1.3	1.4	0.5
Total depreciation and amortization expense	\$ 143.8	\$ 141.6	\$ 128.2
Capital expenditures:			
Domestic Coke	\$ 105.5	\$ 95.1	\$ 68.8
Logistics	4.6	5.2	4.4
Corporate and Other	—	—	2.4
Total capital expenditures	\$ 110.1	\$ 100.3	\$ 75.6

(1) Corporate and Other includes the activity from our legacy coal mining business, which incurred Adjusted EBITDA losses of \$11.2 million, \$9.8 million, and \$10.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The following table sets forth the Company's segment assets:

	December 31,	
	2019	2018
(Dollars in millions)		
Segment assets:		
Domestic Coke	\$ 1,434.2	\$ 1,446.5
Brazil Coke	14.6	15.1
Logistics	200.8	463.0
Corporate and Other	102.0	120.0
Segment assets, excluding income tax receivable	1,751.6	2,044.6
Tax assets	2.2	0.7
Total assets	\$ 1,753.8	\$ 2,045.3

The Company evaluates the performance of its segments based on segment Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for any impairments, (gain) loss on extinguishment of debt, changes to our contingent consideration liability related to our acquisition of CMT, loss on the disposal of our interest in VISA SunCoke and/or transaction costs incurred as part of the Simplification Transaction. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income under GAAP and may not be comparable to other similarly titled measures in other businesses.

Management believes Adjusted EBITDA is an important measure in assessing operating performance. Adjusted EBITDA provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, and they should not be considered a substitute for net income, or any other measure of financial performance presented in accordance with GAAP. Additionally, other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Below is the reconciliation of Adjusted EBITDA to net (loss) income, which is its most directly comparable financial measure calculated and presented in accordance with GAAP:

	Years Ended December 31,		
	2019	2018	2017
	(Dollars in millions)		
Net (loss) income	\$ (148.4)	\$ 47.0	\$ 103.5
Add:			
Long-lived asset and goodwill impairment	247.4	—	—
Depreciation and amortization expense	143.8	141.6	128.2
Interest expense, net ⁽¹⁾	60.3	61.4	60.6
(Gain) loss on extinguishment of debt, net	(1.5)	0.3	20.4
Income tax (benefit) expense	(54.7)	4.6	(81.6)
Contingent consideration adjustments ⁽²⁾	(4.2)	2.5	(1.7)
Transaction costs ⁽³⁾	5.2	0.4	—
Expiration of land deposits and write-off of costs related to potential new cokemaking facility ⁽⁴⁾	—	—	5.3
Loss from equity method investment	—	5.4	—
Adjusted EBITDA	\$ 247.9	\$ 263.2	\$ 234.7
Subtract: Adjusted EBITDA attributable to noncontrolling interests ⁽⁵⁾	40.7	82.0	86.4
Adjusted EBITDA attributable to SunCoke Energy, Inc.	\$ 207.2	\$ 181.2	\$ 148.3

- (1) In conjunction with the adoption of ASU 2017-07, the non-service type expense associated with the postretirement benefit plans was excluded from operating income and recorded in interest expense, net on the Consolidated Statements of Operations during the periods presented. Amounts in prior periods were immaterial, and therefore, were not reclassified in the reconciliation of Adjusted EBITDA to net income.
- (2) In connection with the CMT acquisition, the Company entered into a contingent consideration arrangement that requires the Company to make future payments to the seller based on future volume over a specified threshold, price and contract renewals. Adjustments to the fair value of the contingent consideration were primarily the result of modifications to the volume forecast. Customer events during the third quarter of 2019 reduced the contingent consideration liability to zero. See Note 18.
- (3) Costs expensed primarily by the Partnership associated with the Simplification Transaction.
- (4) In 2014, we finalized the required permitting and engineering plan for a potential new cokemaking facility, however, the project was later terminated. As a result, during 2017 the Company wrote-off previously capitalized engineering costs and land deposits for a potential new cokemaking facility of \$5.3 million. These costs were included in selling, general and administrative expenses on the Consolidated Statements of Operations.
- (5) Reflects noncontrolling interests in Indiana Harbor and the portion of the Partnership owned by public unitholders prior to the Simplification Transaction.

21. Selected Quarterly Data (unaudited)

	2019				2018			
	First Quarter	Second Quarter	Third Quarter ⁽¹⁾	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Dollars in millions)							
Sales and other operating revenue	\$ 391.3	\$ 407.5	\$ 404.3	\$ 397.2	\$ 350.5	\$ 367.0	\$ 364.5	\$ 368.9
Gross profit ⁽²⁾	\$ 46.7	\$ 43.5	\$ 49.3	\$ 39.4	\$ 47.0	\$ 52.3	\$ 45.8	\$ 39.7
Net income (loss)	\$ 12.2	\$ 3.3	\$ (163.1)	\$ (0.8)	\$ 13.0	\$ 11.4	\$ 17.1	\$ 5.5
Less: Net income (loss) attributable to noncontrolling interests	\$ 2.4	\$ 1.0	\$ (0.1)	\$ 0.6	\$ 4.3	\$ 7.2	\$ 5.6	\$ 3.7
Net income (loss) attributable to SunCoke Energy, Inc.	\$ 9.8	\$ 2.3	\$ (163.0)	\$ (1.4)	\$ 8.7	\$ 4.2	\$ 11.5	\$ 1.8
Earnings (loss) attributable to SunCoke Energy, Inc. per common share:								
Basic ⁽³⁾	\$ 0.15	\$ 0.03	\$ (1.81)	\$ (0.02)	\$ 0.13	\$ 0.06	\$ 0.18	\$ 0.03
Diluted ⁽³⁾	\$ 0.15	\$ 0.03	\$ (1.81)	\$ (0.02)	\$ 0.13	\$ 0.06	\$ 0.18	\$ 0.03

(1) During the third quarter of 2019, the Company recorded non-cash, pre-tax asset impairment charges to the Logistics segment on the Consolidated Statements of Operations of \$247.4 million. See Note 8.

(2) Gross profit equals sales and other operating revenue less cost of products sold and operating expenses and depreciation and amortization.

(3) Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

22. Supplemental Condensed Consolidating Financial Information

The Company has an existing shelf registration statement, which was filed on November 8, 2019, upon the expiration of the prior shelf registration statement, for the offering of debt and/or securities on a delayed or continuous basis and is presenting this condensed consolidating financial information in connection therewith. The following condensed consolidating financial information has been prepared and presented pursuant to SEC Rule 3-10(e) of Regulation S-X.

For purposes of the following information, SunCoke Energy is referred to as “Issuer.” Certain 100 percent owned subsidiaries of the Company, including the Partnership, are expected to serve as guarantors of obligations (“Guarantor Subsidiaries”) included in the shelf registration statement. These guarantees will be full and unconditional (subject, in the case of the Guarantor Subsidiaries, to customary release provisions as described below) and joint and several. The indenture governing the 2025 Senior Notes contains customary provisions, which would potentially restrict the ability of the Partnership to make distributions or loans to the Company under certain circumstances. For the year ended December 31, 2019, less than 25 percent of net assets were restricted by these indenture provisions.

All other consolidated subsidiaries of the Company, including Indiana Harbor and certain international and coal mining entities, are collectively referred to as “Non-Guarantor Subsidiaries.”

In connection with the filing of the new shelf registration in 2019, the prior period financial statements in this footnote have been reclassified to reflect the “Guarantor Subsidiaries” and “Non-Guarantor Subsidiaries” as defined in the new shelf registration.

The guarantee of a Guarantor Subsidiary will terminate upon:

- a sale or other disposition of the Guarantor Subsidiary or of all or substantially all of its assets;
- a sale of the majority of the capital stock of a Guarantor Subsidiary to a third-party, after which the Guarantor Subsidiary is no longer a “Restricted Subsidiary” in accordance with the indenture governing the notes;
- the liquidation or dissolution of a Guarantor Subsidiary so long as no “Default” or “Event of Default”, as defined under the indenture governing the notes, has occurred as a result thereof;
- the designation of a Guarantor Subsidiary as an “unrestricted subsidiary” in accordance with the indenture governing the notes;
- the requirements for defeasance or discharge of the indenture governing the notes having been satisfied; or
- the release, other than the discharge through payments by a Guarantor Subsidiary, from other indebtedness that resulted in the obligation of the Guarantor Subsidiary under the indenture governing the notes.

The following supplemental condensed combining and consolidating financial information reflects the Issuer’s separate accounts, the combined accounts of the Guarantor Subsidiaries, the combined accounts of the Non-Guarantor Subsidiaries, the combining and consolidating adjustments and eliminations and the Issuer’s consolidated accounts for the dates and periods indicated. For purposes of the following condensed combining and consolidating information, the Issuer’s investments in its subsidiaries and the Guarantor and Non-Guarantor Subsidiaries’ investments in its subsidiaries are accounted for under the equity method of accounting.

SunCoke Energy, Inc.
Condensed Consolidating Statement of Operations
Years Ended December 31, 2019
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue	\$ —	\$ 1,224.9	\$ 388.7	\$ (13.3)	\$ 1,600.3
Equity in (loss) earnings of subsidiaries	(153.4)	1.5	—	151.9	—
Total revenues, net of equity in earnings of subsidiaries	(153.4)	1,226.4	388.7	138.6	1,600.3
Costs and operating expenses					
Cost of products sold and operating expenses	—	933.5	357.4	(13.3)	1,277.6
Selling, general and administrative expenses	8.1	58.2	9.5	—	75.8
Depreciation and amortization expenses	—	115.0	28.8	—	143.8
Long-lived asset and goodwill impairment	—	247.4	—	—	247.4
Total costs and operating expenses	8.1	1,354.1	395.7	(13.3)	1,744.6
Operating loss	(161.5)	(127.7)	(7.0)	151.9	(144.3)
Interest (income) expense, net - affiliate	—	(6.7)	6.7	—	—
Interest expense, net	5.0	54.5	0.8	—	60.3
Total interest expense, net	5.0	47.8	7.5	—	60.3
Loss (gain) on extinguishment of debt	0.4	(1.9)	—	—	(1.5)
Loss before income tax benefit	(166.9)	(173.6)	(14.5)	151.9	(203.1)
Income tax benefit	(14.6)	(34.4)	(5.7)	—	(54.7)
Net loss	(152.3)	(139.2)	(8.8)	151.9	(148.4)
Less: Net income attributable to noncontrolling interests	—	2.6	1.3	—	3.9
Net loss attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ (141.8)	\$ (10.1)	\$ 151.9	\$ (152.3)
Comprehensive loss	\$ (152.3)	\$ (140.2)	\$ (9.1)	\$ 151.9	\$ (149.7)
Less: Comprehensive income attributable to noncontrolling interests	—	2.6	1.3	—	3.9
Comprehensive loss attributable to SunCoke Energy, Inc.	\$ (152.3)	\$ (142.8)	\$ (10.4)	\$ 151.9	\$ (153.6)

SunCoke Energy, Inc.
Condensed Consolidating Statement of Operations
Years Ended December 31, 2018
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue	\$ —	\$ 1,137.0	\$ 327.0	\$ (13.1)	\$ 1,450.9
Equity in earnings (loss) of subsidiaries	34.3	(16.9)	—	(17.4)	—
Total revenues, net of equity in earnings (loss) of subsidiaries	34.3	1,120.1	327.0	(30.5)	1,450.9
Costs and operating expenses					
Cost of products sold and operating expenses	—	832.9	304.7	(13.1)	1,124.5
Selling, general and administrative expenses	6.5	48.1	11.5	—	66.1
Depreciation and amortization expenses	—	102.7	38.9	—	141.6
Total costs and operating expenses	6.5	983.7	355.1	(13.1)	1,332.2
Operating income (loss)	27.8	136.4	(28.1)	(17.4)	118.7
Interest (income) expense, net - affiliate	—	(0.9)	0.9	—	—
Interest expense, net	3.1	52.4	5.9	—	61.4
Total interest expense, net	3.1	51.5	6.8	—	61.4
Gain on extinguishment of debt	0.3	—	—	—	0.3
Income (loss) before income tax (benefit) expense	24.4	84.9	(34.9)	(17.4)	57.0
Income tax (benefit) expense	(1.8)	13.5	(7.1)	—	4.6
Loss from equity method investment	—	—	5.4	—	5.4
Net income (loss)	26.2	71.4	(33.2)	(17.4)	47.0
Less: Net income (loss) attributable to noncontrolling interests	—	21.6	(0.8)	—	20.8
Net income (loss) attributable to SunCoke Energy, Inc.	<u>\$ 26.2</u>	<u>\$ 49.8</u>	<u>\$ (32.4)</u>	<u>\$ (17.4)</u>	<u>\$ 26.2</u>
Comprehensive income (loss)	<u>\$ 26.2</u>	<u>\$ 70.1</u>	<u>\$ (23.8)</u>	<u>\$ (17.4)</u>	<u>\$ 55.1</u>
Less: Comprehensive income (loss) attributable to noncontrolling interests	—	21.6	(0.8)	—	20.8
Comprehensive income (loss) attributable to SunCoke Energy, Inc.	<u>\$ 26.2</u>	<u>\$ 48.5</u>	<u>\$ (23.0)</u>	<u>\$ (17.4)</u>	<u>\$ 34.3</u>

