

SAPPI LTD

Form 6-K

February 06, 2009

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

For the month of February, 2009

Commission file number: 1-14872

SAPPI LIMITED

(Translation of registrant's name into English)

48 Ameshoff Street

Braamfontein

Johannesburg 2001

REPUBLIC OF SOUTH AFRICA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b) (7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

INCORPORATION BY REFERENCE

Sappi Limited's report for the conformed first quarter results ended December 2009, furnished by the Registrant under this Form 6-K, is incorporated by reference into (i) the Registration Statements on Form S-8 of the Registrant filed December 23, 1999 and December 15, 2004 in connection with The Sappi Limited Share Incentive Scheme, (ii) the Section 10(a) Prospectus relating to the offer and sale of the Registrant's shares to Participants under The Sappi Limited Share Incentive Scheme, (iii) the Registration Statements on Form S-8 of the Registrant filed December 15, 2004 and December 21, 2005 in connection with The Sappi Limited 2004 Performance Share Incentive Plan and (iv) the Section 10(a) Prospectus relating to the offer and sale of the Registrant's shares to Participants under The Sappi Limited 2004 Performance Share Incentive Plan. This Form 6-K includes a conformed version of the earnings announcement sent by the Registrant to its shareholders. This conformed version was prepared solely for purposes of supplementing the documents referred to in clauses (i) - (iv) above.

FORWARD-LOOKING STATEMENTS

In order to utilize the "Safe Harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 (the "Reform Act"), Sappi Limited (the "Company") is providing the following cautionary statement. Except for historical information contained herein, statements contained in this Report on Form 6-K may constitute "forward-looking statements" within the meaning of the Reform Act. The words "believe", "anticipate", "expect", "intend", "estimate", "plan", "assume", "positioned", "will", "may", "should", "risk" and other similar expressions which are predictions of or indicate future events and future trends which do not relate to historical matters identify forward-looking statements. In addition, this Report on Form 6-K may include forward-looking statements relating to the Company's potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond the control of the Company, together with its subsidiaries (the "Group"), and may cause the actual results, performance or achievements of the Group to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to: the highly cyclical nature of the pulp and paper industry; pulp and paper production, production capacity, input costs (including raw material, energy and employee costs) and pricing levels in North America, Europe, Asia and southern Africa; any major disruption in production at the Group's key facilities; changes in environmental, tax and other laws and regulations; adverse changes in the markets for the Group's products; any delays, unexpected costs or other problems experienced with any business acquired or to be acquired and achieving expected savings and synergies; consequences of the Group's leverage (including as a result of adverse changes in credit markets that affect our ability to raise capital when needed); adverse changes in the political situation and economies in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems; and the impact of future investments, acquisitions and dispositions (including the financing of investments and acquisitions) and any delays, unexpected costs or other problems experienced in connection with dispositions. These and other risks, uncertainties and factors are discussed in the Company's Annual Report on Form 20-F and other filings with and submissions to the Securities and Exchange Commission, including this Report on Form 6-K. Shareholders and prospective investors are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of the submission of this Report on Form 6-K and are not intended to give any assurance as to future results. The Company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new

information or future events or circumstances or otherwise.

We have included in this announcement an estimate of total synergies from the proposed acquisition of M-real's coated graphic paper business and the integration of the acquired business into our existing business. The estimate of synergies that we expect to achieve following the completion of the proposed acquisition is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of our management's knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the proposed acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realise the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi for the fiscal 2009 or beyond.

1st
quarter results for
the period ended
December 2008
Form S-8 version

** for the period ended December 2008*

*** as at December 2008*

† *Rest of World*

Coated fine paper

69%

Uncoated fine paper

4%

Coated specialities

8%

Commodity paper

7%

Pulp

11%

Other

1%

North America

31%

Europe

47%

Southern Africa

22%

Sales by product group*

Sales by source*

North America

31%

Europe

42%

Southern Africa

14%

Asia and Other

13%

South Africa

77%

North America

11%

Europe and ROW

†

12%

Sales by destination*

Geographic ownership**

sappi

// first quarter results

1

European acquisition completed on 31 December
(post quarter end)

Declining global demand leads to weak operating profit

Significant production curtailment in December

Coated paper prices increased in Europe;
under pressure elsewhere

Pulp prices declined more than US\$200 per ton

Basic EPS 6 US cents

Financial summary

Quarter ended

Dec 2008

Dec 2007

Sept 2008

Key figures: (US\$ million)

Sales

1,187

1,377

1,519

Operating profit

57

91

25

EBITDA *

138

187

116

Basic EPS (US cents) **

6

12

(9)

Key ratios: (%)

Operating profit to sales

4.8

6.6

1.6

** Refer to note 1, Supplemental Information for the reconciliation of EBITDA to profit for the period*

*** Comparative figures have been revised in accordance with IAS 33 to reflect the impact of the rights offer*

2

Commentary

Sales volumes declined 8% in the quarter compared to a year earlier as a result of the global market downturn. Prices for coated paper increased relative to the prior quarter and a year earlier in Europe but were under pressure in the USA and many other markets. Pulp prices, including prices for chemical cellulose, fell sharply and by the end of the quarter NBSK prices were more than US\$200 per ton lower than at the end of the previous quarter.

Demand fell off sharply as the quarter progressed, resulting in lower sales in all our businesses, particularly Saiccor. We took extensive production curtailment in December to match output to demand in addition to major planned maintenance outages during the quarter.

Although the prices of energy, wood and chemicals declined, the impact was delayed as we worked through higher cost inventories. Reduced production levels and stopping and starting our mills resulted in less efficient raw material usage. Input costs therefore remained at a high level.

Operating profit for the quarter was US\$57 million compared to US\$91 million a year earlier and US\$25 million in the prior quarter.

Net finance costs for the quarter were US\$21 million, US\$7 million lower than a year ago as a result of lower interest rates, exchange gains and interest earned on the cash proceeds of the rights offer for approximately 10 days, partly offset by the effect of interest capitalised a year ago.

The effective tax rate for the quarter was 36%, similar to a year ago. Taxation for the quarter includes Secondary Tax on Companies of US\$4 million relating to dividends declared in the quarter.

Basic EPS of 6 US cents per share for the quarter. Basic EPS a year ago was 12 US cents per share (revised to reflect the rights offer in accordance with IAS 33).

// first quarter results

3

Cash flow

Cash generated from operations was US\$95 million, down from US\$155 million a year ago, as a result of lower operating profit. Working capital increased US\$96 million during the quarter compared to an increase of US\$133 million a year ago.

Following the commissioning of the Saiccor expansion we have contained capital expenditure to maintenance and short pay back items throughout the group. The cash effect of investing activities reduced to US\$40 million compared to US\$89 million a year ago.

We paid a dividend of US\$37 million during the quarter prior to the rights offer. Historically dividends have been paid early in the second quarter.

The net proceeds of the rights offer conducted during the quarter of approximately US\$532 million were received during December and were on hand at quarter end pending the completion of the acquisition of M-real's coated graphic paper business (the "European acquisition") on 31 December 2008.

Operating review for the quarter ended December 2008 compared to the quarter ended December 2007

Sappi Fine Paper

Quarter

Quarter

Quarter

ended

ended

ended

Dec 2008

Sept 2007

%

Sept 2008

US\$ million

US\$ million

change

US\$ million

Sales

998

1,109

(10.0)

1,222

Operating profit

8

31

(74.2)

(80)

Operating profit to sales (%)

0.8

2.8

—

(6.5)

4

Europe

Quarter

Quarter

Quarter

ended

ended

%

%

ended

Dec 2008

Dec 2007

change

change

Sept 2008

US\$ million

US\$ million

(US\$)

(Euro)

US\$ million

Sales

561

638

(12.1)

(5.1)

680

Operating profit

13

19

(31.6)

(23.4)

(111)

Operating profit to sales (%)

2.3

3.0

–

–

(16.3)

Volumes for the quarter were affected by deteriorating market conditions. The latest available industry statistics for the quarter show an 11% year on year decline in coated woodfree paper deliveries in Europe for the quarter. We took significant downtime in December to match supply to demand, which had an unfavourable impact on margins.

We realised higher prices in Euro terms during the quarter with the average up 7% compared to a year earlier.

Input prices are declining, particularly for pulp and energy; however, we will only benefit once higher-priced raw material inventories have been utilised.

Blackburn Mill and Maastricht Mill's Paper Machine No 5 ceased production during the quarter, reducing our capacity of coated fine paper by 190,000 tons. The charges related to these closures were reported in the quarter ended September 2008.

// first quarter results

5

North America

Quarter

Quarter

Quarter

ended

ended

ended

Dec 2008

Sept 2007

%

Sept 2008

US\$ million

US\$ million

change

US\$ million

Sales

363

384

(5.5)

433

Operating profit

(7)

11

(163.6)

30

Operating profit to sales (%)

(1.9)

2.9

–

6.9

Demand declined sharply during the quarter for both paper and pulp and we curtailed a significant amount of output to match the reduced demand. Industry shipments of coated fine paper show a decline of 18% year on year for the quarter.

Prices for coated paper came under pressure towards the end of the quarter. Prices realised for pulp, however, collapsed in line with the NBSK prices. Demand for pulp also declined sharply.

Major planned maintenance outages at the pulp mills, early in the quarter, had a further unfavourable impact on operating profit in the quarter.

6

South Africa

Quarter

Quarter

ended

ended

%

%

ended

Dec 2008

Dec 2007

change

change

Sept 2008

US\$ million

US\$ million

(US\$)

(Rand)

US\$ million

Sales

74

87

(14.9)

24.4

109

Operating profit

2

1

100

185.7

1

Operating profit to sales (%)

2.7

1.1

–

–

0.9

Sales volumes for the quarter were similar to a year earlier despite signs of weakening demand. In local currency, prices were above last year. High input costs continued to put pressure on margins.

// first quarter results

7

Forest Products

Quarter

Quarter

ended

ended

%

%

ended

Dec 2008

Dec 2007

change

change

Sept 2008

US\$ million

US\$ million

(US\$)

(Rand)

US\$ million

Sales

189

268

(29.5)

3.0

297

Operating profit

49

55

(10.9)

30.1

106

Operating profit to sales (%)

25.9

20.5

–

–

35.7

Although the domestic sales of newsprint and packaging paper were lower than a year ago, prices in Rand terms improved. The chemical cellulose business, however, was impacted by a substantial reduction in demand as from December as a result of reduced demand for textiles, particularly in Asia. Prices for chemical cellulose also fell, in line with NBSK prices which fell more than US\$200 per ton during the quarter. The approximately 30% decline of the exchange rate of the Rand relative to the US Dollar from the September to the December quarter offset the US Dollar decline in NBSK prices. This, however, was not sufficient to offset the combined effect of the sharp decline in pulp prices, lower demand for chemical cellulose pulp and high input costs.

Production during the quarter was reduced by maintenance shuts at Ngodwana Mill and Usutu Mill and as a result of a gas leak at Saiccor Mill.

8

European acquisition

The European acquisition for an enterprise value of Euro 750 million, was completed on 31 December 2008, which was after our quarter end and is subject to minor adjustments for working capital and assumed debt. Payment for the business comprised cash of Euro 400 million from the proceeds of the rights offer conducted during the quarter (see Note 1), vendor loan notes of Euro 220 million, with the balance made up of 11 million Sappi shares and assumed debt.

Action Plan and Outlook

The sharp decline in demand and the inventory reductions in the downstream supply chains for our products in the latter part of the last quarter has continued in January in most of our businesses. The impact on the sales of chemical cellulose was particularly sudden and is continuing.

In Europe demand for coated graphic paper was particularly weak in the first half of January. We curtailed output by about 25% in January and will continue to match output to demand going forward. M-real has announced that it will cease coated graphic paper production at Gohrsmühle and Hallein mills, which have a capacity of 640,000 tons, by the end of April, which is expected to improve the industry supply/demand balance. Pricing for coated paper in Europe remains firm.

The integration of the European acquisition is proceeding well. The focus remains on customer relations and service, engaging our new and existing employees, integration of systems and delivery of synergies. The enlarged business gives us greater flexibility to manage our output to match demand, to negotiate improved input prices and to improve our service and product offering to customers. Although current market conditions, and particularly a slow-down in demand, will make it more difficult to realise the synergies in the short term, we remain confident that we should deliver the targeted Euro 120 million per annum of synergies within 3 years.

In North America demand for coated paper was very low in the first weeks of January accompanied by downward pressure on pricing. We continue to curtail production to match output to demand. In addition, the weakness of pulp demand and the fall in pulp prices will impact the region's profitability as it is a net seller of pulp. Release paper is also experiencing weak markets particularly in China and to the US motor industry. The North American business has taken steps to reduce its overhead costs and is exploring all means to further streamline its operations to reduce its cost base.

We expect the Southern African fine paper and packaging paper businesses to continue to perform moderately well. Demand in the local market has weakened less than global markets generally. We have taken and will continue to take commercial downtime when necessary. The viscose grade chemical cellulose and other exports, however, continue to be significantly affected by the major fall in demand and sharp fall in prices which has continued into the current quarter. The additional capacity at Saiccor following the commissioning of the expansion in September 2008 is not being utilised. We are therefore shutting certain elements of the old plant to reduce output to match demand while utilising the more efficient new plant as much as possible.

We expect input prices to continue to decline and for the reduction in our variable costs to accelerate as our higher cost inventories are utilised. We continue to focus on managing input price reductions and more efficient usage of raw materials. Curtailing output is likely to result in less efficient usage of raw materials, which will slow the expected reduction in input costs. The European business, which is a major pulp buyer, should benefit from the sharp fall in pulp prices. NBSK prices declined to US\$610 per ton in January from an average of US\$739 for the quarter ended December 2008 and US\$885 for the quarter

ended September 2008. The other regions will, however, be unfavourably impacted by this. Following the European acquisition the group is a net buyer of pulp. Our level of pulp integration is now approximately 92%.

Our short term outlook is for difficult global economic conditions to continue and for these to be reflected in demand for our products and our operating results. We do, however, expect some improvement in demand levels from the very low levels experienced late last quarter and in the first part of January.

The operating profit for the quarter ending March 2009 is expected to remain weak.

We will continue to prioritise cash flow management including managing inventory levels and reducing capital expenditure to the minimum level needed to keep our assets in good condition.

We have implemented a number of actions which position the group well going forward, and we will continue to act decisively to manage our business through the current turmoil.

The greater flexibility to manage output following the European acquisition, the improved efficiency of the Saiccor mill combined with our actions to reduce input costs and reduction of fixed costs will all help deal with current tough market conditions.

When market conditions improve, both the European acquisition and the Saiccor expansion will help us to achieve the improvement in return on capital employed which we target.

On behalf of the board

R J Boöttger

M R Thompson

Director

Director

02 February 2009

sappi limited

(Registration number 1936/008963/06)

Issuer Code: SAVVI

JSE Code: SAP

ISIN: ZAE000006284

// first quarter results

9

10

forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors, that could cause actual results and company plans and objectives to differ materially from those expressed or implied in the forward-looking statements (or from past results). Such risks, uncertainties and factors include, but are not limited to, the impact of the global economic downturn, the risk that the European acquisition will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost savings from the acquisition may not be fully realized or realized within the expected time frame, revenues following the acquisition may be lower than expected, any anticipated benefits from the consolidation of the European paper business may not be achieved, the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicity, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing), adverse changes in the markets for the group's products, consequences of substantial leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed, changing regulatory requirements, unanticipated production disruptions (including as a result of planned or unexpected power outages), economic and political conditions in international markets, the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced with integrating acquisitions and achieving expected savings and synergies and currency fluctuations. The company undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

We have included in this announcement an estimate of total synergies from the acquisition of M-real's coated graphic paper business and the integration of the acquired business into our existing business. The estimate of synergies that we expect to achieve following the completion of the acquisition is based on assumptions which in the view of our management were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of our management's knowledge and belief, the expected course of action and the expected future financial impact on our performance due to the acquisition. However, the assumptions about these expected synergies are inherently uncertain and, though considered reasonable by management as of the date of preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in this estimate of synergies. There can be no assurance that we will be able to successfully implement the strategic or operational initiatives that are intended, or realise the estimated synergies. This synergy estimate is not a profit forecast or a profit estimate and should not be treated as such or relied on by shareholders or prospective investors to calculate the likely level of profits or losses for Sappi for fiscal 2009 or beyond.

// first quarter results

11

Group income statement

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

Notes

US\$ million

US\$ million

% change

Sales

1,187

1,377

(14)

Cost of sales

1,042

1,197

Gross profit

145

180

(19)

Selling, general & administrative expenses

86

92

Other operating expenses

3

1

Share of profit from associates and joint ventures

(1)

(4)

Operating profit

3

57

91

(37)

Net finance costs

21

28

Net interest

31

37

Finance cost capitalised

—

(9)

Net foreign exchange gains

(7)

(1)

Net fair value (gain) loss on financial instruments

(3)	
1	
Profit before taxation	
36	
63	
(43)	
Taxation	
13	
21	
Current	
10	
3	
Deferred	
3	
18	
Profit for the period	
23	
42	
(45)	
Basic earnings per share (US cents)	
1	
6	
12	
Weighted average number of shares in issue (millions)	
1	
383.0	
361.6	
Diluted basic earnings per share (US cents)	
1	
6	
12	
Weighted average number of shares on fully diluted basis (millions)	
1	
385.5	
365.0	

12	
Group balance sheet	
Dec 2008	
Sept 2008	
US\$ million	
US\$ million	
ASSETS	
Non-current assets	
4,049	
4,408	
Property, plant and equipment	
3,081	
3,361	
Plantations	
558	
631	
Deferred taxation	
48	
41	
Other non-current assets	
362	
375	
Current assets	
2,275	
1,701	
Inventories	
766	
725	
Trade and other receivables	
568	
702	
Cash and cash equivalents	
941	
274	
Total assets	
6,324	
6,109	
EQUITY AND LIABILITIES	
Shareholders' equity	
Ordinary shareholders' interest	
1,863	
1,605	
Non-current liabilities	
2,503	
2,578	
Interest-bearing borrowings	
1,819	
1,832	
Deferred taxation	
354	
399	

Other non-current liabilities

330

347

Current liabilities

1,958

1,926

Interest-bearing borrowings

1,058

821

Bank overdraft

29

26

Other current liabilities

801

1,025

Taxation payable

70

54

Total equity and liabilities

6,324

6,109

Number of shares in issue at balance sheet date (millions)

504.8

229.2

// first quarter results
13
Group cash flow statement
Quarter
Quarter
ended
ended
Dec 2008
Dec 2007
US\$ million
US\$ million
Profit for the period
23
42
Adjustment for:
Depreciation, fellings and amortisation
97
117
Taxation
13
21
Net finance costs
21
28
Post employment benefits
(8)
(14)
Other non-cash items
(51)
(39)
Cash generated from operations
95
155
Movement in working capital
(96)
(133)
Net finance costs
(44)
(59)
Taxation recovered (paid)
1
(7)
Dividends paid *
(37)
—
Cash utilised in operating activities
(81)
(44)
Cash utilised in investing activities
(40)
(89)

(121)	
(133)	
Cash effects of financing activities	
793	
223	
Net movement in cash and cash equivalents	
672	
90	
<i>* Dividend no 85: 16 US cents per share paid on 28 November 2008</i>	
Group statement of recognised income and expense	
Quarter	
Quarter	
ended	
ended	
Dec 2008	
Dec 2007	
US\$ million	
US\$ million	
Exchange differences on translation of foreign operations	
(293)	
(10)	
Unrealised gain on cash flow hedge	
32	
–	
Tax effect of cash flow hedge	
(9)	
2	
Net expense recorded directly in equity	
(270)	
(8)	
Profit for the period	
23	
42	
Total recognised (expense) income for the period	
(247)	
34	

14

Notes to the group results

1.

Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies and methods of computation used in the preparation of the results are consistent, in all material respects, with those used in the annual financial statements for September 2008 which are compliant with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The results are unaudited.

In November and December 2008, Sappi conducted a renounceable rights offer of 286,886,270 new ordinary shares of ZAR1.00 each to qualifying Sappi shareholders recorded in the shareholders register at the close of business on Friday 21 November 2008, at a subscription price of ZAR20.27 per rights offer share in the ratio of 6 rights offer shares for every 5 Sappi shares held. The rights offer was fully subscribed and the shareholders received their shares on 15 December 2008. The rights offer raised ZAR5,8 billion which was used to partly finance the acquisition of the coated graphic paper business of M-real and the related costs.

Following the rights offer, prior period Basic and Diluted earnings per share have been restated for the bonus element of the rights offer in accordance with IAS 33.

Restatement of earnings per share numbers for bonus element of rights issue

In accordance with IAS 33, prior period basic, headline and diluted earnings per share have been restated to take into account the bonus element of the rights offer. The prior period weighted average number of shares has been adjusted by a factor of 1.58 (the adjustment factor) for the issuance of 286,886,270 new ordinary shares of ZAR1.00 each, at a subscription price of ZAR20.27 per rights offer share in the ratio of 6 rights offer shares for every 5 Sappi shares held. The adjustment factor is calculated using the pre-announcement share price divided by the theoretical ex-rights price (TERP). TERP is the [(Number of new shares multiplied by the Subscription price) plus the (Number of shares held multiplied by the *Ex*-dividend share price)] all divided by the (Number of new shares plus the number of shares held prior to the rights offer).

2.

Reconciliation of movement in shareholders' equity

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

US\$ million

US\$ million

Balance – beginning of period

1,605

1,816

Total recognised (expense) income for the period

(247)

34

Dividends declared

(37)

(73)

Rights issue net of directly attributable costs

536

–

Transfers to participants of the share purchase trust

3
2
Share based payment reserve
3
2
Balance – end of period
1,863
1,781

// first quarter results

15

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

US\$ million

US\$ million

3.

Operating profit

Included in operating profit are the following non-cash items:

Depreciation and amortisation

81

96

Fair value adjustment on plantations (included in cost of sales)

Changes in volume

Fellings

16

21

Growth

(16)

(18)

–

3

Plantation price fair value adjustment

(34)

1

(34)

4

Included in other operating expenses are the following:

Asset impairments

3

2

Profit on disposal of property, plant & equipment

(1)

(1)

Restructuring provisions released

–

(1)

4.

Capital expenditure

Property, plant and equipment

47

109

Dec 2008

Sept 2008

US\$ million

US\$ million

5.

Capital commitments

Contracted

111

76

Approved but not contracted

178

130

289

206

6.

Contingent liabilities

Guarantees and suretyships

44

38

Other contingent liabilities

7

7

51

45

7.

Material balance sheet movements

Plantations

The decrease in the value of plantations arises upon translation of the plantations from Rands to US Dollars.

Trade and other receivables and other current liabilities.

The lower operating performance has resulted in a reduction of both trade payables and trade receivables.

Interest-bearing borrowings and cash and cash equivalents

Included in cash and cash equivalents is US\$532 million which is the net cash proceeds from the rights issue (after directly attributable costs). During the quarter, the group also drew down US\$70 million of its committed facilities.

8.

Subsequent events

The acquisition of M-real's coated graphic paper business for an enterprise value of Euro 750 million, was completed on 31 December 2008, which was after our quarter end and is subject to minor adjustments for working capital and assumed debt. Payment for the business comprised cash of Euro 400 million from the proceeds of the rights offer conducted during the quarter (see Note 1), vendor loan notes of Euro 220 million, with the balance made up of 11 million Sappi shares and assumed debt.

16

Notes to the group results

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

US\$ million

US\$ million

% change

9.

Regional information

Sales

Fine Paper –

North America

363

384

(5)

Europe

561

638

(12)

Southern Africa

74

87

(15)

Total

998

1,109

(10)

Forest Products – Pulp and paper operations

174

252

(31)

Forestry operations

15

16

(6)

Total

1,187

1,377

(14)

Operating profit

Fine Paper –

North America

(7)

11

–

Europe

13

19
 (32)
 Southern Africa
 2
 1
 100
Total
 8
 31
 (74)
 Forest Products
 49
 55
 (11)
 Corporate and other
 –
 5
 –
Total
 57
 91
 (37)
 Net operating assets
 Fine Paper –
 North America
 1,100
 1,029
 7
 Europe
 1,599
 1,991
 (20)
 Southern Africa
 170
 153
 11
Total
 2,869
 3,173
 (10)
 Forest Products
 1,456
 1,830
 (20)
 Corporate and other
 139
 (38)
 –
Total
 4,464
 4,965

(10)

// first quarter results

17

Supplemental Information

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

US\$ million

US\$ million

1.

EBITDA

Reconciliation of profit for the period to EBITDA

(1)

Profit for the period

23

42

Net finance costs

21

28

Taxation

13

21

Depreciation and amortisation

81

96

EBITDA

(1)

138

187

(1)

In connection with the U.S. Securities Exchange Commission (“SEC”) rules relating to “Conditions for Use of Non-GAAP Financial Measures”, we have reconciled EBITDA to net profit rather than operating profit. As a result our definition retains non-trading profit/loss and minority interest as part of EBITDA. EBITDA represents earnings before interest (net finance costs), taxation, depreciation and amortisation. Net finance costs includes: gross interest paid; interest received; interest capitalised; net foreign exchange gains; and net fair value adjustments on interest rate financial instruments. See the Group income statement for an explanation of the computation of net finance costs. We use EBITDA as an internal measure of performance to benchmark and compare performance, both between our own operations and as against other companies. EBITDA is a measure used by the group, together with measures of performance under IFRS to compare the relative performance of operations in planning, budgeting and reviewing the performances of various businesses. We believe EBITDA is a useful and commonly used measure of financial performance in addition to net profit, operating profit and other profitability measures under IFRS because it facilitates operating performance comparisons from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortisation methods, historic cost and age of assets, financing and capital structures and taxation positions or regimes, we believe EBITDA can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, we believe EBITDA and similar measures are regularly used by the investment community as a means of comparison of companies in our industry. Different companies and analysts may calculate EBITDA differently, so making comparisons among companies on this basis should be done very carefully. EBITDA is not a measure of performance under IFRS and should not be considered in isolation or

construed as a substitute for operating profit or net profit as an indicator of the company's operations in accordance with IFRS.

Quarter

Quarter

ended

ended

Dec 2008

Dec 2007

US\$ million

US\$ million

2.

Headline of earnings per share *

Headline earnings per share (US cents) **

7

12

Weighted average number of shares in issue (millions) **

383.0

361.6

Diluted headline earnings per share (US cents) **

6

12

Weighted average number of shares on fully diluted basis (millions) **

385.5

365.0

Calculation of Headline earnings *

Profit for the period

23

42

Asset impairments

3

2

Profit on disposal of property, plant & equipment

(1)

—

Tax effect of above items

—

—

Headline earnings

25

44

** Headline earnings disclosure is required by the JSE Limited.*

*** Prior period headline earnings per share has been restated for the bonus element of the rights offer in accordance with IAS 33.*

Please refer to note 1 for a summary of this calculation.

18

3.

exchange rates

Dec

Sept

June

March

Dec

2008

2008

2008

2008

2007

Exchange rates:

Period end rate: US\$1 = ZAR

9.7148

8.0751

7.9145

8.1432

6.8068

Average rate for the Quarter: US\$1 = ZAR

9.8584

7.8150

7.8385

7.4593

6.7488

Average rate for the YTD: US\$1 = ZAR

9.8584

7.4294

7.3236

7.1465

6.7488

Period end rate: EUR 1 = US\$

1.4064

1.4615

1.5795

1.5802

1.4717

Average rate for the Quarter: EUR 1 = US\$

1.3471

1.5228

1.5747

1.5006

1.4556

Average rate for the YTD: EUR 1 = US\$

1.3471

1.5064

1.5071

1.4790

1.4556

The financial results of entities with reporting currencies other than the US Dollar are translated into US Dollars as follows:

—

Assets and liabilities at rates of exchange ruling at period end; and

—

Income, expenditure and cash flow items at average exchange rates.