SunCoke Energy, Inc.
Condensed Consolidating Statement of Operations
Years Ended December 31, 2017
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue	\$ —	\$ 1,087.1	\$ 257.3	\$ (12.9)	\$ 1,331.5
Equity in earnings (loss) of subsidiaries	109.9	(51.0)	—	(58.9)	—
Total revenues, net of equity in earnings (loss) of subsidiaries	109.9	1,036.1	257.3	(71.8)	1,331.5
Costs and operating expenses					
Cost of products sold and operating expenses	—	764.7	268.3	(12.9)	1,020.1
Selling, general and administrative expenses	8.7	58.0	12.3	—	79.0
Depreciation and amortization expenses	—	92.4	35.8	—	128.2
Total costs and operating expenses	8.7	915.1	316.4	(12.9)	1,227.3
Operating income (loss)	101.2	121.0	(59.1)	(58.9)	104.2
Interest (income) expense, net - affiliate	—	(0.2)	0.2	—	—
Interest expense, net	4.9	48.9	8.1	—	61.9
Total interest expense, net	4.9	48.7	8.3	—	61.9
Loss on extinguishment of debt, net	0.4	20.0	—	—	20.4
Income before income tax (benefit) expense and loss (gain) from equity method investment	95.9	52.3	(67.4)	(58.9)	21.9
Income tax (benefit) expense	(26.5)	(58.5)	3.4	—	(81.6)
Net income (loss)	122.4	110.8	(70.8)	(58.9)	103.5
Less: Net loss attributable to noncontrolling interests	—	(13.4)	(5.5)	—	(18.9)
Net income (loss) attributable to SunCoke Energy, Inc.	<u>\$ 122.4</u>	<u>\$ 124.2</u>	<u>\$ (65.3)</u>	<u>\$ (58.9)</u>	<u>\$ 122.4</u>
Comprehensive income (loss)	\$ 122.4	\$ 110.1	\$ (71.2)	\$ (58.9)	\$ 102.4
Less: Comprehensive loss attributable to noncontrolling interests	—	(13.4)	(5.5)	—	(18.9)
Comprehensive income (loss) attributable to SunCoke Energy, Inc.	<u>\$ 122.4</u>	<u>\$ 123.5</u>	<u>\$ (65.7)</u>	<u>\$ (58.9)</u>	<u>\$ 121.3</u>

SunCoke Energy, Inc.
Condensed Consolidating Balance Sheet
December 31, 2019
(Dollars in millions, except per share amounts)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	\$ —	\$ 93.3	\$ 3.8	\$ —	\$ 97.1
Receivables	—	53.7	5.8	—	59.5
Inventories	—	121.5	25.5	—	147.0
Income tax receivable	5.5	—	4.7	(8.0)	2.2
Other current assets	—	2.5	—	—	2.5
Advances to affiliates	—	327.2	—	(327.2)	—
Total current assets	5.5	598.2	39.8	(335.2)	308.3
Notes receivable from affiliate	—	—	127.2	(127.2)	—
Properties, plants and equipment, net	—	1,209.9	180.3	—	1,390.2
Goodwill	—	3.4	—	—	3.4
Other intangibles assets, net	—	34.7	—	—	34.7
Deferred income taxes	10.5	—	15.2	(25.7)	—
Deferred charges and other assets	—	16.2	1.0	—	17.2
Investment in subsidiaries	799.3	175.2	—	(974.5)	—
Total assets	\$ 815.3	\$ 2,037.6	\$ 363.5	\$ (1,462.6)	\$ 1,753.8
Liabilities and Equity					
Advances from affiliate	\$ 177.9	\$ —	\$ 149.3	\$ (327.2)	\$ —
Accounts payable	—	104.1	38.3	—	142.4
Accrued liabilities	1.4	31.9	13.7	—	47.0
Deferred revenue	—	0.3	—	—	0.3
Current portion of long-term debt and financing obligation	—	2.9	—	—	2.9
Interest payable	—	2.2	—	—	2.2
Income taxes payable	—	8.0	—	(8.0)	—
Total current liabilities	179.3	149.4	201.3	(335.2)	194.8
Long term-debt and financing obligation	140.6	639.4	—	—	780.0
Payable to affiliate	—	127.2	—	(127.2)	—
Accrual for black lung benefits	—	12.4	38.1	—	50.5
Retirement benefit liabilities	—	11.6	12.9	—	24.5
Deferred income taxes	—	173.3	—	(25.7)	147.6
Asset retirement obligations	—	7.5	6.9	—	14.4
Other deferred credits and liabilities	3.7	17.5	2.4	—	23.6
Total liabilities	323.6	1,138.3	261.6	(488.1)	1,235.4
Equity					
Total SunCoke Energy, Inc. stockholders' equity	491.7	899.3	75.1	(974.5)	491.6
Noncontrolling interests	—	—	26.8	—	26.8
Total equity	491.7	899.3	101.9	(974.5)	518.4
Total liabilities and equity	\$ 815.3	\$ 2,037.6	\$ 363.5	\$ (1,462.6)	\$ 1,753.8

SunCoke Energy, Inc.
Condensed Consolidating Balance Sheet
December 31, 2018
(Dollars in millions, except per share amounts)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	\$ —	\$ 140.7	\$ 5.0	\$ —	\$ 145.7
Receivables	—	67.9	7.5	—	75.4
Inventories	—	89.6	20.8	—	110.4
Income taxes receivable	—	—	102.7	(102.0)	0.7
Other current assets	—	2.8	—	—	2.8
Advances to affiliate	—	354.3	—	(354.3)	—
Total current assets	—	655.3	136.0	(456.3)	335.0
Notes receivable from affiliate	—	—	186.7	(186.7)	—
Properties, plants and equipment, net	—	1,305.7	165.4	—	1,471.1
Goodwill	—	76.9	—	—	76.9
Other intangible assets, net	—	156.8	—	—	156.8
Deferred income taxes	7.0	—	15.3	(22.3)	—
Deferred charges and other assets	—	5.5	—	—	5.5
Investment in subsidiaries	\$ 673.5	\$ 243.0	\$ —	\$ (916.5)	—
Total assets	\$ 680.5	\$ 2,443.2	\$ 503.4	\$ (1,581.8)	\$ 2,045.3
Liabilities and Equity					
Advances from affiliate	\$ 167.3	\$ —	\$ 187.0	\$ (354.3)	\$ —
Accounts payable	—	84.0	31.0	—	115.0
Accrued liabilities	1.8	30.5	13.3	—	45.6
Deferred Revenue	—	3.0	—	—	3.0
Current portion of long-term debt and financing obligation	1.1	2.8	—	—	3.9
Interest payable	0.4	3.2	—	—	3.6
Income taxes payable	1.9	100.1	—	(102.0)	—
Total current liabilities	172.5	223.6	231.3	(456.3)	171.1
Long-term debt and financing obligation	41.2	793.3	—	—	834.5
Payable to affiliate	—	186.7	—	(186.7)	—
Accrual for black lung benefits	—	10.9	34.0	—	44.9
Retirement benefit liabilities	—	12.2	13.0	—	25.2
Deferred income taxes	—	277.0	—	(22.3)	254.7
Asset retirement obligations	—	7.0	7.6	—	14.6
Other deferred credits and liabilities	3.5	11.7	2.4	—	17.6
Total liabilities	217.2	1,522.4	288.3	(665.3)	1,362.6
Equity					
Total SunCoke Energy, Inc. stockholders' equity	463.3	726.7	189.6	(916.5)	463.1
Noncontrolling interests	—	194.1	25.5	—	219.6
Total equity	463.3	920.8	215.1	(916.5)	682.7
Total liabilities and equity	\$ 680.5	\$ 2,443.2	\$ 503.4	\$ (1,581.8)	\$ 2,045.3

SunCoke Energy, Inc.
Condensed Consolidating Statement of Cash Flows
Years Ended December 31, 2019
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash Flows from Operating Activities:					
Net income (loss)	\$ (152.3)	\$ (139.2)	\$ (8.8)	\$ 151.9	\$ (148.4)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:					
Long-lived asset and goodwill impairment	—	247.4	—	—	247.4
Depreciation and amortization expense	—	115.0	28.8	—	143.8
Deferred income tax (benefit) expense	(3.5)	(59.8)	0.2	—	(63.1)
Payments (in excess of) less than expense for postretirement plan	—	(1.1)	(0.8)	—	(1.9)
Share-based compensation expense	4.5	—	—	—	4.5
Equity in earnings (loss) of subsidiaries	153.4	(1.5)	—	(151.9)	—
Loss (gain) on extinguishment of debt	0.4	(1.9)	—	—	(1.5)
Changes in working capital pertaining to operating activities:					
Receivables	—	14.2	1.7	—	15.9
Inventories	—	(31.9)	(4.7)	—	(36.6)
Accounts payable	—	15.2	8.3	—	23.5
Accrued liabilities	(0.4)	0.4	0.3	—	0.3
Deferred revenue	—	(2.7)	—	—	(2.7)
Interest payable	(0.4)	(1.0)	—	—	(1.4)
Income taxes	(7.4)	(92.1)	98.0	—	(1.5)
Other	0.6	0.7	2.3	—	3.6
Net cash (used in) provided by operating activities	(5.1)	61.7	125.3	—	181.9
Cash Flows from Investing Activities:					
Capital expenditures	—	(65.6)	(44.5)	—	(110.1)
Other investing activities	—	0.3	—	—	0.3
Net cash used in investing activities	—	(65.3)	(44.5)	—	(109.8)
Cash Flows from Financing Activities:					
Repayment of long-term debt	(43.8)	(46.7)	—	—	(90.5)
Debt issuance costs	(2.1)	—	—	—	(2.1)
Proceeds from revolving facility	204.1	204.5	—	—	408.6
Repayment of revolving facility	(60.8)	(309.5)	—	—	(370.3)
Repayment of financing obligation	—	(2.9)	—	—	(2.9)
Cash distributions to noncontrolling interests	—	(14.2)	—	—	(14.2)
Share repurchases	(36.3)	—	—	—	(36.3)
Dividends paid	(5.1)	—	—	—	(5.1)
Other financing activities	(1.7)	(6.2)	—	—	(7.9)
Net (decrease) increase in advances from affiliates	(49.2)	131.2	(82.0)	—	—
Net cash provided by (used in) financing activities	5.1	(43.8)	(82.0)	—	(120.7)
Net decrease in cash and cash equivalents	—	(47.4)	(1.2)	—	(48.6)
Cash and cash equivalents at beginning of year	—	140.7	5.0	—	145.7
Cash, cash equivalents at end of year	\$ —	\$ 93.3	\$ 3.8	\$ —	\$ 97.1

SunCoke Energy, Inc.
Condensed Consolidating Statement of Cash Flows
Years Ended December 31, 2018
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash Flows from Operating Activities:					
Net income (loss)	\$ 26.2	\$ 71.4	\$ (33.2)	\$ (17.4)	\$ 47.0
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:					
Depreciation and amortization expense	—	102.7	38.9	—	141.6
Deferred income tax benefit	(0.2)	(2.1)	(1.1)	—	(3.4)
Payments (in excess of) less than expense for postretirement plan	—	(0.9)	(1.5)	—	(2.4)
Share-based compensation expense	3.1	—	—	—	3.1
Equity in (loss) earnings of subsidiaries	(34.3)	16.9	—	17.4	—
Loss from equity method-investment	—	—	5.4	—	5.4
Loss on extinguishment of debt	0.3	—	—	—	0.3
Changes in working capital pertaining to operating activities:					
Receivables	—	(5.1)	(1.8)	—	(6.9)
Inventories	—	(1.0)	1.6	—	0.6
Accounts payable	—	11.0	(11.7)	—	(0.7)
Accrued liabilities	0.4	(7.6)	(0.1)	—	(7.3)
Deferred revenue	—	1.3	—	—	1.3
Interest payable	(1.0)	(0.8)	—	—	(1.8)
Income taxes	0.3	10.2	(6.0)	—	4.5
Other	0.3	2.4	1.8	—	4.5
Net cash (used in) provided by operating activities	(4.9)	198.4	(7.7)	—	185.8
Cash Flows from Investing Activities:					
Capital expenditures	—	(63.9)	(36.4)	—	(100.3)
Sale of equity method investment	—	—	4.0	—	4.0
Other investing activities	—	0.5	—	—	0.5
Net cash used in investing activities	—	(63.4)	(32.4)	—	(95.8)
Cash Flows from Financing Activities:					
Proceeds from issuance of long-term debt	45.0	—	—	—	45.0
Repayment of long-term debt	(45.7)	—	—	—	(45.7)
Debt issuance costs	(0.5)	—	—	—	(0.5)
Proceeds from revolving facility	—	179.5	—	—	179.5
Repayment of revolving facility	—	(204.5)	—	—	(204.5)
Repayment of financing obligation	—	(2.6)	—	—	(2.6)
Cash distributions to noncontrolling interests	—	(31.9)	—	—	(31.9)
Acquisition of additional interest in the Partnership	—	(4.2)	—	—	(4.2)
Other financing activities	0.7	(0.3)	—	—	0.4
Net increase (decrease) in advances from affiliates	5.4	(47.2)	41.8	—	—
Net cash provided by (used in) financing activities	4.9	(111.2)	41.8	—	(64.5)
Net increase in cash, cash equivalents and restricted cash	—	23.8	1.7	—	25.5
Cash, cash equivalents and restricted cash at beginning of year	—	116.9	3.3	—	120.2
Cash, cash equivalents and restricted cash at end of year	\$ —	\$ 140.7	\$ 5.0	\$ —	\$ 145.7