// first quarter results

19

US\$

Jan 05

Apr 05

Jul 06

Oct 06

Jan 07

Apr 07

Jul 07

Oct 07

Jan 08

Apr 08

Oct 08

Jan 09

Jul 08

Jul 05

Oct 05

Jan 06

Apr 06

0

2

4

6

8

10

12

14

ZAR

Jan 05

Apr 05

Jul 06

Oct 06

Jan 07

Apr 07

Jul 07

Oct 07

Jan 08

Apr 08

Oct 08

Jan 09

Jul 08

Jul 05

Oct 05

Jan 06

Apr 06

0

10

20

30

40

50

60

70

80

90

Sappi ordinary shares* (JSE: SAP)

US Dollar share price conversion*

** Historic share prices revised to reflect rights offer*

// first quarter results

21

Other interested parties can obtain printed copies of this report from:

South Africa:

United States:

Channel Islands:

Computershare Investor

ADR Depositary:

Capita Registrars

Services (Proprietary) Limited

The Bank of New York Mellon

(Jersey) Limited

70 Marshall Street

Investor Relations

12 Castle Street

Johannesburg 2001

PO Box 11258

St Helier,

PO Box 61051

Church Street Station

Jersey

Marshalltown 2107

New York, NY 10286-1258

JE2 3RT

Tel +27 (0)11 370 5000

Tel +1 610 382 7836

Tel +44 (0)208 639 3399

22

Designed by

Printed by INCE

this report is available on the Sappi website

www.sappi.com

sappi

Printed on Magno Matt Classic 250g/m

2

and 150g/m

2

www.sappi.com

SIGNATURES

Pursuant to the requirements 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.

Date: 05 February, 2009

SAPPI LIMITED,

Name:

M. R. Thompson

Title:

Chief Financial Officer

M. R. Thompson

By:

/s/

cars and parking). When traveling on SunCoke business, a director may occasionally be accompanied by his or her spouse. When a director's spouse accompanies the director to a SunCoke function, the travel expenses of the director's spouse will be reimbursed.

Retainer Stock Plan for Outside Directors. The Retainer Stock Plan for independent directors allows for the payment of a portion of the independent directors' annual retainer in stock. The retainer will be paid quarterly in shares of common stock having an aggregate market value at the time of payment approximately equal to one-fourth of the annual stock-based retainer. The plan will also provide that each director may elect to similarly receive payment of all or a portion of his or her cash retainer(s) in the form of common stock. There are 500,000 shares of SunCoke common stock authorized for issuance under the Retainer Stock Plan for Outside Directors.

Directors' Deferred Compensation Plan. The SunCoke Directors' Deferred Compensation Plan permits independent directors to defer a portion of their compensation, will be adopted in connection with this offering. Payments of compensation deferred under the Directors' Deferred Compensation Plan will be made at, or

Table of Contents

commence on January 15th of the calendar year following the calendar year in which the independent director ceases to provide services to SunCoke, with any successive annual installment payments to be made not earlier than January 15th of each such year. Each independent director has the option to designate his or her deferred compensation as share units, cash units, or a combination of both. Cash units accrue interest at a rate set annually by the Governance Committee of SunCoke's board of directors. A share unit is treated as if it were invested in shares of SunCoke common stock, but it does not have voting rights. If share units are chosen, dividend equivalents are credited in the form of additional share units. Share units are settled in cash based upon the average closing price for a share of SunCoke common stock for the ten trading days on the applicable stock exchange immediately prior to the payment date.

Directors' Stock Ownership Guidelines. Each independent director will be expected to own the lesser of (i) 15,000 shares of SunCoke common stock or (ii) shares of SunCoke common stock with a market value equal to at least five times the independent director's annual cash retainer, in either case within five years of joining the SunCoke board of directors.

Treatment of Outstanding Sunoco Equity Awards Held by Our Employees

The following is a summary of adjustments to outstanding Sunoco stock options, Sunoco performance stock units and Sunoco common stock units held by SunCoke employees that will occur if Sunoco completes the distribution.

Sunoco Stock Options

Each vested and unvested stock option to purchase shares of Sunoco common stock held by a SunCoke employee will convert into an option to purchase shares of SunCoke common stock, with adjustments to the number of shares subject to each option and the option exercise prices based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke options will have the same terms and conditions, including the same exercise and vesting periods, as the options to purchase Sunoco common stock had immediately prior to the distribution.

Sunoco Performance Stock Units (2009-2011 Performance Cycle)

The Sunoco performance stock units (2009-2011 performance cycle) held by SunCoke employees will convert into SunCoke performance stock units, with adjustments to the number of performance stock units based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke performance stock units will have the same terms and conditions as the Sunoco performance stock units had immediately prior to the distribution.

Sunoco Performance Stock Units (2010-2012 and 2011-2013 Performance Cycles)

The Sunoco performance stock units (2010-2012 and 2011-2013 performance cycles) held by SunCoke employees will convert into time vesting SunCoke common stock units with respect to the target number of shares of the original award, with adjustments to the number of common stock units based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke common stock units will have the same terms and conditions as the Sunoco performance stock units had immediately prior to the distribution.

Sunoco Time Vesting Common Stock Units

The time vesting Sunoco common stock units held by SunCoke employees will convert into SunCoke common stock units, with adjustments to the number of common stock units based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke common stock units will have the same terms and conditions, including the same vesting periods, as the Sunoco common stock units had immediately prior to the distribution.

Table of Contents

Post-Offering SunCoke Equity Award Grants

We currently anticipate that, in connection with this offering, we will grant to certain of our employees equity awards with a total value of approximately \$15 million, comprised of stock units with an estimated grant date value of approximately \$5 million and stock options with an estimated grant date value of approximately \$10 million. Based on an assumed value of \$16.00 per share of SunCoke common stock, representing the midpoint of the range shown on the cover of this prospectus, we currently anticipate granting approximately 0.3 million stock units and 1.8 million stock options to SunCoke employees in connection with this offering. The actual number of stock units and stock options that we grant will depend on the grant date fair market value of our stock on the first day of public trading following this offering. The foregoing amounts include awards to Messrs. Henderson and Thomson pursuant to their letter agreements described under Management Compensation Discussion and Analysis SunCoke's Anticipated Compensation Program Following This Offering Letter Agreements, as well as awards pursuant to offer letters that we have entered into with respect to certain of our employees. The SunCoke stock options granted in connection with this offering (1) will have a ten-year term, (2) will have a per-share exercise price equal to the average of the high and low prices of SunCoke common stock on the date of grant and (3) generally will vest in three equal annual installments, on the first, second and third anniversaries of the date of grant (in each case subject to continued employment through the applicable vesting date). The SunCoke stock units granted in connection with this offering will generally vest as follows: (1) 50% of each SunCoke stock unit award generally will vest in three equal annual installments, on the first, second and third anniversaries of the date of grant and (2) the remaining 50% of each SunCoke stock unit award will vest on the fourth anniversary of the date of grant (in each case subject to continued employment through the applicable vesting date). All SunCoke equity awards granted in connection with this offering will accelerate upon certain qualifying terminations of employment within twenty-four months following a change in control of SunCoke. The terms of certain SunCoke equity awards to be granted to Mr. Henderson and Mr. Thomson in connection with this offering will have vesting terms that vary from those set forth above based on the terms of their individual letter agreements described under Management Compensation Discussion and Analysis SunCoke's Anticipated Compensation Program Following This Offering Letter Agreements. The grant of the awards described in this paragraph and the terms of any such awards are subject to approval by the SunCoke Compensation Committee or its designated subcommittee. In addition, while this paragraph describes our current intention, it is possible that the SunCoke Compensation Committee or its designated subcommittee will determine to grant awards with a greater or lesser value than the values described in this paragraph.

Stock Ownership of Officers and Directors

All of our common stock is currently owned by Sunoco, and thus none of our officers, directors or director nominees owns any of our common stock. To the extent our directors and officers own shares of Sunoco common stock at the time of the distribution, they will participate in the distribution on the same terms as other holders of Sunoco common stock. The treatment of Sunoco stock-based awards held by our officers following the distribution has not yet been determined.

Table of Contents

The following table sets forth the number of shares of Sunoco common stock beneficially owned on May 31, 2011, by each director, each director nominee, our principal executive officer, our principal financial officer and our three other most highly compensated executive officers, identified in the Summary Compensation Table for the Fiscal Year Ended December 31, 2010 section above, and all of our directors, director nominees and executive officers as a group. Except as otherwise noted, the individual director, director nominee or executive officer or their family members had sole voting and investment power with respect to such securities. The total number of shares of Sunoco common stock outstanding as of May 31, 2011 was 121,136,374. No individual director, director nominee or executive officer owned one percent or more of Sunoco's outstanding common stock, nor did the directors, director nominees and executive officers as a group.

Shares of Sunoco, Inc. Common Stock Beneficially Owned by Executive Officers and Directors of SunCoke Energy, Inc. as of May 31, 2011

Name	Shares of Common Stock	Percent of Class
	Beneficially Owned	Outstanding
Alvin Al Bledsoe		*
Denise R. Cade		*
Robert J. Darnall		*
Stacy L. Fox	10,066 ⁽¹⁾	*
Peter B. Hamilton		*
Frederick Henderson		*
Michael J. Hennigan	77,246 ⁽¹⁾	*
Brian P. MacDonald	13,521	*
Mark Newman		*
Michael J. Thomson	86,390 ^{(1) (2)}	*
Charmian Uy	15,666 ⁽¹⁾	*
Fay West		*
Dennis Zeleny	21,677 ⁽¹⁾	*
All Directors and Executive Officers as a group	204,190	*

(1) Includes shares of Sunoco common stock which the following persons have the right to acquire as a result of the exercise of stock options within 60 days after May 31, 2011 under certain Sunoco, Inc. plans:

Name	Shares
Stacy L. Fox	10,066
Michael J. Hennigan	56,870
Michael J. Thomson	61,633
Charmian Uy	15,666
Dennis Zeleny	20,943

(2) Mr. Thomson has sole voting and investment power with respect to 11,444 shares and joint investment and/or voting power with respect to 10,000 shares, and he holds 813 shares indirectly through investment in the Sunoco, Inc. Capital Accumulation Plan. The amount shown in the table also includes 2,500 shares of Sunoco, Inc. common stock which Mr. Thomson has the right to acquire within 60 days through the vesting and settlement of restricted stock units.

(*) Represents holdings of less than one percent of Sunoco's outstanding common stock.

Table of Contents

ARRANGEMENTS BETWEEN SUNOCO AND OUR COMPANY

Prior to the offering, we and Sunoco will enter into certain agreements that will effect the separation of our business from Sunoco, provide a framework for our relationship with Sunoco after the separation and provide for the allocation between us and Sunoco of Sunoco's assets, employees, liabilities and obligations (including its investments, property and employee benefits assets and liabilities) attributable to periods prior to, at and after our separation from Sunoco. The following is a summary of the terms of the material agreements that we intend to enter into with Sunoco prior to the separation. When used in this section, "separation date" refers to the date on which Sunoco will contribute the SunCoke business to us, which will occur prior to the completion of this offering, and the term "distribution date" refers to the date, if any, following this offering on which Sunoco will distribute its equity interest in us to the Sunoco shareholders through a spin-off.

The agreements summarized below are filed as exhibits to the registration statement of which this prospectus is a part.

Separation and Distribution Agreement

The separation and distribution agreement sets forth the agreements between us and Sunoco regarding the principal corporate transactions required to effect our separation from Sunoco, this offering and the distribution, if any, of our shares to Sunoco's shareholders, and other agreements governing the relationship between Sunoco and us.

The Separation

The separation and distribution agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of us and Sunoco as part of the separation of Sunoco into two companies, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation and distribution agreement will provide, among other things, that, subject to the terms and conditions contained therein:

certain assets related to the businesses and operations of Sunoco's cokemaking and coal mining businesses, which we refer to as the SunCoke Assets, will be transferred to us or one of our subsidiaries;

certain liabilities (including whether accrued, contingent or otherwise) arising out of or resulting from the SunCoke Assets, and other liabilities related to the businesses and operations of Sunoco's cokemaking and coal mining businesses, which we refer to as the SunCoke Liabilities, will be retained by or transferred to us or one of our subsidiaries;

all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the SunCoke Assets and SunCoke Liabilities (such assets and liabilities, other than the SunCoke Assets and the SunCoke Liabilities, are referred to as the Excluded Assets and Excluded Liabilities, respectively) will be retained by or transferred to Sunoco or one of its subsidiaries; and

certain shared contracts will be assigned, in part to us or our applicable subsidiaries or be appropriately amended.

Except as may expressly be set forth in the separation and distribution agreement or any other transaction agreements, all assets will be transferred on an "as is, where is" basis and the respective transferees will bear the economic and legal risks that (1) any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, and (2) any necessary consents or governmental approvals are not obtained or that any requirements of laws or judgments are not complied with.

Information in this prospectus with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities pursuant to the separation and distribution agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the separation and distribution

Table of Contents

agreement and the other transaction agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of the other party. Each party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the separation and distribution agreement to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

Claims

In general, each party to the separation and distribution agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Intercompany Accounts

The separation and distribution agreement will provide that, subject to any provisions in the separation and distribution agreement or any other transaction agreement to the contrary, at or prior to the separation from Sunoco, all intercompany accounts between Sunoco and its subsidiaries, on the one hand, and SunCoke and its subsidiaries, on the other hand, will be settled.

Further Assurances

To the extent that any transfers contemplated by the separation and distribution agreement have not been consummated on or prior to the date of the separation, the parties will agree to cooperate to effect such transfers as promptly as practicable following the date of the separation. In addition, each of the parties will agree to cooperate with the other party and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the separation and distribution agreement and the other transaction agreements.

Initial Public Offering

For a description of Sunoco's ownership in us after completion of this offering, see [Ownership of Our Common Stock](#).

The separation and distribution agreement will provide that the separation and this offering are subject to the satisfaction (or waiver by Sunoco in its sole discretion) of the following conditions:

the completion of the separation and the related transactions in accordance with the plan of reorganization set forth in the separation and distribution agreement;

the SEC declaring effective our registration statement on Form S-1, of which this prospectus is a part;

our entry into the credit facilities, our issuance of the senior notes and Sunoco's receipt from us of \$575 million from the proceeds of such financing in satisfaction of certain intercompany indebtedness owed by our company to Sunoco;

all actions and filings necessary or appropriate under federal, state or foreign securities laws have been taken and, where applicable, become effective or been accepted by the applicable governmental authority;

the approval for listing on the NYSE of the shares of our common stock to be offered in this offering;

the transaction agreements relating to the separation have been duly executed and delivered by the parties;

Table of Contents

we have entered into the underwriting agreement and all conditions to our obligations and the underwriters' obligations under the underwriting agreement will have been satisfied or waived;

the debt-for-equity exchange, pursuant to which Sunoco will exchange shares of our common stock to be sold in this offering with the debt exchange party for outstanding debt obligations of Sunoco held by the debt exchange party, will have been completed;

Sunoco is satisfied in its sole discretion that it will own at least 80.1 percent of our stock on a fully diluted basis and must be satisfied in its sole discretion that all other conditions to the distribution qualifying as a tax-free distribution to Sunoco, us and Sunoco's shareholders, to the extent applicable as of the time of this offering, are satisfied and there is not any event or condition that is likely to cause any of such conditions not to be satisfied as of the time of the distribution or thereafter;

no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the separation or this offering or any of the related transactions is in effect;

such other actions as Sunoco or we may, based upon the advice of counsel, reasonably request to be taken prior to the separation and this offering in order to assure the successful completion of the separation and this offering and the other transactions contemplated by the separation and distribution agreement will have been taken;

no termination of the separation and distribution agreement has occurred; and

no event or development has occurred or existed or is expected to occur that, in the judgment of the Sunoco board of directors, in its sole discretion, makes it inadvisable to effect the separation or this offering.

The Distribution

The separation and distribution agreement also governs the rights and obligations of Sunoco and our company regarding the proposed distribution by Sunoco to its shareholders of the shares of our common stock held by Sunoco following this offering, which we also refer to in this prospectus as the distribution. Sunoco expects to accomplish this distribution through a spin-off, which is a *pro rata* distribution by Sunoco of its shares of our common stock to holders of Sunoco's common stock. There are various conditions to the completion of the distribution. In addition, Sunoco may terminate its obligation to complete the distribution at any time if the Sunoco board of directors, in its sole discretion, determines that the distribution is not in the best interests of Sunoco or its shareholders. Consequently, we cannot assure you as to when or whether the distribution will occur.

The separation and distribution agreement provides that Sunoco's obligation to complete the distribution is subject to several conditions that must be satisfied (or waived by Sunoco in its sole discretion), including, among others:

the private letter ruling from the IRS that Sunoco has received to the effect that, among other things, the contribution by Sunoco of the cokemaking and coal mining businesses to us and the distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) of the Internal Revenue Code continuing in effect, and Sunoco's receipt of an opinion from Wachtell, Lipton, Rosen & Katz, counsel to Sunoco, to the effect that the contribution and distribution will qualify as a transaction that is described in Section 355 and 368(a)(1)(D) of the Internal Revenue Code;

all governmental approvals necessary to consummate the distribution have been obtained and are in full force and effect;

Edgar Filing: SAPPI LTD - Form 6-K

all actions and filings necessary or appropriate under applicable securities laws in connection with the distribution will have been taken or made, and, where applicable, become effective or been accepted by the applicable governmental authority;

the approval for listing on the NYSE of the shares of our common stock to be distributed to the Sunoco shareholders in the distribution;

Table of Contents

no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the related transactions are in effect, and no other event outside the control of Sunoco has occurred or failed to occur that prevents the consummation of the distribution or any of the related transactions; and

no other events or developments have occurred subsequent to the completion of this offering that, in the judgment of the Sunoco board of directors, would result in the distribution not being in the best interest of Sunoco or its shareholders.

Sunoco has the right to terminate its obligation to complete the distribution if, at any time, Sunoco's board of directors determines, in its sole discretion, that the distribution is not in the best interests of Sunoco or its shareholders. In the event of such termination following the separation, neither party will have any liability to the other party under the separation and distribution agreement in respect of the distribution.

If the Sunoco board of directors terminates Sunoco's obligation to complete the distribution or waives a material condition to the distribution after the date of this prospectus, we intend to issue a press release disclosing this waiver or file a current report on Form 8-K with the SEC.

We will cooperate with Sunoco to accomplish the distribution and will, at Sunoco's direction, promptly take any and all actions necessary or desirable to effect the distribution, including, without limitation, the registration under the Securities Act of our common stock on an appropriate registration form or forms to be designated by Sunoco.

Covenants

We have agreed that, for so long as Sunoco beneficially owns at least 50 percent of the total voting power of our outstanding capital stock entitled to vote in the election of our board of directors, we will not (without Sunoco's prior written consent):

take any action that would limit the ability of Sunoco to transfer its shares of our common stock or limit the rights of any transferee of Sunoco as a holder of our common stock;

if Sunoco beneficially owns at least 80 percent of the total voting power of our outstanding capital stock entitled to vote in the election of our board of directors, issue any shares of our capital stock or any rights, warrants or options to acquire our common stock if this could cause Sunoco to own (1) less than 80 percent of the total voting power of our outstanding capital stock entitled to vote in the election of our board of directors, (2) less than 80 percent of any class of capital stock not entitled to vote in the election of our board of directors, or (3) less than 80 percent of the value of our outstanding capital stock;

take any actions that could reasonably result in Sunoco being in breach of or in default under any contract or agreement;

incur any indebtedness that could be reasonably likely to adversely impact the credit rating of any indebtedness of Sunoco;

acquire any other businesses or assets or dispose of any of our assets, in each case with an aggregate value for all such transactions in excess of \$20 million; or

acquire any equity interests in, or loan any funds to, third parties in excess of \$10 million in the aggregate.

Employee Matters

The separation and distribution agreement allocates responsibility with respect to certain employee related matters, particularly with respect to Sunoco employee benefit plans in which any of our employees participate or SunCoke employee benefit plans which hold assets in joint trusts with Sunoco.

Table of Contents

In addition, as further described below, the separation and distribution agreement provides for certain adjustments with respect to Sunoco equity compensation awards that will occur if Sunoco completes the distribution.

Sunoco Stock Options Held by SunCoke Employees. If the distribution occurs, each vested and unvested stock option to purchase shares of Sunoco common stock held by a SunCoke employee will convert into an option to purchase shares of SunCoke common stock, with adjustments to the number of shares subject to each option and the option exercise prices based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke options will have the same terms and conditions, including the same exercise and vesting periods, as the options to purchase Sunoco common stock had immediately prior to the distribution.

As of June 30, 2011, SunCoke employees held (i) vested options with respect to 90,365 shares of Sunoco common stock, with a weighted average exercise price of \$51.84, and (ii) unvested options with respect to 37,635 shares of Sunoco common stock, with a weighted average exercise price of \$31.01. Based on the assumptions described below under Assumptions, upon the distribution, the Sunoco stock options held by SunCoke employees would convert into (i) vested options with respect to 238,507 shares of SunCoke common stock, with a weighted average exercise price of \$19.64; and (ii) unvested options with respect to 99,329 shares of SunCoke common stock, with a weighted average exercise price of \$11.75.

Sunoco Performance Stock Units Held by SunCoke Employees (2009-2011 Performance Cycle). If the distribution occurs, the Sunoco performance stock units (2009-2011 performance cycle) held by SunCoke employees will convert into SunCoke performance stock units, with adjustments to the number of performance stock units based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke performance stock units will have the same terms and conditions as the Sunoco performance stock units had immediately prior to the distribution.

As of June 30, 2011, SunCoke employees held Sunoco performance stock units (2009-2011 performance cycle) with respect to 14,210 shares of Sunoco common stock, assuming target performance. Based on the assumptions described below under Assumptions, upon the distribution, the Sunoco performance stock units (2009-2011 performance cycle) held by SunCoke employees would convert into SunCoke performance stock units (2009-2011 performance cycle) with respect to 37,506 shares of SunCoke common stock, assuming target performance.

Sunoco Performance Stock Units Held by SunCoke Employees (2010-2012 and 2011-2013 performance cycles). If the distribution occurs, the Sunoco performance stock units (2010-2012 and 2011-2013 performance cycles) held by SunCoke employees will convert into time vesting SunCoke common stock units with respect to the target number of shares of the original award, with adjustments to the number of common stock units based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. Except as otherwise described above, following the distribution, the converted SunCoke common stock units will have the same terms and conditions as the Sunoco performance stock units had immediately prior to the distribution.

As of June 30, 2011, SunCoke employees held Sunoco performance stock units (2010-2012 and 2011-2013 performance cycles) with respect to 23,958 shares of Sunoco common stock, assuming target performance. Based on the assumptions described below under Assumptions, upon the distribution, the Sunoco performance stock units (2010-2012 and 2011-2013 performance cycles) held by SunCoke employees would convert into SunCoke common stock units (2010-2012 and 2011-2013 performance cycles) with respect to 63,234 shares of SunCoke common stock.

Sunoco Time Vesting Common Stock Units Held by SunCoke Employees. If the distribution occurs, the time vesting Sunoco common stock units held by SunCoke employees will convert into SunCoke common stock units, with adjustments to the number of common stock units based on the values of Sunoco common stock and

Table of Contents

SunCoke common stock at the time of following the distribution. Except as otherwise described above, following the distribution, the converted SunCoke common stock units will have the same terms and conditions, including the same vesting periods, as the Sunoco common stock units had immediately prior to the distribution.

As of June 30, 2011, SunCoke employees held time vesting Sunoco common stock units with respect to 47,848 shares of Sunoco common stock. Based on the assumptions described below under Assumptions, upon the distribution, the Sunoco common stock units held by SunCoke employees would convert into SunCoke common stock units with respect to 126,289 shares of SunCoke common stock.

Sunoco Stock Options Held by Sunoco Directors, Sunoco Employees and Former Sunoco Employees. If the distribution occurs, each vested and unvested stock option to purchase shares of Sunoco common stock held by a Sunoco director, Sunoco employee or former Sunoco employee will convert into an option to purchase shares of Sunoco common stock and a fully vested option to purchase shares of SunCoke common stock, with adjustments to the number of shares subject to each option and the option exercise prices based on the values of Sunoco common stock and SunCoke common stock at the time of the distribution. The allocation of the pre-distribution Sunoco option award between Sunoco stock options and SunCoke stock options will be based upon the relative values of Sunoco and SunCoke at the time of the distribution. Except as otherwise described above, following the distribution, the converted options will have the same terms and conditions, including the same exercise periods, as the options to purchase Sunoco common stock had immediately prior to the distribution.

As of June 30, 2011, Sunoco directors, Sunoco employees, and former Sunoco employees held (i) vested options with respect to 1,726,238 shares of Sunoco common stock, with a weighted average exercise price of \$55.99 and (ii) unvested options with respect to 629,515 shares of Sunoco common stock, with a weighted average exercise price of \$29.54. Based on the assumptions described below under Assumptions, upon the distribution, the Sunoco stock options held by Sunoco directors, Sunoco employees and former Sunoco employees would convert into vested options with respect to 1,135,473 shares of SunCoke common stock, with a weighted average exercise price of \$18.53.

Assumptions. The conversion of Sunoco equity awards into SunCoke equity awards will be based on values of SunCoke common stock and Sunoco common stock (pre-distribution and post-distribution) determined in accordance with the terms of the separation and distribution agreement.

The information in this section regarding converted SunCoke equity awards is illustrative and is based on the following assumptions: (i) for the distribution ratio, 0.482 shares of SunCoke common stock for each share of Sunoco common stock, (ii) for the value of SunCoke common stock, \$16.00, representing the midpoint of the range shown on the cover of this prospectus, (iii) for the value of Sunoco common stock (pre-distribution), \$42.23, representing the closing price of Sunoco common stock on the New York Stock Exchange on July 1, 2011, and (iv) for the value of Sunoco common stock (post-distribution), \$34.52, representing the difference obtained by subtracting \$7.71 (an adjusted value of SunCoke common stock that reflects the assumed distribution ratio) from \$42.23 (the assumed value of Sunoco common stock (pre-distribution)).

The actual values of SunCoke common stock and Sunoco common stock (pre-distribution and post-distribution) used to calculate the conversion of Sunoco equity awards into SunCoke equity awards will be determined in accordance with the separation and distribution agreement based on stock values on the distribution date, which values are subject to market conditions. The actual distribution ratio will be determined prior to the distribution. Accordingly, the actual results of the conversions will differ from the illustrative examples described in this section.

Auditors and Audits; Annual Financial Statements and Accounting

We have agreed that, for so long as Sunoco is required to consolidate our results of operations and financial position or account for its investment in our company under the equity method of accounting, we will:

not change our independent auditors without Sunoco's prior written consent;

Table of Contents

use our best efforts to enable our independent auditors to complete their audit of our financial statements in a timely manner so as to permit timely filing of Sunoco's financial statements;

provide to Sunoco and its independent auditors all information required for Sunoco to meet its schedule for the filing and distribution of its financial statements and to make available to Sunoco and its independent auditors all documents necessary for the annual audit of our company as well as access to the responsible company personnel so that Sunoco and its independent auditors may conduct their audits relating to our financial statements;

adhere to certain specified Sunoco accounting policies and notify and consult with Sunoco regarding any changes to our accounting principles and estimates used in the preparation of our financial statements, and any deficiencies in, or violations of law in connection with, our internal control over financial reporting; and

consult with Sunoco regarding the timing and content of our earnings releases and cooperate fully (and cause our independent auditors to cooperate fully) with Sunoco in connection with any of its public filings.

Releases

Except as otherwise provided in the separation and distribution agreement or any other transaction agreements, each party will release and forever discharge the other party and its respective subsidiaries and affiliates from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the separation from Sunoco. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation and distribution agreement, the transition services agreement, the tax sharing agreement, and certain commercial agreements and the transfer documents in connection with the separation.

Indemnification

In addition, the separation and distribution agreement will provide for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Sunoco's business with Sunoco. Specifically, each party will indemnify, defend and hold harmless the other party, its affiliates and subsidiaries and its officers, directors, employees and agents for any losses arising out of or otherwise in connection with:

the liabilities that each such party assumed or retained pursuant to the separation and distribution agreement (which, in the case of SunCoke, would include the SunCoke liabilities and, in the case of Sunoco, would include the excluded liabilities) and the other transaction agreements;

the operation of such party's business (other than, in the case of Sunoco, our business);

any guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of such party or its subsidiaries by the other party or any of its subsidiaries that survives following the separation date; and

any breach by such party of the separation and distribution agreement or the other transaction agreements.

Also, we will indemnify, defend and hold harmless Sunoco, its affiliates and subsidiaries and its officers, directors, employees and agents for any losses arising out of or otherwise in connection with any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated in the registration statement of which this prospectus is a part or in this prospectus or necessary to make the statements in such registration statement or this prospectus not misleading.

Edgar Filing: SAPPI LTD - Form 6-K

The separation and distribution agreement also specifies procedures with respect to claims subject to indemnification and related matters.