SunCoke Energy, Inc.
Condensed Consolidating Statement of Cash Flows
December 31, 2017
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash Flows from Operating Activities:					
Net income (loss)	\$ 122.4	\$ 110.8	\$ (70.8)	\$ (58.9)	\$ 103.5
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:					
Depreciation and amortization expense	—	92.5	35.7	—	128.2
Deferred income tax (benefit) expense	(22.8)	(85.9)	21.5	—	(87.2)
Payments in excess of expense for postretirement plan benefits	—	(1.0)	(0.8)	—	(1.8)
Share-based compensation expense	4.7	0.1	—	—	4.8
Equity in (loss) earnings of subsidiaries	(109.9)	51.0	—	58.9	—
Loss on extinguishment of debt	0.4	20.0	—	—	20.4
Changes in working capital pertaining to operating activities:					
Receivables	—	(5.5)	(2.3)	—	(7.8)
Inventories	—	(12.8)	(5.7)	—	(18.5)
Accounts payable	—	6.0	5.7	—	11.7
Accrued liabilities	(0.4)	0.9	2.1	—	2.6
Deferred revenue	—	(0.8)	—	—	(0.8)
Interest payable	(0.1)	(10.7)	—	—	(10.8)
Income taxes	(2.7)	19.0	(16.5)	—	(0.2)
Other	1.5	2.3	0.6	—	4.4
Net cash (used in) provided by operating activities	(6.9)	185.9	(30.5)	—	148.5
Cash Flows from Investing Activities:					
Capital expenditures	—	(43.7)	(31.9)	—	(75.6)
Return of Brazilian investment	—	20.5	—	—	20.5
Net cash used in investing activities	—	(23.2)	(31.9)	—	(55.1)
Cash Flows from Financing Activities:					
Proceeds from issuance of long-term debt	—	693.7	—	—	693.7
Repayment of long-term debt	—	(644.9)	—	—	(644.9)
Debt issuance costs	(1.6)	(15.8)	—	—	(17.4)
Proceeds from revolving facility	—	350.0	—	—	350.0
Repayment of revolving facility	—	(392.0)	—	—	(392.0)
Repayment of financing obligation	—	(2.5)	—	—	(2.5)
Cash distributions to noncontrolling interests	—	(47.0)	—	—	(47.0)
Acquisition of additional interest in the Partnership	—	(48.7)	—	—	(48.7)
Other financing activities	1.1	—	—	—	1.1
Net increase (decrease) in advances from affiliates	7.4	(45.4)	38.0	—	—
Net cash provided by (used in) financing activities	6.9	(152.6)	38.0	—	(107.7)
Net increase (decrease) in cash, cash equivalents and restricted cash	—	10.1	(24.4)	—	(14.3)
Cash, cash equivalents and restricted cash at beginning of year	—	106.8	27.7	—	134.5
Cash, cash equivalents and restricted cash at end of year	\$ —	\$ 116.9	\$ 3.3	\$ —	\$ 120.2

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined under Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to management regarding the preparation and fair presentation of published financial statements.

In evaluating the effectiveness of our internal control over financial reporting as of December 31, 2019, management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control -Integrated Framework* (2013). Based on such evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2019.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements, errors, and instances of fraud, if any, within our company have been or will be prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks that internal controls may become inadequate as a result of changes in conditions, or through the deterioration of the degree of compliance with policies or procedures.

KPMG LLP, our independent registered public accounting firm, issued an attestation report on our internal control over financial reporting, which is contained in Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be disclosed by this item is incorporated herein by reference to our definitive proxy statement for the 2020 Annual Meeting of the Stockholders (the "2020 Proxy Statement"), which we expect to file with the SEC within 120 days after the end of our fiscal year ended December 31, 2019.

Item 11. Executive Compensation

The information required to be disclosed by this item is incorporated herein by reference to our 2020 Proxy Statement, which we expect to file with the SEC within 120 days after the end of our fiscal year ended December 31, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be disclosed by this item is incorporated herein by reference to our 2020 Proxy Statement, which we expect to file with the SEC within 120 days after the end of our fiscal year ended December 31, 2019.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required to be disclosed by this item is incorporated herein by reference to our 2020 Proxy Statement, which we expect to file with the SEC within 120 days after the end of our fiscal year ended December 31, 2019.

Item 14. Principal Accounting Fees and Services

The information required to be disclosed by this item is incorporated herein by reference to our 2020 Proxy Statement, which we expect to file with the SEC within 120 days after the end of our fiscal year ended December 31, 2019.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this report:

Consolidated Financial Statements:

1. The consolidated financial statements are set forth under Item 8 of this report.

Financial Statements Schedules:

Financial statement schedules are omitted because required information is shown elsewhere in this report, is not necessary or is not applicable.

- 2.

Exhibits:

- 3.

- 2.1 [Contribution Agreement, dated January 12, 2015, by and among SunCoal & SunCoke LLC, SunCoke Energy Partners, L.P., SunCoke Energy, Inc. and agreed to for purposes of Section 2.9 thereof by Gateway Energy & Coke Company, LLC \(incorporated by reference herein to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on January 13, 2015, File No. 001-35243\)](#)
- 2.2 [Contribution Agreement, dated as of July 20, 2015, by and between Raven Energy Holdings, LLC and SunCoke Energy Partners, L.P., incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K \(File No. 001-35243\) filed on August 18, 2015](#)
- 2.3 [Agreement and Plan of Merger dated as of February 4, 2019 by and among SunCoke Energy, Inc., SC Energy Acquisition LLC, SunCoke Energy Partners, L.P., and SunCoke Energy Partners GP LLC. \(incorporated by reference herein to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on February 5, 2019, File No. 001-35243\)](#)
- 3.1 [Amended and Restated Certificate of Incorporation of the Company \(incorporated by reference herein to Exhibit 3.1 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022\)](#)
- 3.2 [Amended and Restated Bylaws of SunCoke Energy, Inc., effective as of February 1, 2016 \(incorporated by reference herein to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 2, 2016, File No. 001-35243\)](#)
- 4.1 [Form of Common Stock Certificate of the Registrant \(incorporated by reference herein to Exhibit 4.1 to the Company's Amendment No. 2 to Registration Statement on Form S-1, filed on June 3, 2011, File No. 333-173022\)](#)
- 4.2* [Description of the Registrant's Securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 \(filed herewith\)](#)
- 4.3 [Indenture, dated May 24, 2017, among SunCoke Energy Partners, L.P., SunCoke Energy Partners Finance Corp., the Guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as trustee \(incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K \(File No.: 001-35782, filed on May 25, 2017 by SunCoke Energy Partners, L.P.\)\)](#)
- 4.3.1 [First Supplemental Indenture, dated August 5, 2019 \(incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K \(File No.: 001-35243, filed on August 7, 2019\).](#)
- 4.3.2 [Second Supplemental Indenture, dated as of January 1, 2020 \(filed herewith\)](#)
- 10.1 [Second Amended and Restated Credit Agreement, dated August 5, 2019 by and among SunCoke Energy, Inc. and SunCoke Energy Partners, L.P. and certain other subsidiaries of SunCoke Energy, Inc., as joint and several borrowers, the several lenders party thereto from time to time and Bank of America, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(File No.: 001-35243\), filed on August 7, 2019\).](#)
- 10.2* [First Amendment to the Second Amended and Restated Credit Agreement, dated as of December 31, 2019 by and among SunCoke Energy, Inc. and SunCoke Energy Partners, L.P. and certain other subsidiaries of SunCoke Energy, Inc., as joint and several borrowers, the several lenders party thereto from time to time and Bank of America, N.A., as administrative agent \(filed herewith\)](#)
- 10.2.1* [Borrower Joinder Agreement, dated as of December 31, 2019 by and between SunCoke Energy Partners Finance Corp., SunCoke Energy, Inc., the other borrowers and Bank of America Administrative Agent \(filed herewith\)](#)

- 10.3** [SunCoke Energy, Inc. Senior Executive Incentive Plan, amended and restated effective as of December 9, 2015 \(incorporated by reference herein to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 8, 2016, File No. 001-35243\)](#)
- 10.4** [SunCoke Energy, Inc. Annual Incentive Plan, amended and restated as of December 9, 2015 \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 8, 2016, File No. 001-35243\)](#)
- 10.5** [SunCoke Energy, Inc. Long-Term Performance Enhancement Plan, amended and restated effective as of February 14, 2018 \(incorporated by reference herein to Exhibit A to the Company's Notice of Annual Meeting of Stockholders and Definitive Proxy Statement on Schedule 14A, filed on March 21, 2018, File No. 001-35243\)](#)
- 10.5.1** [Form of Stock Option Agreement under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan by and between SunCoke Energy, Inc. and employees of SunCoke Energy, Inc. or one of its Affiliates \(incorporated by reference herein to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on April 27, 2016, File No. 001-35243\)](#)
- 10.5.2** [Amendment to Stock Option Agreements under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan, entered into as of July 18, 2013, applicable to all Stock Option Awards outstanding as of July 18, 2012 \(incorporated by reference herein to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 22, 2013, File No. 001-35243\)](#)
- 10.5.3** [Form of Performance Stock Option Agreement under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan by and between SunCoke Energy, Inc. and employees of SunCoke Energy, Inc. or one of its Affiliates \(incorporated by reference herein to Exhibit 10.5.3 to the Company's Annual Report on Form 10-K, filed on February 16, 2017, File No. 001-35243\)](#)
- 10.5.4** [Form of Restricted Share Unit Agreement under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan by and between SunCoke Energy, Inc. and employees of SunCoke Energy, Inc. or one of its Affiliates \(incorporated by reference herein to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on April 27, 2016, File No. 001-35243\)](#)
- 10.5.5 [Form of Performance Share Unit Agreement under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan by and between SunCoke Energy, Inc. and employees of SunCoke Energy, Inc. or one of its Affiliates \(incorporated by reference herein to Exhibit 10.5.5 to the Company's Annual Report on Form 10-K for the years ended December 31, 2017, filed on February 15, 2018, File No. 001-35243\)](#)
- 10.6** [SunCoke Energy, Inc. Long-Term Cash Incentive Plan \(effective as of January 1, 2016\) \(incorporated by reference herein to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on April 27, 2016, File No. 001-35243\)](#)
- 10.6.1 [Form of Award Agreement under the SunCoke Energy, Inc. Long-Term Cash Incentive Plan by and between SunCoke Energy, Inc. and employees of SunCoke Energy, Inc. or one of its Affiliates \(incorporated by reference herein to Exhibit 10.6.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 15, 2018, File No. 001-35243\)](#)
- 10.7** [SunCoke Energy, Inc. Savings Restoration Plan effective January 1, 2012 \(incorporated by reference herein to Exhibit 10.1 to the Company's Form 8-K filed on December 9, 2011, File No. 001-35243\)](#)
- 10.7.1** [Amendment Number One to the SunCoke Energy, Inc. Savings Restoration Plan, effective as of January 1, 2012 \(incorporated by reference herein to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 filed on May 2, 2012, File No. 001-35243\)](#)
- 10.7.2** [Second Amendment to the SunCoke Energy, Inc. Savings Restoration Plan, effective as of June 1, 2015 \(incorporated by reference herein to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on April 27, 2016, File No. 001-35243\)](#)
- 10.7.3** [Third Amendment to the SunCoke Energy, Inc. Savings Restoration Plan, effective as of January 1, 2016 \(incorporated by reference herein to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed on April 27, 2016, File No. 001-35243\)](#)

- 10.7.4* [Fourth Amendment to the SunCoke Energy, Inc. Savings Restoration Plan, effective as of January 1, 2017 \(filed herewith\)](#)
- 10.8 [SunCoke Energy, Inc. Special Executive Severance Plan, effective as of November 7, 2017 \(incorporated by reference herein to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the years ended December 31, 2017, filed on February 15, 2018, File No. 001-35243\)](#)
- 10.9 [SunCoke Energy, Inc. Executive Involuntary Severance Plan, amended and restated effective as of November 7, 2017 \(incorporated by reference herein to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 15, 2018, File No. 001-35243\)](#)
- 10.10** [SunCoke Energy, Inc. Retainer Stock Plan for Outside Directors, effective as of June 1, 2011 \(incorporated by reference herein to Exhibit 10.36 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022\)](#)
- 10.11** [SunCoke Energy, Inc. Directors' Deferred Compensation Plan, effective as of June 1, 2011 \(incorporated by reference herein to Exhibit 10.35 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022\)](#)
- 10.12** [Form of Indemnification Agreement, individually entered into between SunCoke Energy, Inc. and each director of the Company \(incorporated by reference herein to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 filed on November 2, 2011, File No. 001-35243\)](#)
- 10.13† [Amended and Restated Coke Supply Agreement, dated as of October 28, 2003, by and between Jewell Coke Company, L.P., ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.18 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022\)](#)
- 10.13.1† [Amendment No. 1 to Amended and Restated Coke Supply Agreement, dated as of December 5, 2003, by and between Jewell Coke Company, L.P., ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.19 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.13.2† [Letter Agreement, dated as of May 7, 2008, between ArcelorMittal USA Inc., Haverhill North Coke Company, Jewell Coke Company, L.P. and ISG Sparrows Point LLC, serving as \(1\) Amendment No. 2 to the Amended and Restated Coke Supply Agreement, by and between Jewell Coke Company, L.P., ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) and \(2\) Amendment No. 2 to the Coke Purchase Agreement, by and between Haverhill North Coke Company, ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.20 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.13.3† [Amendment No. 3 to Amended and Restated Coke Supply Agreement, dated as of January 26, 2011, by and between Jewell Coke Company, L.P., ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.21 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.14† [Coke Purchase Agreement, dated as of October 28, 2003, by and between Haverhill North Coke Company, ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.22 to the Company's Amendment No. 4 to Registration Statement on Form S-1 filed on July 6, 2011, File No. 333-173022\)](#)
- 10.14.1† [Amendment No. 1 to Coke Purchase Agreement, dated as of December 5, 2003, by and between Haverhill North Coke Company, ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.23 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.14.2† [Amendment No. 3 to Coke Purchase Agreement, dated as of May 8, 2008, by and between Haverhill North Coke Company, ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.25 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)