Table of Contents

Access to Information

Under the separation and distribution agreement, following the separation, we and Sunoco are obligated to provide each other access to information as follows:

subject to applicable confidentiality obligations and other restrictions, we and Sunoco will give each other any information within each other's possession that the requesting party reasonably needs to comply with requirements imposed on the requesting party by a governmental authority, for use in any proceeding or to satisfy audit, accounting or similar requirements, or to comply with its obligations under the separation and distribution agreement or any ancillary agreement;

we will maintain in effect at our own cost and expense adequate systems and controls to the extent necessary to enable Sunoco and its subsidiaries to satisfy their respective reporting, accounting, audit and other obligations, and we will provide to Sunoco in such form as Sunoco may request, at no charge to Sunoco, all financial and other data and information as Sunoco determines necessary or advisable in order to prepare its financial statements and reports or filings with any governmental authorities, including copies of all quarterly and annual financial information and other reports and documents we intend to file with the SEC prior to such filings (as well as final copies upon filing), and copies of our budgets and financial projections;

subject to certain exceptions we and Sunoco will use reasonable efforts to make available to each other, our past, present and future directors, officers, other employees and representatives to the extent reasonably required as witnesses in any legal, administrative or other proceedings in which the other party may become involved;

the company providing information, consultant or witness services under the separation and distribution agreement will be entitled to reimbursement from the other for reasonable expenses incurred in providing this assistance;

we will retain certain information owned by us or in our possession relating to our business in accordance with Sunoco's record retention policy and, if we intend to destroy this information prior to the end of the retention period required by Sunoco's retention policy, we must give Sunoco the opportunity to take possession of the information; and

we and Sunoco will hold in strict confidence all proprietary information concerning or belonging to the other party for a five year period after the separation, unless legally required to disclose such proprietary information.

Insurance

The separation and distribution agreement provides for the allocation among the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the separation and will set forth procedures for the administration of insured claims. In addition, the separation and distribution agreement will allocate between the parties the right to proceeds and the obligation to incur certain deductibles under certain insurance policies. The separation and distribution agreement will also provide that Sunoco will obtain, subject to the terms of the agreement, certain directors and officers insurance policies to apply against certain pre-separation claims, if any.

Dispute Resolution

In the event of any dispute arising out of the separation and distribution agreement or certain of the other transaction agreements, subject to an accelerated process applicable to certain specified disputes, certain senior executives of the parties will negotiate a resolution within 45 days. If the parties are unable to resolve a dispute in this manner, such dispute will be resolved through mediation pursuant to the CPR Institute for Dispute Resolution Model Mediation Procedure. If the dispute is not resolved by mediation within 30 days of the

Table of Contents

selection of a mediator (unless the mediator chooses to withdraw sooner), either party may submit the dispute to be finally resolved by binding arbitration pursuant to the procedures set forth in the separation and distribution agreement and the CPR Rules for Non-Administered Arbitration as then in effect.

Expenses

Other than the SEC registration fee and the FINRA fee, we do not expect that we will pay any of the offering expenses related to the offering. Sunoco shall pay all third-party costs, fees and expenses relating to the offering, all of the reimbursable expenses of the underwriters pursuant to the underwriting agreement, all of the costs of producing, printing, mailing and otherwise distributing the prospectus, as well as the underwriting discounts and commissions. All third-party fees, costs and expenses paid or incurred in connection with the distribution will be paid by Sunoco. Except as otherwise set forth above or as provided in the separation and distribution agreement or other transaction agreements, all other costs and expenses will be borne by the party incurring such costs and expenses.

Termination

The separation and distribution agreement may be terminated and the distribution may be amended, modified or abandoned at any time prior to the separation date by Sunoco. Sunoco also has the right to terminate its obligation to complete the distribution if, at any time, Sunoco's board of directors determines, in its sole discretion, that the distribution is not in the best interests of Sunoco or its shareholders. In the event of a termination of the separation and distribution agreement on or after the completion of this offering, only the provisions of the separation and distribution agreement that obligate the parties to pursue the distribution will terminate. The other provisions of the separation and distribution agreement and the other transaction agreements that Sunoco and we enter into will remain in full force and effect.

Contribution of the Claymont Investment Company

Concurrent with the separation of our business from Sunoco, Sunoco intends to contribute The Claymont Investment Company, a wholly owned subsidiary of Sunoco, to us in order to transfer certain intercompany receivables from and intercompany notes payable to our Jewell, Indiana Harbor and other subsidiaries.

Registration Rights Agreement

Prior to this offering, we and Sunoco will enter into a registration rights agreement pursuant to which we will agree that, upon the request of Sunoco, we will use our reasonable best efforts to effect the registration under applicable federal and state securities laws of any shares of our common stock retained by Sunoco following this offering. Such registration rights could be used to effect any sale of our common stock by Sunoco requiring registration under the Securities Act.

Shares Covered

The registration rights agreement covers all shares of our common stock that are held by Sunoco or, as set forth below in **Transfer**, a permitted transferee of Sunoco.

Demand Registration

Sunoco may request registration under the Securities Act of all or any portion of our shares covered by the registration rights agreement and we will be obligated, subject to limited exceptions, to register such shares as requested by Sunoco. The maximum number of such requests, which we refer to as demand registrations, that we are required to effect is ten and, subject to certain exceptions, each request must cover more than five percent of the number of shares covered by the registration rights agreement (measured as of the time immediately following the completion of the offering).

Table of Contents

Terms of Each Offering

Sunoco will designate the terms of each offering effected pursuant to a demand registration, which may take any form, including a shelf registration, a convertible registration or an exchange registration.

Piggy-Back Registration Rights

If we at any time intend to file on our behalf or on behalf of any of our other security holders a registration statement in connection with a public offering of any of our securities on a form and in a manner that would permit the registration for offer and sale of our common stock held by Sunoco, Sunoco has the right to include its shares of our common stock in that offering.

Registration Expenses

We are generally responsible for all registration expenses in connection with the performance of our obligations under the registration rights provisions in the registration rights agreement. Sunoco is responsible for its own internal fees and expenses, any applicable underwriting discounts or commissions, any stock transfer taxes, and any fees and expenses of counsel to Sunoco.

Indemnification

The registration rights agreement contains indemnification and contribution provisions by us for the benefit of Sunoco and its affiliates and representatives and, in limited situations, by Sunoco for the benefit of us and any underwriters with respect to the information included in any registration statement, prospectus or related document.

Transfer

Sunoco may transfer shares covered by the registration rights agreement and, if such transfer consists of at least five percent of the number of shares covered by the registration rights agreement (measured as of the time immediately following the completion of the offering), the holders of such transferred shares will be entitled to the benefits of the registration rights agreement, provided that each such transferee agrees to be bound by the terms of the registration rights agreement.

Duration

The registration rights under the registration rights agreement will remain in effect with respect to any shares covered by the registration rights agreement until:

such shares have been sold pursuant to an effective registration statement under the Securities Act;

such shares have been sold to the public pursuant to Rule 144 under the Securities Act and the shares are no longer restricted under the Securities Act; or

such shares have been sold in a transaction in which the transferee is not entitled to the benefits of the registration rights agreement.

Transition Services Agreement

Prior to this offering, we and Sunoco will enter into a transition services agreement in connection with the separation to provide each other, on a transitional basis, certain administrative, human resources, treasury and support services and other assistance, consistent with the services provided by the parties to each other before the separation. Pursuant to the transition services agreement, we will provide Sunoco with various services related to the businesses not transferred to us that had received services from us prior to the separation, including, among others, certain administrative, human resources, enterprise information technology and other support services. Sunoco will also provide certain support services to us, including, among others, payroll, human resources,

Table of Contents

information systems and various other corporate services, as well as procurement and sourcing support. The charges for the transition services generally are intended to allow the providing company to fully recover the costs directly associated with providing the services, plus all out-of-pocket costs and expenses, generally without profit. The charges of each of the transition services generally will be based on either a pre-determined flat fee or an allocation of the cost incurred by the company providing the service, including certain fees and expenses of third-party service providers. The party receiving each transition service will be provided with reasonable information that supports the charges for such transition service by the party providing the service.

We have been preparing for the transition of the services to be provided by Sunoco under the transition services agreement from Sunoco, or third-party providers on behalf of Sunoco, to us. We anticipate that we will be in a position to complete the transition of those services on or before one year following the separation date.

The services provided under the transition services agreement will terminate at various times specified in the agreement (generally ranging from three months to one year after the completion of the separation). The receiving party may terminate certain specified services by giving prior written notice to the provider of such services and paying any applicable termination charge.

Subject to certain exceptions, the liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate charges (excluding any third-party costs and expenses included in such charges) actually paid to such party by the other party pursuant to the transition services agreement. The transition services agreement also provides that the provider of a service will not be liable to the recipient of such service for any special, indirect, incidental or consequential damages.

Tax Sharing Agreement

Allocation of Taxes

Prior to this offering, we and Sunoco will enter into a tax sharing agreement that will govern the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. In general, under the tax sharing agreement:

With respect to any periods (or portions thereof) ending at or prior to the distribution, we are responsible for any U.S. federal income taxes (including any interest or penalties thereon and any audit adjustment) and any U.S. state or local income taxes (including any interest or penalties thereon and any audit adjustment) reportable on a consolidated, combined or unitary return, in each case, as would be applicable to us if we filed tax returns on a standalone basis. With respect to any periods (or portions thereof) beginning after the distribution, we will be responsible for any U.S. federal, state or local income taxes of us or any of our subsidiaries.

Sunoco is responsible for any income taxes reportable on returns that include only Sunoco and its subsidiaries (excluding us and our subsidiaries), and we are responsible for any income taxes filed on returns that include only us and our subsidiaries.

Sunoco is responsible for any non-income taxes reportable on returns that include only Sunoco and its subsidiaries (excluding us and our subsidiaries), and we are responsible for any non-income taxes filed on returns that include only us and our subsidiaries.

We are generally not entitled to receive payment from Sunoco in respect of any of our tax attributes or tax benefits or any reduction of taxes of Sunoco. Moreover, Sunoco is generally entitled to refunds of income taxes with respect to periods (or portions thereof) ending at or prior to the distribution.

If we realize any refund, credit or other reduction in otherwise required tax payments in any period (or portion thereof) beginning after the distribution as a result of an audit adjustment resulting in taxes for which Sunoco would otherwise be responsible, then, subject to certain exceptions, we must pay Sunoco the amount of

Table of Contents

any such taxes for which Sunoco would otherwise be responsible. Further, if any taxes result to Sunoco as a result of a reduction in our tax attributes for a period (or portion thereof) ending at or prior to the distribution pursuant to an audit adjustment (relative to the amount of such tax attribute reflected on Sunoco's tax return as originally filed), then, subject to certain exceptions, we are generally responsible to pay Sunoco the amount of any such taxes.

Our obligations under the tax sharing agreement are not limited in amount or subject to any cap. Further, even if we are not responsible for tax liabilities of Sunoco and its subsidiaries under the tax sharing agreement, we nonetheless could be liable under applicable tax law for such liabilities.

The tax sharing agreement also assigns responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In addition, the tax sharing agreement provides for cooperation and information sharing with respect to tax matters.

Sunoco is primarily responsible for preparing and filing any tax return with respect to the Sunoco affiliated group for U.S. federal income tax purposes and with respect to any consolidated, combined or unitary group for U.S. state or local income tax purposes that includes Sunoco or any of its subsidiaries. Under the tax sharing agreement, we generally will be responsible for preparing and filing any tax returns that include only us and our subsidiaries for tax periods beginning after the distribution.

Sunoco generally has exclusive authority to control tax contests related to any tax returns of the Sunoco affiliated group for U.S. federal income tax purposes and with respect to any consolidated, combined or unitary group for U.S. state or local income tax purposes that includes Sunoco or any of its subsidiaries. We generally have exclusive authority to control tax contests with respect to tax returns that include only us and our subsidiaries for tax periods beginning after the distribution.

Preservation of the Tax-free Status of the Distribution

Sunoco and we intend the contribution and distribution, taken together, to qualify as a reorganization pursuant to which no gain or loss is recognized by Sunoco or its shareholders for federal income tax purposes under Sections 355, 368(a)(1)(D) and related provisions of the Internal Revenue Code. Sunoco has received a private letter ruling from the Internal Revenue Service to such effect and intends to seek an opinion from its outside tax advisor to such effect. In connection with the ruling and the opinion, we made or will make, respectively, certain representations regarding our company and our business and Sunoco made or will make, respectively, certain representations regarding it and its business.

We have also agreed to certain restrictions that are intended to preserve the tax-free status of the contribution and the distribution. We may take certain actions otherwise prohibited by these covenants if Sunoco receives a private letter ruling from the IRS or if we obtain, and provide to Sunoco, an opinion from a U.S. tax counsel or accountant of recognized national standing, in either case, acceptable to Sunoco in its sole and absolute discretion to the effect that such action would not jeopardize the tax-free status of the contribution and the distribution. These covenants include restrictions on our:

issuance or sale of stock or other securities (including securities convertible into our stock but excluding certain compensatory arrangements);

sales of assets outside the ordinary course of business; and

entering into any other corporate transaction which would cause us to undergo a 50 percent or greater change in our stock ownership. We have generally agreed to indemnify Sunoco and its affiliates against any and all tax-related liabilities incurred by them relating to the contribution or the distribution to the extent caused by an acquisition of our stock or assets, or other actions of ours. This indemnification applies even if Sunoco has permitted us to take an action that would otherwise have been prohibited under the tax-related covenants as described above.

Table of Contents

Guaranty, Keep Well, and Indemnification Agreement

Prior to this offering, we and Sunoco will enter into a guaranty, keep well, and indemnification agreement. Under this agreement, we will: (1) guarantee the performance of certain obligations of our subsidiaries, prior to the date that Sunoco or its affiliates may become obligated to pay or perform such obligations, including the repayment of a loan from Indiana Harbor Coke Company L.P.; (2) indemnify, defend, and hold Sunoco and its affiliates harmless against all liabilities relating to these obligations; and (3) restrict the assets, debts, liabilities and business activities of one of our wholly owned subsidiaries, so long as certain obligations of such subsidiary remain unpaid or unperformed. In addition, we will release Sunoco from its guaranty of payment of a promissory note owed by one of our subsidiaries to another of our subsidiaries.

Intellectual Property Agreements

As we hold the rights to our patents and other intellectual property, we will not have any material agreements with Sunoco relating to patents or intellectual property.

Commercial Agreements

Steam Agreement

We are party to a steam purchase and sale agreement with Sunoco whereby the first phase of our Haverhill cokemaking facility provides steam to the adjacent chemical plant owned by Sunoco for use in its production process.

The steam agreement was negotiated on an arms length basis and has an initial term of three years beginning on January 1, 2011 with automatic year-to-year renewals thereafter. Either party may terminate the agreement at the end of the initial term or any renewal term without cause by providing two years written notice. In addition, either party may terminate the agreement upon ninety days notice by paying a termination fee of \$10 million. In the event there is a Sunoco default under the steam agreement which results in an early termination or if there is an early termination resulting from Sunoco ceasing operations at the chemical plant, we have limited step-in rights to operate the equipment necessary for us to continue operating the first phase of the Haverhill cokemaking facility while we implement contingency arrangements for the use or disposal of steam.

Under the steam agreement Sunoco purchases the steam it consumes in its production process while condensing steam in excess of its production needs. Sunoco is subject to an annual capacity reservation fee which is reduced throughout any given contract year if we are unable to meet Sunoco's nominated volume of steam production.

As part of the agreement, Sunoco provides us with feed water for use in the heat recovery steam generators at the first phase of the Haverhill cokemaking facility as well as river water and natural gas for limited use at the Haverhill cokemaking facility. The boiler feed water and river water are provided at no charge to us and the natural gas is provided on a pass-through basis.

Review and Approval of Related-Party Transactions

Our board has adopted a written policy that applies to interested transactions with related parties. For purposes of the policy, interested transactions include transactions, arrangements or relationships involving amounts greater than \$100 thousand in the aggregate in which we are a participant and a related party has a direct or indirect interest. Related parties are deemed to include directors, director nominees, executive officers, owners of more than five percent of our common stock, or an immediate family member of the preceding group. The policy provides that a committee composed solely of independent directors will be responsible for the review and approval of all related-party transactions.

Such committee will review the material facts of all interested transactions that require the committee's approval and either approve or disapprove of the entry into the interested transaction, subject to certain exceptions described below. The policy prohibits any director from participating in any discussion or approval of

Table of Contents

an interested transaction for which such director is a related party, except that such director is required to provide all material information concerning the interested transaction to the committee. As part of its review and approval of a related person transaction, such committee will consider whether the transaction is made on terms no less favorable than terms that would be generally available to an unaffiliated third-party under the same or similar circumstances, the extent of the related-party's interest in the transaction and any other matters such committee deems appropriate.

Our related-party transactions policy also provides that certain interested transactions will have standing pre-approval from the committee. These include: (1) employment of executive officers if the compensation is disclosed in the proxy statement or approved by committee; (2) employment of an immediate family member with compensation less than \$120 thousand; (3) director compensation that is disclosed in the proxy statement; (4) transactions with companies where the business is less than the larger of \$1 million or two percent of the other company's total revenues; (5) certain charitable contributions; (6) regulated transactions; (7) certain banking services; and (8) certain transactions available to all employees or third parties generally.

Table of Contents**OWNERSHIP OF OUR COMMON STOCK**

Beneficial ownership is determined in accordance with the rules of the SEC and includes the power to vote or direct the voting of securities, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Except as indicated by footnote, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the shares of common stock underlying options held by that person that are exercisable within 60 days of July 18, 2011, but excludes shares of common stock underlying options held by any other person. The table does not reflect any shares of common stock that our directors and executive officers may purchase in this offering, including through the directed share program, as described under Underwriting.

Principal Stockholder

Sunoco, in its capacity as the selling stockholder for federal securities law purposes, is offering 11,600,000 shares of our common stock to the extent the debt exchange party acquires those shares from Sunoco prior to the completion of this offering in exchange for indebtedness of Sunoco held by the debt exchange party, as described under Underwriting. Prior to completion of this offering, we were a wholly owned subsidiary of Sunoco. Sunoco is the only person or entity that owns beneficially more than five percent of the outstanding shares of our common stock. The following table sets forth information with respect to beneficial ownership of common stock by Sunoco as of July 18, 2011, and as adjusted to reflect the sale of the shares of common stock in this offering:

Beneficial Owner	Shares of Common Stock Beneficially Owned		Percentage of Outstanding Shares Beneficially Owned	
	Before Offering	After Offering	Before Offering	After Offering
Sunoco, Inc. 1818 Market Street, Suite 1500 Philadelphia, PA 19103	70,000,000	58,400,000 ⁽¹⁾	100%	83.4% ⁽¹⁾

⁽¹⁾ Assuming the underwriters do not exercise their option to acquire additional shares, as described in the section Underwriting below. If they do exercise in full their option to acquire additional shares, Sunoco will own approximately 56.7 million shares or approximately 80.9 percent of our outstanding shares of common stock after this offering.

Table of Contents

DESCRIPTION OF OUR CAPITAL STOCK

Our certificate of incorporation and bylaws will be amended and restated prior to the separation. The following is a summary of the material terms of our capital stock that will be contained in the amended and restated certificate of incorporation and amended and restated bylaws. You should refer to our amended and restated certificate of incorporation and amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus is a part, along with the applicable provisions of Delaware law.

General

Our authorized capital stock will consist of 300 million shares of common stock, par value \$0.01 per share, and 50 million shares of preferred stock, par value \$0.01 per share. Following this offering, we will have 70 million shares of common stock outstanding, of which 58.4 million shares will be owned by Sunoco. In addition, upon completion of this offering, there will be no preferred stock outstanding.

Common Stock

Each holder of our common stock will be entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there will be no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of our common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of our company, holders of our common stock would be entitled to ratable distribution of our assets remaining after the payment in full of liabilities and any preferential rights of any outstanding preferred stock.

Holders of our common stock will have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the initial public offering, all outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our amended and restated certificate of incorporation, our board of directors will be authorized, subject to limitations prescribed by the Delaware General Corporation Law, or DGCL, and by our amended and restated certificate of incorporation, to issue up to 50 million shares of preferred stock in one or more series without further action by the holders of our common stock. Our board of directors will have the discretion, subject to limitations prescribed by the DGCL and by our amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws and of Delaware Law

Provisions of the DGCL and our amended and restated certificate of incorporation and bylaws could make it more difficult for us to be acquired by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Table of Contents

Delaware Anti-Takeover Statute

As a Delaware corporation, we will be subject to the restrictions under Section 203 of the DGCL regarding corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless:

prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 percent of the voting stock of the corporation outstanding at the time such transaction commenced, excluding, for purposes of determining the number of shares outstanding, (1) shares owned by persons who are directors and also officers of the corporation and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

on or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66²/₃ percent of the outstanding voting stock which is not wholly owned by the interested stockholder.

In this context, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status owned, 15 percent or more of a corporation's outstanding voting stock.

A Delaware corporation may opt out of Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by holders of at least a majority of the corporation's outstanding voting shares. We will not elect to opt out of Section 203. However, following this offering and subject to certain restrictions, we may elect to opt out of Section 203 by an amendment to our certificate of incorporation or bylaws.

Classified Board

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that our board of directors will be divided into three classes. Upon completion of the separation, our board of directors will be divided into three classes, each comprised of three directors. The three directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which we expect to hold in 2012. The three directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2013 and the three directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2014. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote at the election. Under the classified board provisions, it would take at least two elections of directors for any individual or group to gain control of our board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of us.

In the event that Sunoco owns a majority of our outstanding common stock, (1) the board of directors may be elected, removed or replaced at any time either with or without cause by Sunoco and (2) any amendment to the provisions of our amended and restated certificate of incorporation described in this paragraph will require the affirmative vote of at least 80 percent of the votes entitled to be cast on such matter.

Table of Contents

Removal of Directors

Our amended and restated bylaws provide that our stockholders may remove our directors only for cause and only by the affirmative vote of the 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. As long as Sunoco owns a majority of our outstanding common stock, however, our amended and restated bylaws provide that Sunoco will be able to remove any director at any time, with or without cause, without calling a special meeting. In the event that Sunoco owns a majority of our outstanding shares of common stock, any amendment to the provisions of the certificate of incorporation described in this paragraph will require the affirmative vote of at least 80 percent of the votes entitled to be cast on such matter.

Amendment of Certain Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that the affirmative vote of the holders of at least 80 percent of our voting stock then outstanding is required to amend certain provisions relating to the number, term election and removal of our directors, the filling of our board vacancies, stockholder notice procedures, indemnification and the calling of special meetings of stockholders.

Size of Board and Vacancies

Our amended and restated bylaws will provide that the number of directors on our board of directors will be fixed exclusively by our board of directors. Newly created directorships resulting from any increase in our authorized number of directors and any vacancies in our board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled generally by the majority vote of our remaining directors in office, even if less than a quorum is present. Notwithstanding the foregoing, in the event that Sunoco owns a majority of the outstanding shares of our common stock, Sunoco will have the power to elect, remove and replace any or all of our directors, with or without cause, at any time.

Stockholder Action by Written Consent; Special Meetings

Our amended and restated certificate of incorporation permits stockholders to take action by written consent of holders of all of our shares in lieu of an annual or special meeting. In the event that Sunoco owns shares entitled to cast a majority of the votes entitled to be cast in the election of directors, our amended and restated certificate of incorporation permits holders of not less than a majority of the votes entitled to be cast to take action by the written consent. Otherwise, stockholders will only be able to take action at an annual or special meeting called in accordance with our amended and restated bylaws. In the event that Sunoco owns a majority of our common stock, any amendment to the provisions of the amended and restated certificate of incorporation described in this paragraph will require the affirmative vote of at least 80 percent of the votes entitled to be cast on such matter.

Our amended and restated bylaws provide that special meetings of stockholders may only be called by:

the chairman of the board;

the board of directors pursuant to a resolution adopted by a majority of the total number of directors which we would have if there were no vacancies; or

the holders of a majority of the outstanding shares of our common stock, in the event that Sunoco continues to own such a majority.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the

Table of Contents

direction of our board of directors or a committee of our board of directors. In addition, our amended and restated bylaws prescribe specific information that the stockholder's notice must contain, including, among other things, information about: (1) any SunCoke stock, options, or related derivative instruments owned, directly or indirectly, by the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, and their respective affiliates or associates or others acting in concert therewith; (2) if applicable, the business other than a nomination desired to be brought before the meeting; and (3) if applicable, each person whom the stockholder proposes to nominate for election or reelection to our board of directors. Notwithstanding the foregoing, in the event that Sunoco owns a majority of the outstanding shares of our common stock, Sunoco will have the power to elect, remove and replace any or all of our directors, with or without cause, at any time.

No Cumulative Voting

The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Undesignated Preferred Stock

The authority that will be possessed by our board of directors to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of our company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our board of directors may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock.

Certificate of Incorporation Provision Relating to Corporate Opportunities and Interested Directors

In order to address potential conflicts of interest between us and Sunoco, our amended and restated certificate of incorporation will contain provisions regulating and defining the conduct of our affairs as they may involve Sunoco and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with Sunoco. In general, these provisions recognize that we and Sunoco may engage in the same or similar business activities and lines of business (subject to the provisions of the intercompany agreement), have an interest in the same areas of corporate opportunities and that we and Sunoco will continue to have contractual and business relations with each other, including officers and directors of Sunoco serving as our directors.

Our amended and restated certificate of incorporation will provide that, subject to any contractual provision to the contrary, Sunoco will have no duty to refrain from:

engaging in the same or similar business activities or lines of business as us;

doing business with any of our customers; or

employing or otherwise engaging any of our officers or employees.

Under our amended and restated certificate of incorporation, neither Sunoco nor any officer or director of Sunoco, except as described in the following paragraph, will be liable to us or our stockholders for breach of any fiduciary duty by reason of any such activities. Our amended and restated certificate of incorporation will provide that Sunoco is not under any duty to present any corporate opportunity to us which may be a corporate opportunity for Sunoco and us, and Sunoco will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that Sunoco pursues or acquires that corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

Table of Contents

When one of our directors or officers who is also a director or officer of Sunoco learns of a potential transaction or matter that may be a corporate opportunity for both us and Sunoco, our amended and restated certificate of incorporation will provide that the director or officer:

will have fully satisfied his or her fiduciary duties to us and our stockholders with respect to that corporate opportunity;

will not be liable to us or our stockholders for breach of fiduciary duty by reason of Sunoco's actions with respect to that corporate opportunity;

will be deemed to have acted in good faith and in a manner he or she believed to be in, and not opposed to, our best interests for purposes of our amended and restated certificate of incorporation; and

will be deemed not to have breached his or her duty of loyalty to us or our stockholders and not to have derived an improper personal benefit therefrom for purposes of our amended and restated certificate of incorporation; if he or she acts in good faith in a manner consistent with the following policy:

a corporate opportunity offered to any of our officers who is also a director but not an officer of Sunoco will belong to us, unless that opportunity is expressly offered to that person solely in his or her capacity as a director of Sunoco, in which case that opportunity will belong to Sunoco;

a corporate opportunity offered to any of our directors who is not one of our officers and who is also a director or an officer of Sunoco will belong to us only if that opportunity is expressly offered to that person solely in his or her capacity as our director, and otherwise will belong to Sunoco; and

a corporate opportunity offered to any of our officers who is also an officer of Sunoco will belong to Sunoco, unless that opportunity is expressly offered to that person solely in his or her capacity as our officer, in which case that opportunity will belong to us.

For purposes of our amended and restated certificate of incorporation, corporate opportunities will include business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of Sunoco or its officers or directors will be brought into conflict with our self-interest. After such time that Sunoco ceases to own 20 percent of our common stock, the provisions of our amended and restated certificate of incorporation described in this paragraph will become inoperative. Thereafter, the approval or allocation of corporate opportunities would depend on the facts and circumstances of the particular situation analyzed under the corporate opportunity doctrine. The Delaware courts have found that a director or officer may not take a business opportunity for his own if: (1) the corporation is financially able to exploit the opportunity; (2) the opportunity is within the corporation's line of business; (3) the corporation has an interest or expectancy in the opportunity; and (4) by taking the opportunity for his own, the director or officer will thereby be placed in a position inimicable to his duties to the corporation. On the other hand, a director or officer may take a corporate opportunity if: (1) the opportunity is presented to the director or officer in his individual and not his corporate capacity; (2) the opportunity is not essential to the corporation; (3) the corporation holds no interest or expectancy in the opportunity; and (4) the director or officer has not wrongfully employed the resources of the corporation in pursuing or exploiting the opportunity. A director or officer may also present an opportunity to the board of directors of a corporation to determine whether such opportunity belongs to the corporation and thereby be protected from inference of usurpation of corporate opportunity.