- 10.14.3† [Amendment No. 4 to Coke Purchase Agreement, dated as of January 26, 2011, by and between Haverhill North Coke Company, ArcelorMittal Cleveland Inc. \(f/k/a ISG Cleveland Inc.\) and ArcelorMittal Indiana Harbor \(f/k/a ISG Indiana Harbor Inc.\) \(incorporated by reference herein to Exhibit 10.26 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.15† [Coke Purchase Agreement, dated as of August 31, 2009, by and between Haverhill North Coke Company and AK Steel Corporation \(incorporated by reference herein to Exhibit 10.27 to the Company's Amendment No. 5 to Registration Statement on Form S-1 filed on July 18, 2011, File No. 333-173022\)](#)
- 10.16† [Amended and Restated Coke Purchase Agreement, dated as of February 19, 1998, by and between Indiana Harbor Coke Company, L.P. and ArcelorMittal USA Inc. \(f/k/a Inland Steel Company\) \(incorporated by reference herein to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on October 30, 2013, File No. 001-35243\)](#)
- 10.16.1† [Amendment No. 1 to Amended and Restated Coke Purchase Agreement, dated as of November 22, 2000, by and between Indiana Harbor Coke Company, L.P., a subsidiary of the Company, and ArcelorMittal USA Inc. \(f/k/a Inland Steel Company\) \(incorporated by reference herein to Exhibit 10.29 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.16.2† [Amendment No. 2 to Amended and Restated Coke Purchase Agreement, dated as of March 31, 2001, by and between Indiana Harbor Coke Company, L.P. and ArcelorMittal USA Inc. \(f/k/a Inland Steel Company\) \(incorporated by reference herein to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on October 30, 2013, File No. 001-35243\)](#)
- 10.16.3† [Supplement to Amended and Restated Coke Purchase Agreement, dated as of February 3, 2011, by and between Indiana Harbor Coke Company, L.P. and ArcelorMittal USA Inc. \(f/k/a Inland Steel Company\) \(incorporated by reference herein to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on October 30, 2013, File No. 001-35243\)](#)
- 10.16.4† [Extension Agreement, dated as of September 5, 2013, by and between Indiana Harbor Coke Company, L.P. and ArcelorMittal USA Inc. \(incorporated by reference herein to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed on October 30, 2013, File No. 001-35243\)](#)
- 10.16.5† [Supplement to the ArcelorMittal USA LLC and Indiana Harbor Coke Company, L.P. Coke Purchase Agreement Term Sheet and the ArcelorMittal Cleveland LLC, ArcelorMittal Indiana Harbor LLC and Jewell Coke Company, L.P. Coke Supply Agreement, dated as of September 10, 2014 \(incorporated by reference herein to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 filed on October 28, 2014, File No. 001-35243\)](#)
- 10.17† [Coke Sale and Feed Water Processing Agreement, dated as of February 28, 2008, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation \(incorporated by reference herein to Exhibit 10.32 to the Company's Amendment No. 7 to Registration Statement on Form S-1 filed on July 20, 2011, File No. 333-173022\)](#)
- 10.17.1† [Amendment No. 1 to Coke Sale and Feed Water Processing Agreement, dated as of November 1, 2010, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation \(incorporated by reference herein to Exhibit 10.33 to the Company's Amendment No. 2 to Registration Statement on Form S-1 filed on June 3, 2011, File No. 333-173022\)](#)
- 10.17.2 [Amendment No. 2 to Coke Sale and Feed Water Processing Agreement, dated as of July 6, 2011, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation \(incorporated by reference to Exhibit 10.23.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 24, 2015, File No. 001-35243\)](#)
- 10.17.3† [Amendment No. 3 to Coke Sale and Feed Water Processing Agreement, dated as of January 12, 2015, by and among Gateway Energy & Coke Company, LLC, Gateway Cogeneration Company LLC and U.S. Steel Corporation \(incorporated by reference to Exhibit 10.23.3 to the Company's Annual Report on Form 10-K filed on February 24, 2015, File No. 001-35243\)](#)
- 10.18† [Amended and Restated Coke Purchase Agreement, dated as of September 1, 2009, by and between Middletown Coke Company, LLC, a subsidiary of the Company and AK Steel Corporation \(incorporated by reference herein to Exhibit 10.34 to the Company's Amendment No. 5 to Registration Statement on Form S-1 filed on July 18, 2011, File No. 333-173022\)](#)

10.19	Support Agreement, dated as of February 4, 2019, by and between SunCoke Energy Partners, L.P., and Sun Coal & Coke LLC (incorporated by reference Ex. 10.1) to the Company's Current Report on Form 8-K, filed on February 5, 2019, File No. 001-35243
21.1*	Subsidiaries of the Registrant (filed herewith)
23.1*	Consent of KPMG LLP (filed herewith)
24.1*	Powers of Attorney (filed herewith)
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the U.S. Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
95.1*	Mine Safety Disclosure (filed herewith)
99.1*	SunCoke Energy Partners, L.P. Consolidated Statements of Operations, Consolidated Balance Sheets, and Consolidated Statements of Cash Flows
101*	The following financial statements from SunCoke Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on February 20, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Loss(Income), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity, and (vi) the Notes to Consolidated Financial Statements.
104*	The cover page from SunCoke Energy, Inc's Annual Report on Form 10-K for the year ended December 31, 2019 formatted in iXBRL (Inline eXtensible Business Reporting Language) and contained in Exhibit 101.
	* Provided herewith.
	** Management contract or compensatory plan or arrangement.
	† Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been separately filed with the Securities and Exchange Commission.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 20, 2020.

SUNCOKE ENERGY, INC.

By: /s/ Fay West
Fay West
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on February 20, 2020.

<u>Signature</u>	<u>Title</u>
<u>/s/ Michael G. Rippey*</u> Michael G. Rippey	President and Chief Executive Officer (Principal Executive Officer)
<u>/s/ Fay West</u> Fay West	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Allison S. Lausas*</u> Allison S. Lausas	Vice President, Controller and Treasurer (Principal Accounting Officer)
<u>/s/ Alvin Bledsoe*</u> Alvin Bledsoe	Director
<u>/s/ Martha Z. Carnes*</u> Martha Z. Carnes	Director
<u>/s/ Susan Landahl*</u> Susan Landahl	Director
<u>/s/ Peter B. Hamilton*</u> Peter B. Hamilton	Director
<u>/s/ John W. Rowe*</u> John W. Rowe	Chairman of the Board
<u>/s/ James E. Sweetnam*</u> James E. Sweetnam	Director

* Fay West, pursuant to powers of attorney duly executed by the above officers and directors of SunCoke Energy, Inc. and filed with the SEC in Washington, D.C., hereby executes this Annual Report on Form 10-K on behalf of each of the persons named above in the capacity set forth opposite his or her name.

/s/ Fay West
Fay West

February 20, 2020

Subsidiary Name	Ownership Percentage (if < 100%)	Jurisdiction of Organization
The Claymont Investment Company LLC		Delaware
SunCoke Technology and Development LLC		Delaware
• Sun Coke East Servicos de Coqueificação Ltda.	1.0%	Brazil
Sun Coke International, Inc.		Delaware
• Sun Coke East Servicos de Coqueificação Ltda.	99.0%	Brazil
• SXC Holding BV		Netherlands
▪ SunCoke India Private Limited	99.0%	India
• India Sub Holding BV		Netherlands
▪ SunCoke India Private Limited	1.0%	India
Sun Coal & Coke LLC		Delaware
• SunCoke Energy Partners Finance Corp.		Delaware
▪ Gateway Energy & Coke Company, LLC		Delaware
▪ Middletown Coke Company LLC		Delaware
▪ Haverhill Coke Company LLC		Delaware
⊙ FF Farms Holdings LLC		Delaware
*SunCoke Logistics LLC		Delaware
⊙ SunCoke Lake Terminal LLC		Delaware
⊙ Kanawha River Terminals LLC		Delaware
* Marigold Dock, Inc		Delaware
*Ceredo Liquid Terminal LLC		Delaware
▪ Raven Energy LLC		Delaware
⊙ CMT Liquids Terminal, LLC		Delaware
• SunCoke Energy South Shore, LLC		Delaware
• Elk River Minerals Corporation		Delaware
• Jewell Coke Acquisition Company		Virginia
▪ Jewell Coke Company, L.P.	2.0%	Delaware

(Continued)

Sun Coal & Coke LLC		Delaware
•Indiana Harbor Coke Corporation		Indiana
▪ Indiana Harbor Coke Company L.P.	84.2%	Delaware
•Indiana Harbor Coke Company		Delaware
▪ Indiana Harbor Coke Company L.P.	1.0%	
Jewell Resources Corporation		Virginia
• Jewell Coke Company, L.P.	98%	Virginia
• Jewell Smokeless Coal Corporation		Virginia
• Jewell Coal & Coke Company, Inc.		Virginia
• Dismal River Terminal, LLC		Virginia
• Oakwood Red Ash Coal Corporation		Virginia

NOTE: First-tier subsidiaries of SunCoke Energy, Inc. [NYSE: SXC] appear in bolded type.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The following is a brief description of the common stock, par value \$0.01 per share (the "Common Stock"), of SunCoke Energy, Inc. (the "Company," "we," "us" and "our"), which is the only security of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Description of Common Stock

The summary of the general terms and provisions of the Company's Common Stock set forth below does not purport to be complete and is subject to, and qualified in its entirety by, reference to the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Amended and Restated Bylaws (the "Bylaws"), each of which, including all amendments thereto, is incorporated by reference as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. We encourage you to read our Certificate of Incorporation, Bylaws, and the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL") for additional information.

Our authorized capital stock consists of:

- Three Hundred Million (300,000,000) shares of Common Stock, par value \$0.01 per share; and
- Fifty Million (50,000,000) shares of preferred stock, par value \$0.01 per share.

Common Stock

- **Dividend Rights.** Subject to the prior dividend rights of holders of our preferred stock, holders of our Common Stock from time to time are entitled to receive dividends as and when declared by our board of directors (the "Board") out of legally available funds. The declaration and payment of future dividends to holders of our Common Stock will be at the discretion of our Board and will depend upon our earnings and financial condition, our capital requirements and those of our subsidiaries, regulatory conditions and considerations and other factors as our Board may deem relevant. No cash dividends will be paid with respect to our Common Stock for any period unless dividends for the same period, and any accumulated but unpaid dividends, with respect to any outstanding series of our preferred stock having preferential rights with respect to dividends have been paid.
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- **Voting Rights.** Each share of our Common Stock entitles the holder thereof to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Under our Certificate of Incorporation and Bylaws, our stockholders will not have cumulative voting rights. Because of this, the holders of a majority of the shares of Common Stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose.
- **Liquidation Rights.** In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of Common Stock are entitled to receive, *pro rata*, our assets which are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.
- **Preemptive Rights.** The holders of our Common Stock do not have any preemptive right to purchase our securities.
- **Conversion.** Shares of our Common Stock are not convertible into shares of any other class of capital stock.
- **Miscellaneous.** The issued and outstanding shares of our Common Stock are fully paid and non-assessable. Computershare Trust Company, N.A. serves as the registrar, transfer agent and cash dividend paying agent for our Common Stock.

Annual Stockholders Meeting

Our Bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as selected exclusively by our Board. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Voting

The affirmative vote of a majority of the shares of our Common Stock present, in person or by proxy, at any annual or special meeting of stockholders and entitled to vote will decide all matters voted on by stockholders, unless the question is one upon which, by express provision of law, under our Certificate of Incorporation, or under our Bylaws, a different vote is required, in which case such provision will control.

Anti-Takeover Effects of our Certificate of Incorporation and Bylaws

The provisions of our Certificate of Incorporation and Bylaws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that you might consider in your best interest, including an attempt that might result in your receipt of a premium over the market price for your shares. These provisions are also designed, in

part, to encourage persons seeking to acquire control of us to first negotiate with our Board, which could result in an improvement of their terms.