Table of Contents

Our amended and restated certificate of incorporation will also provide that no contract, agreement, arrangement or transaction between us and Sunoco will be void or voidable solely for the reason that Sunoco is a party to such agreement and Sunoco:

will have fully satisfied and fulfilled its fiduciary duties to us and our stockholders with respect to the contract, agreement, arrangement or transaction;

will not be liable to us or our stockholders for breach of fiduciary duty by reason of entering into, performance or consummation of any such contract, agreement, arrangements or transaction;

will be deemed to have acted in good faith and in a manner it reasonably believed to be in, and not opposed to, the best interests of us for purposes of our amended and restated certificate of incorporation; and

will be deemed not to have breached its duty of loyalty to us and our stockholders and not to have derived an improper personal benefit therefrom for purposes of our amended and restated certificate of incorporation, if:

the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to our board of directors or the committee of our board that authorizes the contract, agreement, arrangement or transaction and our board of directors or that committee in good faith authorizes the contract, agreement, arrangement or transaction by the affirmative vote of a majority of the disinterested directors;

the material facts as to the contract, agreement, arrangement or transaction are disclosed or are known to the holders of our shares entitled to vote on such contract, agreement, arrangement or transaction and the contract, agreement, arrangement or transaction is specifically approved in good faith by vote of the holders of a majority of the votes entitled to be cast by the holders of our common stock then outstanding not owned by Sunoco or a related entity; or

the contract, agreement, arrangement or transaction, judged according to the circumstances at the time of the commitment, is fair to us.

Any person purchasing or otherwise acquiring any interest in any shares of our capital stock will be deemed to have consented to these provisions of our amended and restated certificate of incorporation.

Until the time that Sunoco ceases to own shares entitled to 20 percent or more of the votes entitled to be cast by our then outstanding common stock, the affirmative vote of the holders of at least 80 percent of the votes entitled to be cast will be required to alter, amend or repeal, or adopt any provision inconsistent with the corporate opportunity and interested director provisions described above; however, after Sunoco no longer owns shares for its own account entitling it to cast at least 20 percent of the votes entitled to be cast by our then outstanding common stock, any such alteration, adoption, amendment or repeal would be approved if a quorum is present and the votes favoring the action exceed the votes opposing it. Accordingly, until such time, so long as Sunoco own shares entitled to 20 percent of the votes entitled to be cast, it can prevent any such alteration, adoption, amendment or repeal.

Limitation on Liability, Indemnification of Officers and Directors, and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors and our amended and restated certificate of incorporation will include such an exculpation provision. Our amended and restated certificate of incorporation and bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of us, or for serving at our request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation and bylaws

Table of Contents

will also provide that we must indemnify and advance reasonable expenses to our directors and officers, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. Our amended and restated certificate of incorporation will expressly authorize us to carry directors' and officers' insurance to protect us, our directors, officers and certain employees for some liabilities. The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, these provisions do not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any of our directors, officers or employees for which indemnification is sought.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. We may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Listing

Our common stock has been approved for listing on the NYSE under the symbol SXC.

Sale of Unregistered Securities

On July 18, 2011, we issued 69,999,000 shares of our common stock to Sunoco in a private placement pursuant to Section 4(2) of the Securities Act of 1933 in exchange for the assets and liabilities of the SunCoke business contributed by Sunoco to SunCoke. We have not otherwise sold any securities, registered or otherwise, within the past three years, except for the shares issued upon formation to our sole stockholder, Sunoco.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

Table of Contents

DESCRIPTION OF CERTAIN INDEBTEDNESS

As of March 31, 2011, after giving pro forma effect to this offering, the consummation of the credit facilities, the offering of senior notes and the use of proceeds therefrom, our total debt would have been approximately \$700 million. The credit facilities and the senior notes are described below.

Senior Secured Credit Facilities

Concurrently with the consummation of this offering, we expect to enter into a \$150 million senior secured revolving credit facility and a \$300 million senior secured term loan credit facility (collectively, the credit facilities). The gross proceeds from the term loan credit facility will be used to repay certain intercompany indebtedness to Sunoco, to pay related fees and expenses and for general corporate purposes. We do not expect to have any outstanding borrowings under the revolving credit facility on the closing date of this offering. The revolving credit facility is expected to have a five-year maturity and the term loan credit facility is expected to have a seven-year maturity. The principal amount of the term loan credit facility is expected to amortize in quarterly installments equal to 0.25 percent of the original principal amount of the term loan credit facility, with the balance payable at maturity.

We currently expect that at our election, the interest rate per annum applicable to the loans under the credit facilities will be based on a fluctuating rate of interest determined by reference to either (i) a base rate determined by reference to the higher of (a) the prime rate of JP Morgan Chase Bank, N.A., (b) the federal funds effective rate plus 0.50 percent and (c) the Eurodollar rate applicable for an interest period of one month plus 1.00 percent, plus an applicable margin or (ii) a Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, plus an applicable margin. Borrowings under the term loan credit facility will be subject to a floor. The applicable margin for loans under the revolving credit facility will be adjusted after the completion of our first two full fiscal quarters after the closing of the transactions based upon our consolidated leverage ratio.

Our obligations under the credit facilities will be guaranteed by each direct and indirect, existing and future, domestic material restricted subsidiary. The credit facilities are expected to be secured on a first priority basis by a perfected security interest in substantially all of our and each guarantor's tangible and intangible assets (subject to certain exceptions). The credit facilities will contain customary affirmative and negative covenants, that among other things, will limit or restrict the ability of us and our restricted subsidiaries to incur additional indebtedness (including guarantee obligations), incur liens, engage in mergers, consolidations liquidations and dissolutions.

The consummation of the credit facilities is subject to satisfaction of the following material conditions:

consummation of the separation and this offering and receipt by our company of the gross cash proceeds from the issuance of the senior notes, in each case on terms and conditions reasonably satisfactory to the lenders;

receipt by the lenders of certain financial information concerning our company; and

receipt of all necessary approvals and of customary closing deliverables.

Table of Contents

Senior Notes

Concurrently with this offering, we are planning to issue in a private placement \$400 million aggregate principal amount of senior notes. The notes will mature in 2019. All principal will be paid at maturity. The gross proceeds from the senior notes offering will be used to repay certain intercompany indebtedness to Sunoco, to pay related fees and expenses and for general corporate purposes. The notes will be fully and unconditionally guaranteed, jointly and severally, on a senior basis by each of our existing and future domestic restricted subsidiaries that guarantees the credit facilities.

The indenture governing the notes will contain covenants, including, among other things, covenants that (i) restrict our ability to incur additional indebtedness, (ii) pay dividends, make distributions on equity interests, make investments or make other restricted payments, (iii) create liens, (iv) sell assets or (v) consolidate or merge with any other person. These covenants are subject to a number of important qualifications and limitations. In addition, the indenture contains other customary terms, including certain events of default upon the occurrence of which, the notes may be declared immediately due and payable. We currently expect that on or after a selected date around the third anniversary of the closing of the notes offering, we will be able to redeem some or all of the notes at a premium that will decrease over time, plus accrued and unpaid interest to the date of redemption. We also currently expect that prior to a selected date around the third anniversary of the closing of the notes offering, we will be able, at our option, to redeem up to 35 percent of the aggregate principal amount of the notes at a premium, plus accrued and unpaid interest to the date of redemption, with the proceeds of certain equity offerings. In addition, we currently expect that we will be able, at our option, to redeem some or all of the notes at any time prior to a selected date around the third anniversary of the closing of the notes offering, by paying a make whole premium, plus accrued and unpaid interest to the date of redemption. Interest on the notes is payable in cash semi-annually in arrears through maturity.

The completion of the senior notes offering is conditioned on the completion of this offering and certain customary conditions, including the receipt of customary closing deliverables.

Table of Contents

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, 70,000,000 shares of our common stock will be outstanding. Of these shares, the 13,340,000 shares of common stock, assuming the underwriters exercise their option to acquire additional shares in full, sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless held by an affiliate of our company as that term is defined in Rule 144 under the Securities Act. All of the shares of our common stock outstanding prior to this offering are restricted securities, as defined under Rule 144. These shares are restricted securities because they were issued in private transactions not involving a public offering and may not be sold in the absence of registration other than in accordance with Rule 144 promulgated under the Securities Act or another exemption from registration. This prospectus may not be used in connection with any resale of shares of common stock acquired in this offering by our affiliates.

The shares of our common stock that will continue to be held by Sunoco after this offering constitute restricted securities within the meaning of Rule 144, and will be eligible for sale by Sunoco in the open market after this offering, subject to contractual lock-up provisions described under Underwriting Lock Up Agreements and the applicable requirements of Rule 144. In connection with this offering, we, our executive officers and directors and Sunoco have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any of our common stock or securities convertible into or exchangeable for shares of common stock, without the prior written consent of Credit Suisse Securities (USA) LLC, for the period ending 180 days after the date of this prospectus, except that after 120 days after the date of this prospectus, Sunoco may dispose of our common stock that it owns by means of a distribution to its shareholders, and if (1) any of our executive officers or directors cease to be an executive officer and/or a director of our company and (2) Sunoco disposes of our common stock that it owns by means of a distribution to its shareholders, such executive officer or director shall cease to be restricted by the lock-up agreement.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, beginning 90 days after the date of this offering, a person who is not one of our affiliates who has beneficially owned shares of our common stock for at least six months may sell shares without restriction, provided the current public information requirements of Rule 144 continue to be satisfied. In addition, any person who is not one of our affiliates at any time during the three months immediately preceding a proposed sale, and who has beneficially owned shares of our common stock for at least one year, would be entitled to sell an unlimited number of shares without restriction. Our affiliates who have beneficially owned shares of our common stock for at least six months are entitled to sell within any three-month period a number of shares that does not exceed the greater of:

one percent of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; and

the average weekly trading volume of our common stock on the NYSE during the four calendar weeks immediately preceding the filing of a notice on Form 144 with respect to the sale.

Sales of restricted shares under Rule 144 are also subject to requirements regarding the manner of sale, notice, and the availability of current public information about us. Rule 144 also provides that affiliates relying on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement.

Sunoco has announced that it currently plans to complete its divestiture of us by distributing all of the shares of our common stock that it owns to the holders of its common stock. See Arrangements Between Sunoco and Our Company and Risk Factors. Any shares distributed by Sunoco will be eligible for immediate re-sale in the public market without restrictions by persons other than our affiliates. Our affiliates would be subject to the restrictions of Rule 144 described above other than the six-month holding period requirement.

Table of Contents

Shares of our common stock issued pursuant to our option plans generally will be available for sale in the open market by holders who are not our affiliates and, subject to the volume and other applicable limitations of Rule 144, by holders who are our affiliates, unless those shares are subject to vesting restrictions or the contractual restrictions described above. The foregoing summary of Rule 144 is not intended to be a complete description.

Lock-Up Agreements

Notwithstanding the foregoing, our executive officers, directors and existing stockholder have agreed not to offer, sell, contract to sell or otherwise dispose of any shares of our common stock for a lock-up period described under *Underwriting The Lock Up Agreements* pursuant to the agreements with Credit Suisse Securities (USA) LLC, as representative of the underwriters. This lock-up period may be extended in certain circumstances. Additionally, Credit Suisse Securities (USA) LLC may release all or a portion of the shares subject to lock-up agreements at any time prior to the end of the lock up period. See *Underwriting The Lock-Up Agreements*.

Registrations on Form S-8

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of common stock issuable under a long-term incentive plan. These registration statements are expected to become effective upon filing. As a result, shares issued pursuant to such plan, including upon exercise of stock options, will be eligible for re-sale in the public market without restriction, subject to the Rule 144 limitations applicable to affiliates, the 180-day lock-up period, as applicable, and any management stockholder's agreements, as applicable. As of July 5, 2011, there were no awards outstanding under our long-term incentive plans, and 6,500,000 shares were reserved for future issuance.

Registration Rights

Some holders of our common stock are entitled to registration rights, which are described under *Arrangements Between Sunoco and Our Company* and *Underwriting*. Prior to this offering, there has been no public market for our common stock. No information is currently available and we cannot predict the timing or amount of future sales of shares, or the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price of our common stock prevailing from time to time. Sales of substantial amounts of our common stock (including shares issuable upon the exercise of stock options) in the public market after the lapse of the restrictions described above, or the perception that such sales may occur, could materially adversely affect the prevailing market prices for the common stock and our ability to raise equity capital in the future. See *Risk Factors*.

Table of Contents

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a summary of material U.S. federal income tax consequences of the purchase, ownership and disposition of our common stock as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code by a non-U.S. holder.

A non-U.S. holder means a person (other than a partnership) that is not, for U.S. federal income tax purposes, any of the following:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it: (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust; or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code, and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of U.S. federal income and estate taxes and does not deal with foreign, state, local, estate and gift or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it might not describe the U.S. federal income and estate tax consequences that may be applicable to you if you are subject to special treatment under the United States federal income or estate tax laws (including if you are a United States expatriate, financial institution, person subject to the alternative minimum tax, person who has acquired our common stock as part of a straddle, hedge, conversion transaction or other integrated investment, controlled foreign corporation, passive foreign investment company or a partnership or other pass-through entity for United States federal income tax purposes (or investors in such entities)). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership and upon certain determinations made at the partner level. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular U. S. federal income and estate tax consequences to you of the ownership and disposition of our common stock, as well as the consequences to you arising under the laws of any other applicable taxing jurisdiction, in light of your particular circumstances.

This discussion assumes that a non-U.S. holder will not be subject to the newly enacted withholding tax discussed below under **Additional Withholding Requirements**.

Dividends

Dividends paid to a non-U.S. holder generally will be subject to withholding of U. S. federal income tax at a 30 percent rate, or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by a non-U.S. holder within the United

Table of Contents

States are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Internal Revenue Code. A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distribution not constituting a dividend will be treated first as reducing the adjusted basis in the non-U.S. holder's shares of our common stock and, to the extent it exceeds such basis, as gain from the sale or exchange of such stock.