- ***Special Meetings of Stockholders.*** Our Certificate of Incorporation provides that, subject to the requirements of applicable law and any special rights of holders of preferred stock, a special meeting of stockholders may be called only by the Chairman of our Board or by a resolution adopted by a majority of the number of directors our Board would have if there were no vacancies.
 - ***Stockholder Action by Written Consent.*** Our Certificate of Incorporation provides that any action that, under the DGCL, may be taken at any meeting of stockholders may be taken in lieu of a meeting by written consent of stockholders if the consent is signed by all of the persons who would be entitled to vote upon such action at a meeting, or by their duly authorized attorneys.
 - ***Removal of Directors.*** Our Bylaws provide that, subject to the rights of the holders of any series of preferred stock, directors may be removed with cause at any time upon the affirmative vote of holders of at least 80 percent of the voting power of all of the then-outstanding shares of voting stock, voting together as a single class.
 - ***Stockholder Advance Notice Procedure.*** Our Bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of our stockholders. The Bylaws provide that any stockholders wishing to nominate persons for election as directors at, or bring other business before, an annual meeting must deliver to our secretary a written notice of the stockholder's intention to do so. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. We expect that these provisions also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
 - ***Certificate of Incorporation and Bylaws.*** Our Certificate of Incorporation provides that it may be amended by both the affirmative vote of a majority of our Board or the affirmative vote of the holders of a majority of the outstanding shares of our Common Stock then entitled to vote at any annual or special meeting of stockholders; *provided, however*, that specified provisions of our Certificate of Incorporation may not be amended, altered or repealed unless the amendment is approved by the affirmative vote of the holders of at least 80 percent of the voting power of all of the voting stock, voting together as a single class, including: the provisions governing the liability and indemnification of directors; maintenance of certain insurance coverage; and the requirement for supermajority approval of certain amendments to our Certificate of Incorporation.
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In addition, our Bylaws provide that our Bylaws may be amended, altered or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the Board, or by the affirmative vote at a meeting of the holders of at least a majority of the outstanding shares of our Common Stock; *provided, however*, that the affirmative vote of the holders of at least 80 percent of the voting power of all of the voting stock, voting together as a single class is required to alter, amend, repeal, or adopt provisions relating to: the right to call a special meeting of stockholders; advance notice of nominations or other business to be properly brought before an annual meeting of stockholders; required vote and procedure for election of directors; setting of a record date for stockholder action by consent; the number, tenure and qualification of directors; the removal of directors and filling of vacancies on the Board; indemnification of directors and officers; and amendment of our Bylaws.

These provisions make it more difficult for any person to remove or amend any provisions in our Certificate of Incorporation and Bylaws that may have an anti-takeover effect.

In addition, Section 203 of the DGCL prohibits certain transactions between us and a stockholder who (i) beneficially owns (together with any affiliates or associates) at least 15 percent of our outstanding voting shares or (ii) is an affiliate or associate of the Company and owned 15 percent or more of our outstanding voting shares within the past three years. This provision could prevent certain business combinations between such an interested stockholder and us for a period of up to three years. In addition, our Bylaws divide our Board into three classes of directors serving staggered, three-year terms. Vacancies and newly-created directorships resulting from any increase in the size of our Board may be filled by our Board until the next election of the class for which such director shall have been chosen, even if the directors then on the Board do not constitute a quorum. Members of our Board may only be removed from office by our stockholders for cause. These provisions could delay or prevent a change in control or removal of existing management.

Limitations on Liability

Our Certificate of Incorporation contains provisions permitted under the DGCL relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving: a breach of the director's duty of loyalty; acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; Section 174 of the DGCL, pertaining to unlawful dividends; or a transaction from which the director derives an improper personal benefit. The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the DGCL. These provisions, however, should not limit or eliminate our rights or a stockholder's right to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of fiduciary duty by directors. These provisions do not alter a director's liability under federal securities laws. The inclusion of this provision in our Certificate of Incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Indemnification

Our Certificate of Incorporation requires us to indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL and other applicable law, except in the case of a proceeding instituted by the director or officer without the approval of our Board. Our Certificate of Incorporation provides that we are required to indemnify our directors and executive officers, to the fullest extent permitted by law, for all judgments, fines, settlements, legal fees and other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's positions with us or another entity that the director or officer serves at our request, subject to various conditions, and to advance funds to our directors and officers to enable them to defend against such proceedings.

We have entered into an indemnification agreement with each of our directors. The indemnification agreements provide our directors with contractual rights to the indemnification and expense advancement rights provided under our Certificate of Incorporation, as well as contractual rights to additional indemnification as provided in the indemnification agreement.

Exclusive Forum for Adjudication of Disputes

Our Bylaws provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for: any derivative action or proceeding brought on behalf of us; any action asserting a claim of breach of a fiduciary duty owed to us or our stockholders by any of our directors, officers or employees; any action asserting a claim against us, or any of our directors or officers, arising under the DGCL, our Bylaws, or our Certificate of Incorporation; or any action asserting a claim against us, or any of our directors, officers, or employees, that is governed by the internal affairs doctrine. We may consent in writing to alternative forums. By becoming a stockholder in our company, you will be deemed to have notice of, and have consented to, the provisions of our Bylaws related to choice of forum.

Market Listing

The shares of our Common Stock are listed on the NYSE under the trading symbol "SXC."

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Computershare Trust Company, N.A.

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”), dated as of January 1, 2020, SunCoke Energy Partners Finance Corp., a Delaware corporation (the “**Issuer**” or “**Finance Corp.**”), SunCoke Energy, Inc., a Delaware corporation (the “**Parent Guarantor**”), the Guarantors (as defined in the Indenture referred to herein) and The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture referred to below (the “**Trustee**”).

WITNESSETH

WHEREAS, the Issuer, SunCoke Energy Partners, L.P., a Delaware limited partnership (the “**Partnership**”), and the Guarantors have heretofore executed and delivered to the Trustee an indenture, dated as of May 24, 2017, as supplemented by the First Supplemental Indenture thereto, dated as of August 5, 2019 (the “**First Supplemental Indenture**”) to add the Parent Guarantor (as so supplemented, the “**Indenture**”), providing for the issuance of 7.50% Senior Notes due 2025 (the “**Notes**”);

WHEREAS, on June 28, 2019, the Partnership completed a merger with SC Energy Acquisition LLC, a Delaware limited liability company and a wholly owned subsidiary of the Parent Guarantor (“**Merger Sub**”), whereby Merger Sub merged with and into the Partnership, and the Partnership continued as the surviving entity and a wholly owned subsidiary of the Parent Guarantor (the “**Simplification Transaction**”);

WHEREAS, as a result of the Simplification Transaction, the partnership structure of the Partnership was no longer desirable in the conduct of the business of the Partnership and its Restricted Subsidiaries, taken as a whole;

WHEREAS, as permitted by Section 5.01 of the Indenture, on January 1, 2020, the Partnership completed a merger with the Issuer, whereby the Partnership merged with and into the Issuer, and the Issuer continued as the surviving entity;

WHEREAS, following the merger of the Partnership with the Issuer, the sole Issuer under the Indenture is organized as a corporation, and the General Partner was merged out of existence;

WHEREAS, as permitted by Section 10.04 and Section 4.14 of the Indenture, on January 1, 2020, each of Haverhill Cogeneration Company LLC, Gateway Cogeneration Company LLC and Middletown Cogeneration Company LLC, each a Guarantor and a Restricted Subsidiary (the “**Merged Guarantors**”), merged with and into its respective parent company, each of which is also a Guarantor and a Restricted Subsidiary, and the Issuer has delivered to the Trustee an Officers’ Certificate pursuant to Section 10.05 of the Indenture to the effect that such mergers have occurred and the Merged Guarantors have ceased to exist;

WHEREAS, in connection with the entry into the First Supplemental Indenture, the Issuer desires to clarify that, by guaranteeing the Notes on the terms set forth in the Indenture, the Parent Guarantor was not included within the defined term “Guarantors”; and

WHEREAS, pursuant to Section 9.01 of the Indenture the Trustee is authorized to enter into this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Issuer, the Parent Guarantor, the Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
 2. MERGER OF ISSUERS. In connection with the merger of the Partnership with and into Finance Corp., Finance Corp. hereby assumes all the obligations of the Partnership under the Notes and becomes the sole Issuer under the Notes and the Indenture.
 3. CLARIFICATION TO DEFINITION OF GUARANTORS. The definition of Guarantors under the Indenture does not include the Parent Guarantor. For the avoidance of doubt, the Parent Guarantor is not a Restricted Subsidiary of the Issuer and all Subsidiaries of the Parent Guarantor that are not Subsidiaries of the Issuer are not Restricted Subsidiaries of the Issuer.
 4. AMENDMENTS TO INDENTURE. To clarify the terms of the Indenture following the merger of the Partnership with and into Finance Corp., which merger results in the sole Issuer under the Indenture being a corporation, the following amendments are hereby made to the Indenture:
 - a. All references to the Partnership shall be deemed to refer to the Issuer, except to the extent that such references relate to historical agreements, events or circumstances, as context requires.
 - b. References to the Board of Directors, any one or more officers, directors or employees, and the Voting Stock of the General Partner in the Indenture shall be deemed to refer to the Board of Directors of the Parent Guarantor, the applicable one or more officers, directors or employees, and the Voting Stock of the Issuer, as applicable.
 - c. Parts (4) and (5) of the definition of “Change of Control” set forth in Section 1.01 of the Indenture are hereby deleted and removed in their entirety and “or” is hereby added to the end of part (2) of such definition.
 - d. The definition of “Officers’ Certificate” set forth in Section 1.01 of the Indenture is hereby deleted in its entirety and replaced with the following:
-

“Officers’ Certificate” means a certificate signed on behalf of the Issuer by two of its Officers, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of the Issuer, that meets the requirements of Section 12.05 hereof.

- e. The definition of “Operating Surplus” set forth in Section 1.01 of the Indenture is hereby deleted in its entirety and replaced with the following:

“Operating Surplus” means with respect to any period, on a cumulative basis and without duplication,

(a) the sum of (1) the operating surplus (used in this instance as defined in the Partnership Agreement as in effect on the 2013 Indenture Date) of the Partnership as of December 31, 2019, (2) all cash receipts of the Issuer and its Subsidiaries (or the Issuer’s proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) for the period beginning on January 1, 2020 and ending on the last day of such period, excluding cash receipts from Interim Capital Transactions and provided that cash receipts from the termination of any Hedging Obligation of the Issuer or any of its Subsidiaries prior to its stipulated settlement or termination date shall be included in equal quarterly installments over what would have been the remaining scheduled life of such Hedging Obligation had it not been so terminated, (3) all cash receipts of the Issuer and its Subsidiaries (or the Issuer’s proportionate share of cash receipts in the case of Subsidiaries that are not wholly owned) after the end of such period but on or before the date of determination of Operating Surplus with respect to such period resulting from Working Capital Borrowings, and (4) the amount of cash distributions paid in respect of Equity Interests issued to finance all or a portion of the Expansion Capital Expenditures and paid in respect of the period beginning on the date that the Issuer or any of its Subsidiaries enters into a binding obligation to commence the construction, acquisition or improvement of a Capital Improvement and ending on the earlier to occur of the date the Capital Improvement is first put into commercial service by the Issuer or any of its Subsidiaries following completion of construction or acquisition, as applicable, and the date that it is abandoned or disposed of (Equity Interests issued to fund the construction period interest payments on debt incurred, or construction period distributions on Equity Interests issued, to finance the Expansion Capital Expenditures shall also be deemed to be Equity Interests issued to finance the construction, acquisition or improvement of a Capital Improvement for purposes of this clause (4)), *less*

(b) the sum of (1) Operating Expenditures for the period beginning on January 1, 2020 and ending on the last day of such period; (2) the amount of cash reserves established by the Issuer to provide funds for future Operating Expenditures; (3) all Working Capital Borrowings not repaid within twelve months after having been incurred or repaid within such twelve-month period with the proceeds of

additional Working Capital Borrowings; and (4) any cash loss realized on disposition of an Investment Capital Expenditure;

provided, however, that the Issuer's estimates of disbursements made (including contributions to the Issuer or a Subsidiary of the Issuer or disbursements on behalf of the Issuer or a Subsidiary of the Issuer), the Issuer's estimates of cash received, or cash reserves established, increased or reduced after the end of such period but on or before the date of determination of cash or cash equivalents to be distributed with respect to such period shall be deemed to have been made, received, established, increased or reduced, for purposes of determining Operating Surplus, within such period if the Issuer so determines.

Cash receipts from an Investment Capital Expenditure shall be treated as cash receipts only to the extent they are a return on principal, but in no event shall a return of principal be treated as cash receipts. Customer payments that are paid no more than several days after their due date will be treated as paid on their due date.

f. The following definitions are added to Section 1.01 the Indenture, in alphabetical order:

“Capital Improvement” means any (a) addition or improvement to the capital assets owned by the Issuer or any of its Subsidiaries or (b) acquisition of existing, or the construction of new, capital assets, in each case if such addition, improvement, acquisition or construction is made to increase the long-term operating capacity or asset base of the Issuer and its Subsidiaries, on a consolidated basis, from the long-term operating capacity or asset base of the Issuer and its Subsidiaries, on a consolidated basis, existing immediately prior to such addition, improvement, acquisition or construction.

“Estimated Replacement Capital Expenditures” means an estimate made in good faith by the Issuer of the average quarterly Replacement Capital Expenditures that the Issuer will need to incur over the long term for Replacement Capital Assets existing at the time the estimate is made. The Issuer will be permitted to make such estimate in any manner it determines reasonable.

“Expansion Capital Expenditures” means cash expenditures for Capital Improvements, and shall not include Ongoing Capital Expenditures or Replacement Capital Expenditures. Expansion Capital Expenditures shall include interest (and related fees) on debt incurred and distributions on Equity Interests issued to finance all or any portion of the construction of a Capital Improvement and paid in respect of the period beginning on the date that the Issuer or any of its Subsidiaries enters into a binding obligation to commence construction of a Capital Improvement and ending on the earlier to occur of (1) the date that such Capital Improvement is first put into commercial service by the Issuer or any of its Subsidiaries following completion of construction or acquisition, as applicable

and (2) the date that such Capital Improvement is abandoned or disposed of. Debt incurred to pay or Equity Interests issued to fund the construction period interest payments, or such construction period distributions on Equity Interests, shall also be deemed to be debt or equity, as the case may be, incurred to finance the construction of a Capital Improvement. Where capital expenditures are made in part for Expansion Capital Expenditures and in part for other purposes, the Issuer shall determine the allocation between the amounts paid for each.

“Interim Capital Transactions” means the following transactions: (1) borrowings, refinancings or refundings of Indebtedness (other than Working Capital Borrowings and other than for items purchased on open account or for a deferred purchase price in the ordinary course of business) by the Issuer or any of its Subsidiaries and sales of debt securities of the Issuer or any of its Subsidiaries; (2) sales of Equity Interests of the Issuer or any of its Subsidiaries; (3) sales or other voluntary or involuntary dispositions of any assets of the Issuer or any of its Subsidiaries other than (a) sales or other dispositions of inventory, accounts receivable and other assets in the ordinary course of business, and (b) sales or other dispositions of assets as part of normal retirements or replacements; and (4) capital contributions received.

“Investment Capital Expenditures” means capital expenditures other than Ongoing Capital Expenditures, Replacement Capital Expenditures and Expansion Capital Expenditures.

“Ongoing Capital Expenditures” means cash expenditures (including expenditures for the addition or improvement to the capital assets owned by the Issuer or any of its Subsidiaries or for the acquisition of existing, or the construction of new, capital assets) if such expenditures are made to maintain the operating capacity of the existing assets of the Issuer or any of its Subsidiaries or to extend the useful life of such assets. Ongoing Capital Expenditures shall also include expenditures for the acquisition of new equipment that improves the efficiency, reliability or effectiveness of the existing assets of the Issuer or any of its Subsidiaries. Ongoing Capital Expenditures shall not include (a) normal repairs and maintenance, which are expensed as incurred or (b) Replacement Capital Expenditures.

“Operating Expenditures” means all cash expenditures of the Issuer or any of its Subsidiaries (or the Issuer’s proportionate share of expenditures in the case of Subsidiaries that are not wholly owned), including taxes, reimbursement of expenses of the Parent Guarantor and its Affiliates, payments made in the ordinary course of business under any Hedging Obligations of the Issuer or any of its Subsidiaries, officer compensation, repayment of Working Capital Borrowings, debt service payments, Ongoing Capital Expenditures and Estimated Replacement Capital Expenditures, subject to the following:

(a) repayments of Working Capital Borrowings deducted from Operating Surplus pursuant to clause (b)(3) of the definition of “Operating Surplus” shall not constitute Operating Expenditures when actually repaid;

(b) payments (including prepayments and prepayment penalties and the purchase price of indebtedness that is repurchased and cancelled) of principal of and premium on Indebtedness other than Working Capital Borrowings shall not constitute Operating Expenditures;

(c) Operating Expenditures shall not include (1) Expansion Capital Expenditures, (2) actual Replacement Capital Expenditures, (3) Investment Capital Expenditures, (4) payment of transaction expenses (including taxes) relating to Interim Capital Transactions, (5) distributions on Capital Stock of the Issuer, or (6) repurchases of Capital Stock of the Issuer. Where capital expenditures are made in part for actual Replacement Capital Expenditures and in part for other purposes, the Issuer shall determine the allocation between the amounts paid for each; and

(d) (1) payments made in connection with the initial purchase of any Hedging Obligation of the Issuer or any of its Subsidiaries shall be amortized over the life of such Hedging Obligation and (2) payments made in connection with the termination of any Hedging Obligation of the Issuer or any of its Subsidiaries prior to the expiration of its stipulated settlement or termination date shall be included in equal quarterly installments over what would have been the remaining scheduled term of such Hedging Obligation had it not been so terminated.

“*Replacement Capital Asset*” means any acquisition of existing or the construction of a new facility or other major capital asset by the Issuer or any of its Subsidiaries, in each case if such acquisition or construction is made to replace or rebuild a facility or other major capital asset of the Issuer or any of its Subsidiaries at the end of its working life.

“*Replacement Capital Expenditures*” means cash expenditures for Replacement Capital Assets. Replacement Capital Expenditures shall include interest (and related fees) on debt incurred and distributions in respect of equity issued, in each case, to finance all or a portion of the construction of a Replacement Capital Asset and paid in respect of the period beginning on the date that the Issuer or any of its Subsidiaries enters into a binding obligation to commence constructing a Replacement Capital Asset and ending on the earlier to occur of the date that such Replacement Capital Asset is first put into commercial service by the Issuer or any of its Subsidiaries following completion of construction or acquisition, as applicable, and the date that such Replacement Capital Asset is abandoned or disposed of. Debt incurred to pay or equity issued to fund the construction period interest payments, or such construction period distributions on equity, shall also be deemed to be debt or equity, as the case may be, incurred to finance the

construction of a Replacement Capital Asset shall be deemed to be distributions paid on equity issued to finance the construction of a Replacement Capital Asset.

“*Working Capital Borrowings*” means borrowings used solely for working capital purposes or to pay distributions on Capital Stock, made pursuant to a credit facility, commercial paper facility or other similar financing arrangement; *provided* that when incurred it is the intent of the borrower to repay such borrowings within 12 months from sources other than additional Working Capital Borrowings.

g. Section 4.07(b)(9) is hereby deleted in its entirety and replaced with the following:

(9) payments to the Parent Guarantor constituting reimbursements for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Issuer or any of its Subsidiaries (including salary, bonus, incentive compensation and other amounts paid to any Person (including Affiliates of the Parent Guarantor), to perform services for the Issuer or any of its Subsidiaries or for the Parent Guarantor or its Affiliates in conducting, directing or managing the activities of the Issuer and its Subsidiaries), and (ii) all other expenses allocable to the Issuer and its Subsidiaries or otherwise incurred by the Parent Guarantor in connection with operating the business of the Issuer and its Subsidiaries (including expenses allocated to the Parent Guarantor by its Affiliates). The Parent Guarantor shall determine in good faith the expenses that are allocable to the Parent Guarantor or the Issuer or any of its Subsidiaries.

h. Section 4.11(a)(2) is hereby deleted in its entirety and replaced with the following:

(2) the Partnership delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, a resolution of the Board of Directors of the Parent Guarantor set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.11 and that such Affiliate Transaction has been approved by a majority of the Board of Directors of the Parent Guarantor; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$75.0 million, a copy of an opinion addressed to the Issuer or the Board of Directors of the Parent Guarantor as to the fairness to the Issuer or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

- i. Section 4.11(b) is hereby amended to remove the period at the end of Section 4.11(b)(14) and add the following at the end of such Section:

; and

(15) payments made to reimburse the Parent Guarantor or any of its Affiliates for (i) all direct costs and expenses incurred and payments made by the Parent Guarantor or any of its Affiliates on behalf of the Issuer or any of its Subsidiaries and (ii) costs and expenses incurred by Parent Guarantor or any of its Affiliates that are allocated to the Issuer or any of its Subsidiaries, including but not limited to:

(A) salaries of employees of the Parent Guarantor or any of its Affiliates;

(B) the cost of employee benefits relating to employees of the Parent Guarantor or any of its Affiliates, including 401(k), pension, bonuses and health insurance benefits;

(C) any expenses incurred or payments made by the Parent Guarantor or any of its Affiliates for insurance coverage with respect to the assets of the Issuer or any of its Subsidiaries or the business of the Issuer and its Subsidiaries; and

(D) all sales, use, excise, value added or similar taxes, if any, that may be applicable from time to time with respect to the general and administrative services provided by the Parent Guarantor or any of its Affiliates to the Issuer or any of its Subsidiaries.

- j. The second paragraph of Section 4.13 is hereby deleted and removed in its entirety.

- k. The first clause of Section 5.01(a)(4) is hereby deleted and removed in its entirety, resulting in the first word of such Section being “immediately.”

5. **RELEASE OF GUARANTEES OF MERGED GUARANTORS.** The Merged Guarantors are hereby released from their obligations under their respective Note Guarantees.

6. **RATIFICATION OF INDENTURE.** The Indenture, as supplemented by this Supplemental Indenture, is in all respects ratified and confirmed, and this Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

7. **NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.**

8. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

9. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

10. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recital contained herein, all of which recitals are made solely by the Issuer, the Parent Guarantor and the other Guarantors.

[SIGNATURE PAGE FOLLOWS]

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

ISSUER:

SUNCOKE ENERGY PARTNERS FINANCE CORP.

By: /s/Fay West
Name: Fay West
Title: President

PARENT GUARANTOR:

SUNCOKE ENERGY, INC.

By: /s/Fay West
Name: Fay West
Title: Senior Vice President & Chief
Financial Officer

GUARANTORS:

CEREDO LIQUID TERMINAL, LLC
CMT LIQUIDS TERMINAL, LLC
GATEWAY ENERGY & COKE
COMPANY, LLC
HAVERHILL COKE COMPANY LLC
KANAWHA RIVER TERMINALS, LLC
MIDDLETOWN COKE COMPANY, LLC
RAVEN ENERGY LLC
SUNCOKE LAKE TERMINAL LLC
SUNCOKE LOGISTICS LLC

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

FF FARM HOLDINGS LLC
MARIGOLD DOCK, INC.

By: /s/Allison S. Lausas
Name: Allison S. Lausas
Title: Vice President, Controller &
Treasurer

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.,
As Trustee

By: /s/Robert W. Hardy
Name: Robert W. Hardy
Title: Vice President

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 31, 2019 (this "Amendment"), is entered into among SunCoke Energy, Inc., a Delaware corporation (the "Parent"), SunCoke Energy Partners, L.P., a Delaware limited partnership ("SXCP"), the Lenders party hereto and Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

RECITALS

A. The Parent, SXCP, the Lenders and the Administrative Agent entered into that certain Second Amended and Restated Credit Agreement, dated as of August 5, 2019 (as amended or modified, the "Credit Agreement").

B. The Parent and SXCP have requested the Lenders amend the Credit Agreement as set forth below.

C. In consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

AGREEMENT

1. Amendments to Credit Agreement.

(a) The definition of "Loan Documents" in Section 1.1 of the Credit Agreement is hereby amended to read as follows:

"Loan Documents": this Agreement, the Security Documents, the Notes, the Fee Letter, any joinder or similar agreement entered into pursuant to Section 2.25 and any amendment, waiver, supplement or other modification to any of the foregoing.

(b) A new Section 2.25 is hereby added to the Credit Agreement to read as follows:

2.25 Additional Borrowers.

(a) The Parent may at any time, upon not less than 15 Business Days' written notice to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), request the designation of any wholly-owned domestic Restricted Subsidiary as a "Borrower" to receive extensions of credit hereunder. The Administrative Agent shall promptly notify the Lenders. Thereafter, the Administrative Agent shall send a joinder agreement or other similar

agreement in form and substance satisfactory to the Administrative Agent specifying the effective date upon which such wholly-owned domestic Restricted Subsidiary shall constitute a Borrower for purposes hereof. Upon the execution of such agreement by the Parent, such Restricted Subsidiary and the Administrative Agent, such Restricted Subsidiary shall be a Borrower and permitted to receive extensions of credit hereunder, on the terms and conditions set forth herein and therein, and such Restricted Subsidiary otherwise shall be a Borrower for all purposes of this Agreement; provided that no Loan Notice or Application may be submitted by or on behalf of such newly-designated Borrower until the date 5 Business Days after such effective date. The parties hereto acknowledge and agree that, prior to any wholly-owned domestic Restricted Subsidiary becoming entitled to utilize the credit facilities provided for in this Agreement, the Administrative Agent and the Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel, “know-your-customer” information and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent in its reasonable discretion.

(b) The Parent may from time to time, upon not less than 10 Business Days’ written notice to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Restricted Subsidiary’s status as a “Borrower”, provided that there are no outstanding credit extensions payable by such Borrower, or other amounts payable by such Borrower on account of any credit extensions made to it, as of the effective date of such termination. The Administrative Agent will promptly notify the Lenders of any such termination of a Borrower’s status.

2. Effectiveness; Conditions Precedent. This Amendment shall be effective upon receipt by the Administrative Agent of counterparts of this Amendment executed by the Parent, SXCP, the Required Lenders and the Administrative Agent and acknowledged by the Guarantors.

3. Counterparts/Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of executed counterparts of this Amendment by telecopy or other secure electronic format (.pdf) shall be effective as an original.

4. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWERS: SUNCOKE ENERGY, INC.,
a Delaware corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

SUNCOKE ENERGY PARTNERS, L.P.,
a Delaware limited partnership

By: SunCoke Energy Partners GP, LLC

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/Lisa Berishaj
Name: Lisa Berishaj
Title: Assistant Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender

By: /s/Jonathan M. Phillips
Name: Jonathan M. Phillips
Title: Senior Vice President

ABN AMRO CAPITAL USA LLC,
as a Lender

By: /s/Jamie Matos
Name: Jamie Matos
Title: Director

By: /s/Amit Wynalda
Name: Amit Wynalda
Title: Executive Director

BMO HARRIS BANK, N.A.,
as a Lender

By: /s/Jason Deegan
Name: Jason Deegan
Title: Director

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/James Shender
Name: James Shender
Title: Vice President

CITIBANK, N.A.,
as a Lender

By: /s/Sumeet Singal
Name: Sumeet Singal
Title: Vice President

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/Jamie Minieri
Name: Jamie Minieri
Title: Authorized Signatory

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as a Lender

By: /s/Mikhail Faybusovich
Name: Mikhail Faybusovich
Title: Authorized Signatory

By: /s/Christopher Zybrick
Name: Christopher Zybrick
Title: Authorized Signatory

Each of the undersigned (a) affirms all of its obligations under that certain Second Amended and Restated Guarantee and Collateral Agreement, dated as of August 5, 2019, among each of the undersigned and the Administrative Agent in connection with the Credit Agreement as amended by this Amendment and (b) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge the Guarantors' obligations under Second Amended and Restated Guarantee and Collateral Agreement.

GUARANTORS:

CEREDO LIQUID TERMINAL, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

CMT LIQUIDS TERMINAL, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

ELK RIVER MINERALS CORPORATION,
a Delaware corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

FF FARM HOLDINGS LLC,
a Delaware limited liability company

By: /s/Allison S. Lausas
Name: Allison S. Lausas
Title: Vice President and Controller

GATEWAY COGENERATION COMPANY LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

GATEWAY ENERGY & COKE COMPANY, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

HAVERHILL COGENERATION COMPANY LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

HAVERHILL COKE COMPANY LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

INDIANA HARBOR COKE COMPANY,
a Delaware corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

INDIANA HARBOR COKE CORPORATION,
an Indiana corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

JEWELL COAL AND COKE COMPANY, INC.,
a Virginia corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

JEWELL COKE ACQUISITION COMPANY,
a Virginia corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

JEWELL COKE COMPANY, L.P.,
a Delaware limited partnership

By: Jewell Coke Acquisition Company, its general partner

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

JEWELL RESOURCES CORPORATION,
a Virginia corporation

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

KANAWHA RIVER TERMINALS, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

MARIGOLD DOCK, INC.,
a Delaware corporation

By: /s/Allison S. Lausas
Name: Allison S. Lausas
Title: Vice President, Controller & Treasurer

MIDDLETOWN COGENERATION COMPANY LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

MIDDLETOWN COKE COMPANY, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President & Chief Financial Officer

RAVEN ENERGY LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

SUN COAL & COKE LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

SUNCOKE ENERGY PARTNERS FINANCE CORP.,
a Delaware corporation

By: /s/Fay West
Name: Fay West
Title: President

SUNCOKE ENERGY SOUTH SHORE LLC,
a Delaware limited liability company

By: Sun Coal & Coke LLC, its manager

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

SUNCOKE LAKE TERMINAL LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

SUNCOKE LOGISTICS LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

SUNCOKE TECHNOLOGY AND DEVELOPMENT LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

SUNCOKE DOMESTIC FINANCE CORP.,
a Delaware corporation

By: /s/Fay West
Name: Fay West
Title: President

SUNCOKE ENERGY PARTNERS GP LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President and Chief Financial Officer

DISMAL RIVER TERMINAL, LLC,
a Delaware limited liability company

By: /s/Fay West
Name: Fay West
Title: Senior Vice President

SUNCOKE ENERGY, INC.

Proposed Resolutions of the
Compensation Committee of the SunCoke Board of Directors for a Meeting to be held on December 7, 2016

Approval of Amendment to Savings Restoration Plan

WHEREAS, SunCoke Energy, Inc., a Delaware corporation (the "Company"), maintains the Savings Restoration Plan (the "Plan"); and

WHEREAS, the Compensation Committee (the "Committee") now deems it advisable and in the best interests of the Company to amend the Plan to reinstate employer contributions under the Plan, effective January 1, 2017 and to authorize certain additional employer contributions.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended so that effective January 1, 2017, Matching Employer Contributions and Safe Harbor Employer Contributions will be credited under the Plan;

FURTHER RESOLVED, that the Committee hereby approves the Fourth Amendment to the Plan as set forth in substantially the form attached hereto as Exhibit A;

FURTHER RESOLVED, that the Committee hereby approves the crediting of Additional Employer Contributions to the Plan accounts of Participants who do not have Matching Contributions credited to their Plan account with respect to any Bonus earned for 2016, in an amount equal to 5% of such Participant's Bonus for 2016; and

FURTHER RESOLVED, that the appropriate officers (each such officer being an "Authorized Officer") of the Company, each with full power to act alone, be, and hereby are, authorized, empowered and directed, on behalf of the Company and in its name, to do all acts and things whatsoever as may be necessary or appropriate to effect, or as such Authorized Officer may deem necessary or desirable, in order to effectuate or carry out the purposes and intent of the foregoing resolutions, including executing and filing all requisite papers, documents and instruments; and that any and all actions heretofore taken by such Authorized Officer in order to effectuate or carry out the purposes and intent of the foregoing resolutions are hereby ratified, adopted and approved.

FOURTH AMENDMENT TO THE SUNCOKE ENERGY, INC. SAVINGS RESTORATION PLAN

WHEREAS, SunCoke Energy, Inc. (the "Company") maintains the SunCoke Energy, Inc. Savings Restoration Plan (the "Plan"); and

WHEREAS, the Company now deems it advisable and in the best interests of the Company to amend the Plan to reinstate the crediting of Matching Employer Contributions and Safe Harbor Employer Contributions under the Plan, effective as of January 1, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended, effective as of January 1, 2017, as follows:

1. Section 1B of Article IV of the Plan is amended to read as follows:

B. Method of Making Participant Contributions. For any calendar year for which a participant has made an irrevocable election in accordance with subsection A above, Participant Contributions, as determined above, will be withheld from Eligible Compensation payable to the participant for each pay period with respect to services performed in such pay period and credited to a book account maintained for the participant by or on behalf of the participating employer as of the date such amounts would otherwise have been paid to the participant.

2. Section 2A of Article IV of the Plan is amended to read as follows:

A. Matching Employer Contributions. A participant's participating employer shall maintain, or cause to be maintained, a book account for such participant who has met the eligibility requirement of the SunCoke Plan to which the participating employer shall credit an amount equal to 100% of the first 5% of Eligible Compensation that the participant contributes to the Plan as Participant Contributions during a calendar year ("Matching Employer Contributions"). Matching Employer Contributions shall be credited to participants' book accounts for each payroll period for which the related Participant Contributions are credited to participants' book accounts.

3. Section 2B of Article IV of the Plan is amended to read as follows:

B. Safe Harbor Employer Contributions. A participant's participating employer shall maintain, or cause to be maintained, a book account for such participant who has met the eligibility requirement of the SunCoke Plan to which the participating employer shall credit an amount equal to 3% of the participant's Eligible Compensation for the calendar year with respect to which the participant makes Participant Contributions to the Plan for such calendar year ("Safe Harbor Employer Contributions"). Safe Harbor Employer Contributions shall be credited to participants' book accounts each payroll period for which the related Participant Contributions are credited to participants' book accounts.

IN WITNESS WHEREOF, this Fourth Amendment to the Plan is executed by the Company this 7th day of December, 2016 effective as of January 1, 2017.

SUNCOKE ENERGY, INC.

By: 
Its: SVP Human Resources

BORROWER JOINDER AGREEMENT

THIS BORROWER JOINDER AGREEMENT (the “Agreement”), dated as of December 31, 2019, is by and between SUNCOKE ENERGY PARTNERS FINANCE CORP., a Delaware corporation (the “Subsidiary”), SunCoke Energy, Inc., a Delaware corporation (the “Parent”), the other Borrowers, and BANK OF AMERICA, N.A., in its capacity as Administrative Agent under that certain Second Amended and Restated Credit Agreement, dated as of August 5, 2019 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), among the Parent, each direct or indirect subsidiary of the Parent listed as a Borrower thereunder, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The Parent has elected to cause the Subsidiary to become a “Borrower” pursuant to Section 2.25 of the Credit Agreement.

Accordingly, the Subsidiary and the Borrowers hereby agree as follows with the Administrative Agent, for the benefit of the Lenders:

1. The Subsidiary hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the Subsidiary will be deemed to be a party to the Credit Agreement and a “Borrower” for all purposes of the Credit Agreement, and shall have all of the obligations of a Borrower thereunder as if it had executed the Credit Agreement. The Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions applicable to the Borrower contained in the Credit Agreement. The Subsidiary hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms provisions and conditions contained in the applicable Loan Documents, including, without limitation (a) all of the representations and warranties set forth in Section 4 of the Credit Agreement and (b) all of the affirmative and negative covenants set forth in Sections 6 and 7 of the Credit Agreement.

2. The Subsidiary acknowledges and confirms that is has received a copy of the Credit Agreement and the schedules and exhibits thereto and (a) is a party to the Second Amended and Restated Guarantee and Collateral Agreement and (b) has delivered to the Administrative Agent each of the documents required by Sections 5.1(d) and (e) of the Credit Agreement, in each case, to be in form and substance reasonably satisfactory to the Administrative Agent. The information on the schedules to the Credit Agreement are hereby supplemented (to the extent permitted under the Credit Agreement) to reflect the information shown on the attached Schedule A and such information is true and correct as of the date hereof.

3. The Borrowers confirm that the Credit Agreement is, and upon the Subsidiary becoming a “Borrower”, shall continue to be, in full force and effect. The parties hereto confirm and agree that immediately upon the Subsidiary becoming a “Borrower”, the term “Obligations”, as used in the Credit Agreement, shall include all obligations of the Subsidiary under the Credit Agreement and under each other Loan Document.

4. Each of the Borrowers and the Subsidiary agree that at any time and from time to time, upon the reasonable written request of the Administrative Agent, it will execute and deliver such further documents and do such further acts as the Administrative Agent may reasonable request in accordance with the terms and conditions of the Credit Agreement in order to effect the purposes of this Agreement.

5. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract.

6. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

[signature page follows]

IN WITNESS WHEREOF, the Subsidiary and the Borrowers have caused this Agreement to be duly executed by its authorized officers, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

SUBSIDIARY: SUNCOKE ENERGY PARTNERS FINANCE CORP., a Delaware corporation

By: /s/ Fay West
Name: Fay West
Title: President

BORROWERS:

SUNCOKE ENERGY, INC., a Delaware corporation

By: /s/ Fay West

Name: Fay West

Title: Senior Vice President and Chief Financial Officer

SUNCOKE ENERGY PARTNERS, L.P., a Delaware limited partnership

By: SunCoke Energy Partners GP, LLC

By: /s/ Fay West

Name: Fay West

Title: Senior Vice President and Chief Financial Officer

Acknowledged and accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/Lisa Berishaj

Name: Lisa Berishaj

Title: Assistant Vice President

Consent of Independent Registered Public Accounting Firm

The Stockholders and Board of Directors
SunCoke Energy, Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-183015, 333-176403, 333-179804 and 333-224733) on Form S-8 of SunCoke Energy, Inc., and registration statement (No. 333-234585) on Form S-3 of SunCoke Energy, Inc., of our reports dated February 20, 2020, with respect to the consolidated balance sheets of SunCoke Energy, Inc. as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the “consolidated financial statements”), and the effectiveness of internal control over financial reporting as of December 31, 2019, which report appears in the December 31, 2019 annual report on Form 10-K of SunCoke Energy, Inc.

Our report refers to a change in the method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standards Codification Topic 842, Leases.

/s/ KPMG LLP

Chicago, Illinois
February 20, 2020

POWER OF ATTORNEY

The undersigned officer and director of SunCoke Energy, Inc. (the “Company”), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Michael G. Rippey

Name: Michael G. Rippey
Title: President and Chief Executive
Officer
(Principal Executive Officer)

POWER OF ATTORNEY

The undersigned officer of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Fay West

Name: Fay West
Title: Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

POWER OF ATTORNEY

The undersigned officer of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof..

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Allison Lausas

Name: Allison Lausas
Vice President, Finance, Treasurer
and Controller
Title: Controller
(Principal Accounting Officer)

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Alvin Bledsoe

Name: Alvin Bledsoe

Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Martha Z. Carnes

Name: Martha Z. Carnes

Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the “Company”), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Susan R. Landahl

Name: Susan R. Landahl

Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ Peter B. Hamilton

Name: Peter B. Hamilton

Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature:	<u>/s/ John W. Rowe</u>
Name:	John W. Rowe
Title:	Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy, Inc. (the "Company"), hereby constitutes and appoints Michael G. Rippey and Fay West and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 20th day of February 2020.

Signature: /s/ James E. Sweetnam

Name: James E. Sweetnam

Title: Director

CERTIFICATION

I, Michael G. Rippey, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 of SunCoke Energy, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Michael G. Rippey
Michael G. Rippey
President and Chief Executive Officer
February 20, 2020

CERTIFICATION

I, Fay West, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 of SunCoke Energy, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Fay West
Fay West
Senior Vice President and
Chief Financial Officer
February 20, 2020

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER OF SUNCOKE ENERGY, INC.
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this Annual Report on Form 10-K of SunCoke Energy, Inc. for the fiscal year ended December 31, 2019, I, Michael G. Rippey, President and Chief Executive Officer of SunCoke Energy, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Annual Report on Form 10-K for the fiscal year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 fairly presents, in all material respects, the financial condition and results of operations of SunCoke Energy, Inc. for the periods presented therein.

/s/ Michael G. Rippey
Michael G. Rippey
President and Chief Executive Officer
February 20, 2020

**CERTIFICATION OF
CHIEF FINANCIAL OFFICER OF SUNCOKE ENERGY, INC.
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this Annual Report on Form 10-K of SunCoke Energy, Inc. for the fiscal year ended December 31, 2019, I, Fay West, Senior Vice President and Chief Financial Officer and Chairman of SunCoke Energy, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Annual Report on Form 10-K for the fiscal year ended December 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Annual Report on Form 10-K for the fiscal year ended December 31, 2019 fairly presents, in all material respects, the financial condition and results of operations of SunCoke Energy, Inc. for the periods presented therein.

/s/ Fay West
Fay West
Senior Vice President and
Chief Financial Officer
February 20, 2020

SunCoke Energy, Inc.
Mine Safety Disclosures for the Period Ended December 31, 2019

We are committed to maintaining a safe work environment and working to ensure environmental compliance across all of our operations. The health and safety of our employees and limiting the impact to communities in which we operate are critical to our long-term success. We employ practices and conduct training to help ensure that our employees work safely. Furthermore, we utilize processes for managing, monitoring and improving safety and environmental performance.

We have consistently operated within the top quartile for the U.S. Occupational Safety and Health Administration’s recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute. We also have worked to maintain low injury rates reportable to the U.S. Department of Labor’s Mine Safety and Health Administration (“MSHA”).

The following table presents the information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Whenever MSHA believes that a violation of the Federal Mine Safety and Health Act of 1977 (the “Mine Act”), any health or safety standard, or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the operator must abate the violation. In these situations, MSHA typically proposes a civil penalty, or fine, that the operator is ordered to pay. In evaluating the following table regarding mine safety, investors should take into account factors such as: (1) the number of citations and orders will vary depending on the size of a coal mine, (2) the number of citations issued will vary from inspector to inspector, mine to mine and MSHA district to district and (3) citations and orders can be contested and appealed, and during that process are often reduced in severity and amount, and are sometimes dismissed.

The mine data retrieval system maintained by MSHA may show information that is different than what is provided in the table below. Any such difference may be attributed to the need to update that information on MSHA’s system or other factors. Orders and citations issued to independent contractors who work at our mine sites are not reported in the table below. All section references in the table below refer to provisions of the Mine Act.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#) (2)	Section 104(b) Orders (#)(3)	Section 104(d) Citations and Orders (#)(4)	Section 110(b) (2) Violations (#)(5)	Section 107(a) Orders (#)(6)	Total Dollar Value of MSHA Assessments Proposed (\$)(7)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)(8)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no) (9)	Legal Actions Pending as of Last Day of Period (#)(10) (11)	Legal Actions Initiated During Period (#) (12)	Legal Actions Resolved During Period (#)(13)
4400649/ #2 Prep Plant	0	0	0	0	0	\$ 363	0	no	no	0	0	0
Ceredo Dock / 46-09051	1	0	0	0	0	\$ 1,601	0	no	no	0	0	0
Quincy Dock / 46-07736	0	0	0	0	0	\$ 1,089	0	no	no	0	0	0
Belfry #5 / 15-10789	0	0	0	0	0	\$ —	0	no	no	0	0	0
Total	1	0	0	0	0	\$ 3,053	0	0	0	0	0	0

- (1) The table does not include the following: (i) facilities which have been idle or closed unless they received a citation or order issued by MSHA, (ii) permitted mining sites where we have not begun operations or (iii) mines that are operated on our behalf by contractors who hold the MSHA numbers and have the MSHA liabilities.
- (2) Alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.
- (3) Alleged failures to totally abate a citation within the period of time specified in the citation.
- (4) Alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mining safety standard or regulation.
- (5) Alleged flagrant violations issued.

- (6) Alleged conditions or practices which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated.
- (7) Amounts shown include assessments proposed during the year ended December 31, 2019 and do not necessarily relate to the citations or orders reflected in this table. Assessments for citations or orders reflected in this table may be proposed by MSHA after December 31, 2019.
- (8) Alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards.
- (9) Alleged potential to have a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards.
- (10) This number reflects legal proceedings which remain pending before the Federal Mine Safety and Health Review Commission (the "FMSHRC") as of December 31, 2019. The pending legal actions may relate to the citations or orders issued by MSHA during the reporting period or to citations or orders issued in prior periods. The FMSHRC has jurisdiction to hear not only challenges to citations, orders, and penalties but also certain complaints by miners. The number of "pending legal actions" reported here reflects the number of contested citations, orders, penalties or complaints which remain pending as of December 31, 2019.
- (11) The legal proceedings which remain pending before the FMSHRC as of December 31, 2019 are categorized as follows in accordance with the categories established in the Procedural Rules of the FMSHRC:

Mine or Operating Name/MSHA Identification Number	Contests of Citations and Orders (#)	Contests of Proposed Penalties (#)	Complaints for Compensation (#)	Complaints for Discharge, Discrimination or Interference Under Section 105 (#)	Applications for Temporary Relief (#)	Appeals of Judges' Decisions or Orders (#)
4400649/ #2 Prep Plant	0	0	0	0	0	0
Ceredo Dock / 46-09051	0	0	0	0	0	0
Quincy Dock / 46-07736	0	0	0	0	0	0
Belfry #5 / 15-10789	0	0	0	0	0	0
Total	0	0	0	0	0	0

- (12) This number reflects legal proceedings initiated before the FMSHRC during the year ended December 31, 2019. The number of "initiated legal actions" reported here may not have remained pending as of December 31, 2019.
- (13) This number reflects legal proceedings before the FMSHRC that were resolved during the year ended December 31, 2019.

SunCoke Energy Partners, L.P.
Consolidated Statements of Operations

	Years Ended December 31,		
	2019	2018	2017
	(Unaudited)		
	(Dollars and units in millions, except per unit amounts)		
Revenues			
Sales and other operating revenue	\$ 953.3	\$ 892.1	\$ 845.6
Costs and operating expenses			
Cost of products sold and operating expenses	726.4	648.9	586.7
Selling, general and administrative expenses	36.3	33.6	32.5
Depreciation and amortization expense	104.8	92.4	83.6
Long-lived asset and goodwill impairment	247.4	—	—
Total costs and operating expenses	1,114.9	774.9	702.8
Operating (loss) income	(161.6)	117.2	142.8
Interest expense, net	56.2	59.4	56.4
(Gain) loss on extinguishment of debt, net	(1.9)	—	20.0
(Loss) income before income tax (benefit) expense	(215.9)	57.8	66.4
Income tax (benefit) expense	(87.8)	(1.6)	83.9
Net (loss) income	(128.1)	59.4	(17.5)
Less: Net income attributable to noncontrolling interests	3.3	1.9	0.6
Net (loss) income attributable to SunCoke Energy Partners, L.P.	<u>\$ (131.4)</u>	<u>\$ 57.5</u>	<u>\$ (18.1)</u>
General partner's interest in net (loss) income	\$ (2.6)	\$ 1.2	\$ 7.1
Limited partners' interest in net (loss) income	\$ (128.8)	\$ 56.3	\$ (25.2)
Net (loss) income per common unit (basic and diluted)	\$ (2.79)	\$ 1.22	\$ (0.54)
Weighted average common units outstanding (basic and diluted) ⁽¹⁾	46.2	46.2	46.2

(1) All outstanding units of the SunCoke Energy Partners, L.P. were owned by SunCoke Energy, Inc. subsequent to the Simplification Transaction on June 28, 2019.

SunCoke Energy Partners, L.P.
Consolidated Balance Sheets

	December 31,	
	2019	2018
	(Unaudited)	
	(Dollars in millions)	
Assets		
Cash	\$ 29.3	\$ 12.6
Receivables, net	34.7	48.8
Receivables from affiliate, net	1.3	3.1
Inventories	106.9	79.0
Other current assets	0.3	1.0
Total current assets	172.5	144.5
Properties, plants and equipment (net of accumulated depreciation of \$559.8 million and \$499.9 million at December 31, 2019 and 2018, respectively)	1,152.3	1,245.1
Goodwill	—	73.5
Other intangible assets, net	34.2	155.8
Deferred charges and other assets	4.4	0.2
Total assets	\$ 1,363.4	\$ 1,619.1
Liabilities and Equity		
Accounts payable	\$ 83.3	\$ 68.8
Accrued liabilities	13.0	13.5
Deferred revenue	0.3	3.0
Current portion of financing obligation	2.9	2.8
Interest payable	2.2	3.2
Total current liabilities	101.7	91.3
Long-term debt and financing obligation	639.4	793.3
Deferred income taxes	26.3	115.7
Other deferred credits and liabilities	12.4	12.1
Total liabilities	779.8	1,012.4
Equity		
Held by public:		
Common units (no issued units at December 31, 2019 and issued 17,727,249 units at December 31, 2018)	—	194.1
Held by parent:		
Common units (46,227,148 and 28,499,899 units issued at December 31, 2019 and 2018, respectively)	518.2	351.6
General partner's interest	52.6	49.3
Partners' capital attributable to SunCoke Energy Partners, L.P.	570.8	595.0
Noncontrolling interest	12.8	11.7
Total equity	583.6	606.7
Total liabilities and equity	\$ 1,363.4	\$ 1,619.1

SunCoke Energy Partners, L.P.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2019	2018	2017
	(Unaudited)		
	(Dollars in millions)		
Cash Flows from Operating Activities:			
Net (loss) income	\$ (128.1)	\$ 59.4	\$ (17.5)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Long-lived asset and goodwill impairment	247.4	—	—
Depreciation and amortization expense	104.8	92.4	83.6
Deferred income tax (benefit) expense	(89.4)	(3.5)	81.3
(Gain) loss on extinguishment of debt, net	(1.9)	—	20.0
Changes in working capital pertaining to operating activities:			
Receivables, net	14.1	(6.6)	(2.5)
Receivables/payables from affiliate, net	1.8	2.6	(9.0)
Inventories	(27.9)	0.4	(12.5)
Accounts payable	11.2	13.2	3.1
Accrued liabilities	(1.0)	(0.9)	2.7
Deferred revenue	(2.7)	1.3	(0.8)
Interest payable	(1.0)	(0.8)	(10.7)
Other	0.7	5.3	(1.0)
Net cash provided by operating activities	128.0	162.8	136.7
Cash Flows from Investing Activities:			
Capital expenditures	(61.2)	(60.8)	(39.0)
Other	0.2	0.2	—
Net cash used in investing activities	(61.0)	(60.6)	(39.0)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt	—	—	693.7
Repayment of long-term debt	(46.6)	—	(644.9)
Debt issuance costs			(15.8)
Repayment of financing obligation	(2.9)	(2.6)	(2.5)
Proceeds from revolving credit facility	204.5	179.5	350.0
Repayment of revolving credit facility	(309.5)	(204.5)	(392.0)
Distributions to unitholders (public and parent)	(37.8)	(86.1)	(119.2)
Distributions to noncontrolling interest (SunCoke Energy, Inc.)	(2.2)	(2.5)	(2.7)
Capital contributions from SunCoke, Energy, Inc.	145.0	20.0	—
Other financing activities	(0.8)	—	—
Net cash used in financing activities	(50.3)	(96.2)	(133.4)
Net increase (decrease) in cash and cash equivalents	16.7	6.0	(35.7)
Cash, cash equivalents and restricted cash at beginning of year	12.6	6.6	42.3
Cash and cash equivalents at end of year	\$ 29.3	\$ 12.6	\$ 6.6
Supplemental Disclosure of Cash Flow Information			
Interest paid, net of capitalized interest of \$2.3 million, \$3.2 million and \$1.1 million respectively	\$ 54.2	\$ 56.9	\$ 64.5
Income taxes paid	\$ 1.8	\$ 2.9	\$ 1.4

SunCoke Energy Partners, L.P.
Reconciliation of Non-GAAP Information
Adjusted EBITDA to Net (Loss) Income

	Years Ended December 31,		
	2019	2018	2017
	(Unaudited)		
	(Dollars in millions)		
Net (loss) income	\$ (128.1)	\$ 59.4	\$ (17.5)
Add:			
Long-lived asset and goodwill impairment	247.4	—	—
Depreciation and amortization expense	104.8	92.4	83.6
Interest expense, net	56.2	59.4	56.4
(Gain) loss on extinguishment of debt, net	(1.9)	—	20.0
Income tax (benefit) expense	(87.8)	(1.6)	83.9
Contingent consideration adjustments ⁽¹⁾	(4.2)	2.5	(1.7)
Simplification Transaction costs ⁽²⁾	4.9	0.4	—
Adjusted EBITDA	\$ 191.3	\$ 212.5	\$ 224.7
Subtract:			
Adjusted EBITDA attributable to noncontrolling interest ⁽³⁾	1.6	3.1	3.4
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	\$ 189.7	\$ 209.4	\$ 221.3

(1) In connection with the CMT acquisition, SunCoke Energy Partners, L.P. (the "Partnership"), entered into a contingent consideration arrangement that requires the Partnership to make future payments to the seller based on future volume over a specified threshold, price and contract renewals. Adjustments to the fair value of the contingent consideration were primarily the result of modifications to the volume forecast. Customer events during the third quarter of 2019 reduced contingent consideration liability to zero.

(2) Costs expensed by the Partnership associated with the Simplification Transaction.

(3) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest's share of interest, taxes, income, and depreciation and amortization.