A foreign corporation that receives any such effectively connected dividends may be subject to an additional branch profits tax on its earnings and profits attributable to such dividends at a 30 percent rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of our common stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required: (1) to complete Internal Revenue Service Form W-8BEN (or other applicable form) and certify under penalty of perjury that such holder is not a United States person as defined under the Internal Revenue Code and is eligible for treaty benefits, or (2) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder of our common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Disposition of Common Stock

Any gain realized by a non-U.S. holder on the disposition of our common stock generally will not be subject to United States federal income tax unless:

the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

we are or have been a United States real property holding corporation for United States federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates, generally in the same manner as if it were a United States person as defined under the Internal Revenue Code. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30 percent tax on the gain derived from the sale, which may be offset by United States source capital losses, even though the individual is not considered a resident of the United States. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain generally in the same manner as if it were a United States person as defined under the Internal Revenue Code and, in addition, may be subject to the branch profits tax equal to 30 percent of its effectively connected earnings and profits attributable to such gain, or at such lower rate as may be specified by an applicable income tax treaty.

We have not determined whether we are a United States real property holding corporation for United States federal income tax purposes, and no assurance can be given that we are not or will not become one in the future. If, however, we are or become a United States real property holding corporation, so long as our

Table of Contents

common stock is regularly traded on an established securities market, generally only a non-U.S. holder who holds or held directly or indirectly (at any time during the shorter of the five year period ending on the date of disposition or the non-U.S. holder's holding period) more than five percent of our common stock will be subject to United States federal income tax on the disposition of our common stock. Non-U.S. holders should consult their own advisors about the consequences that could result if we are, or become, a United States real property holding corporation.

Federal Estate Tax

Our common stock that is held (or treated as held) by an individual non-U.S. holder (as specially defined for U.S. federal estate tax purposes) at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate or other tax treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty or agreement.

A non-U.S. holder will be subject to backup withholding (currently at a rate of 28 percent) on dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Internal Revenue Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through certain United States-related intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Internal Revenue Code), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's United States federal income tax liability provided the required information is timely furnished to the IRS.

Additional Withholding Requirements

Under recently enacted legislation, the relevant withholding agent may be required to withhold 30 percent of any dividends and the proceeds of a sale of our common stock paid after December 31, 2012 paid to (1) a foreign financial institution (whether holding stock for its own account or on behalf of its account holders/investors) unless such foreign financial institution agrees to verify, report and disclose its U.S. account holders and meets certain other specified requirements or (2) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial United States owners or provides the name, address and taxpayer identification number of each substantial United States owner and such entity meets certain other specified requirements. Non-U.S. holders should consult their own tax advisors regarding the effect of this newly enacted legislation.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the debt exchange party has agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman, Sachs & Co. are acting as representatives, the following respective numbers of shares of common stock the debt exchange party acquires from Sunoco in the exchange described below:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Goldman, Sachs & Co.	
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Wells Fargo Securities, LLC	
Deutsche Bank Securities Inc.	
Mitsubishi UFJ Securities (USA), Inc.	
Mizuho Securities USA Inc.	
PNC Capital Markets LLC	
Scotia Capital (USA) Inc.	
SunTrust Robinson Humphrey, Inc.	
UBS Securities LLC	
Samuel A. Ramirez & Company, Inc.	
The Williams Capital Group, L.P.	
Total	11,600,000

The underwriters are offering the shares of our common stock subject to their acceptance of the shares and subject to prior sale. The underwriting agreement provides that the obligation of the underwriters, to pay for and accept delivery of these shares of our common stock is subject to the approval of legal matters by underwriters' counsel, and to some other conditions. The underwriters are obligated to take and pay for all of these shares of our common stock, if any such shares are taken. The offering of these shares is subject to the receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have been granted a 30-day option to acquire up to 1,740,000 additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock. If the underwriters exercise the option to acquire additional shares as described above, the debt exchange party will acquire these additional shares from Sunoco in exchange for debt obligations of Sunoco held by the debt exchange party and sell the additional shares to the underwriters.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of \$ _____ per share. After the initial public offering the representatives may change the public offering price and concession and discount to broker/dealers.

Table of Contents

The following table summarizes the compensation Sunoco will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by Sunoco	\$	\$	\$	\$
Expenses payable by Sunoco	\$	\$	\$	\$

Other than the SEC registration fee and the FINRA fee, we do not expect that we will pay any of the offering expenses related to the offering. Sunoco shall pay all third-party costs, fees and expenses relating to the offering, all of the reimbursable expenses of the underwriters pursuant to the underwriting agreement, all of the costs of producing, printing, mailing and otherwise distributing the prospectus, as well as the underwriting discounts and commissions.

The underwriters have informed us that they do not expect sales to accounts over which the underwriters have discretionary authority to exceed 5 percent of the shares of common stock being offered.

The underwriting agreement discussed above was entered into after a binding exchange agreement among Sunoco, the debt exchange party, and for limited purposes, our company, was signed. The terms of the exchange agreements are more fully described below under *The Exchange*. Under the terms of the binding exchange agreement, following the exchange, the debt exchange party will be the owner of the shares that it acquires under the exchange agreement.

The separation agreement between Sunoco and us contains various conditions for the benefit of Sunoco, and closing of this offering is conditioned on the satisfaction or waiver by Sunoco of those conditions between the date of this prospectus and the closing date. For further information regarding these conditions, see *Arrangements Between Sunoco and Our Company*.

The Exchange

It is expected that Sunoco, the debt exchange party, and, for limited purposes, our company, will enter into an exchange agreement. Under the exchange agreement, subject to certain conditions, the debt exchange party, as a principal for its own account, will exchange debt obligations of Sunoco held by the debt exchange party for shares of our common stock held by Sunoco. We expect that the debt exchange party will hold indebtedness of Sunoco having an aggregate principal amount of at least \$227 million based on a maximum assumed initial public offering price of \$17.00 per share, which is the high point of the price range set forth on the cover of this prospectus. The amount of indebtedness of Sunoco held by the debt exchange party is expected to be sufficient to acquire all of the shares of our common stock to be sold in this offering, inclusive of the shares of our common stock that may be sold pursuant to the over-allotment option. In the exchange, the debt exchange party will acquire the total number of shares being sold in this offering. For purposes of determining the amount of Sunoco indebtedness that Sunoco will receive from the debt exchange party in exchange for such shares, Sunoco expects that the debt obligations will be valued at the fair market value on the date of this prospectus, and the aggregate fair market value of the debt obligations to be exchanged will equal the amount of proceeds, as shown on the cover page of this prospectus, plus an amount in cash to be paid by Sunoco. If the underwriters exercise the option to acquire additional shares as described above, the debt exchange party will also acquire the additional shares in exchange for debt obligations of Sunoco held by the debt exchange party. For purposes of determining the amount of Sunoco indebtedness that Sunoco will receive from the debt exchange party in exchange for the additional shares, the debt obligations will be valued at fair market value on the date of the exchange, and the aggregate fair market value of the debt obligations to be exchanged will equal the amount of proceeds per share shown on the cover page of this prospectus multiplied by the number of the additional shares acquired, plus an amount in cash to be paid by Sunoco.

Table of Contents

Under U.S. federal securities laws, Sunoco will be deemed the selling stockholder and an underwriter of any shares of our common stock that the debt exchange party acquires from Sunoco in the exchange and sells in this offering. Similarly, under U.S. federal securities laws, the debt exchange party will be deemed to be an underwriter with respect to any shares of our common stock that it acquires in the exchange and sells in this offering. The debt exchange party will acquire and sell the shares as a principal for its own account, rather than on Sunoco's behalf. If Sunoco and the debt exchange party enter into the exchange agreement, as described above, the debt exchange party will be the owner of our shares of common stock it acquires in the exchange, regardless of whether this offering is completed. The debt exchange party, and not Sunoco, will receive the proceeds from the sale of the shares in this offering.

None of Sunoco, the debt exchange party or us have an obligation to participate in the exchange. Regardless of whether the exchange does or does not occur, the debt exchange party will pay its own expenses and discounts in connection with the shares acquired by it in the exchange.

Conflicts of Interest

The offering is being conducted in accordance with the applicable provisions of Rule 5121 of the FINRA Conduct Rules because the debt exchange party may receive up to \$227 million of the proceeds of this offering based on a maximum assumed public offering price of \$17.00 per share, which is the high point of the range set forth on the cover of this prospectus if the exchange described above takes place. Rule 5121 requires that the initial public offering price of the shares of common stock not be higher than that recommended by a qualified independent underwriter meeting certain standards. Accordingly, Merrill Lynch, Pierce, Fenner & Smith Incorporated is assuming the responsibilities of acting as the qualified independent underwriter in pricing the offering and conducting due diligence. The initial public offering price of the shares of common stock is no higher than the price recommended by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Lock-Up Agreements

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC, for a period of 180 days after the date of this prospectus, except issuances pursuant to the exercise of employee stock options outstanding on the date hereof or pursuant to our dividend reinvestment plan. However, in the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC waives, in writing, such an extension.

Our officers and directors, Sunoco and certain of its officers and directors have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC for a period of 180 days after the date of this prospectus, except that after 120 days after the date of this prospectus, Sunoco may dispose of our common stock that it owns by means of a distribution to its shareholders, and if (1) any of our executive officers or directors cease to be an executive officer and/or a director of our company and (2) Sunoco disposes of our common stock that it owns by means of a distribution,

Table of Contents

such executive officer or director shall cease to be restricted by the lock-up agreement. However, in the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, then in either case the expiration of the lock-up will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC waives, in writing, such an extension.

Directed Share Program

The underwriters have reserved for sale at the initial public offering price up to 580,000 shares of our common stock for employees, directors and other persons associated with us who have expressed an interest in purchasing common stock in the offering. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

Indemnification

We and the selling stockholder have agreed to indemnify the several underwriters and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in its capacity as qualified independent underwriter, against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

Listing

Our common stock has been approved for listing on the New York Stock Exchange under the symbol SXC.

Prior to this offering, there has been no market for our common stock. The initial public offering price will be determined by negotiations between us, the selling stockholder and the underwriters and will not necessarily reflect the market price of the common stock following this offering. The principal factors that will be considered in determining the initial public offering price will include:

the information presented in this prospectus and otherwise available to the underwriters;

the history of, and the prospects for, the industry in which we will compete;

the ability of our management;

the prospects for our future earnings;

the present state of our development and our current financial condition;

the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies; and

the general condition of the securities markets at the time of this offering.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, and penalty bids in accordance with Regulation M under the Exchange Act.

Edgar Filing: SAPPI LTD - Form 6-K

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the

Table of Contents

number of shares in the over-allotment option. The underwriters may be able to close out any covered short position by either having the underwriters exercise their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. Internet distributions will be allocated by the underwriters that will make internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for us and our affiliates, for which they have received, or will receive, customary fees and expenses. In addition, an affiliate of Credit Suisse Securities (USA) LLC is expected to be the debt exchange party in the exchange described above for which it will receive a fee in the amount of \$1 million. Credit Suisse Securities (USA) LLC, Barclays Capital Inc. and Citigroup Global Markets Inc. are serving as joint bookrunning managers, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are serving as senior co-managers and The Williams Capital Group, L.P. is serving as co-manager in connection with the concurrent private placement of senior notes. Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are serving as joint lead arrangers and joint bookrunners, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is serving as term loan documentation agent and Credit Suisse Securities (USA) LLC is serving as term loan syndication agent under our term loan facility. Merrill Lynch, Pierce, Fenner & Smith Incorporated is serving as joint lead arranger and joint bookrunner and an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is serving as revolving facility syndication agent under our revolving credit facility. Affiliates of the underwriters may also be lenders under our credit facilities.

In the ordinary course of their various business activities the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve our securities and/or instruments. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Table of Contents

Notice to Canadian Residents

Resale Restrictions

The distribution of our common stock in Canada is being made only on a private placement basis exempt from the requirement that we and Sunoco prepare and file a prospectus with the securities regulatory authorities in each province where trades of our common stock are made. Any resale of our common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of our common stock.

Representations of Purchasers

By purchasing our common stock in Canada and accepting a purchase confirmation a purchaser is representing to us and Sunoco and the dealer from whom the purchase confirmation is received that:

the purchaser is entitled under applicable provincial securities laws to purchase our common stock without the benefit of a prospectus qualified under those securities laws,

where required by law, that the purchaser is purchasing as principal and not as agent,

the purchaser has reviewed the text above under Resale Restrictions, and

the purchaser acknowledges and consents to the provision of specified information concerning its purchase of our common stock to the regulatory authority that by law is entitled to collect the information.

Further details concerning the legal authority for this information is available on request.

Rights of Action Ontario Purchasers Only

Under Ontario securities legislation, certain purchasers who purchase a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of our common stock, for rescission against us and Sunoco in the event that this prospectus contains a misrepresentation without regard to whether the purchaser relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for our common stock. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for our common stock. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us or Sunoco. In no case will the amount recoverable in any action exceed the price at which shares of our common stock were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we and Sunoco will have no liability. In the case of an action for damages, we and Sunoco will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of our common stock as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein and Sunoco may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Table of Contents

Taxation and Eligibility for Investment

Canadian purchasers of our common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in our common stock in their particular circumstances and about the eligibility of our common stock for investment by the purchaser under relevant Canadian legislation.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000, and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined below) subject to obtaining the prior consent of the representatives for any such offer; or

in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive. Each purchaser of shares described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Sunoco, as the selling stockholder, has not authorized and does not authorize the making of any offer of shares through any financial intermediary on its behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the selling stockholder or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a

Table of Contents

relevant person). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong, Singapore & Japan

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any shares, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of

Table of Contents

Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Table of Contents

LEGAL MATTERS

Wachtell, Lipton, Rosen & Katz, New York, New York is representing us in connection with this offering. The underwriters are being represented by Kirkland & Ellis LLP, New York, New York.

EXPERTS

The combined financial statements of SunCoke (the cokemaking and coal mining operations of Sunoco, Inc.) at December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, and the balance sheet of SunCoke Energy, Inc. as of March 31, 2011 appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The information appearing in this prospectus concerning estimates of the proven and probable coal reserves of our existing coal mining operations and the HKCC Companies was prepared by Marshall Miller & Associates, Inc. and has been included in this prospectus upon the authority of this firm as an expert.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 (Registration No. 333-173022) under the Securities Act with respect to the common stock being offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information about us and our common stock, you should refer to the registration statement, including its exhibits and schedules. This prospectus summarizes material provisions of contracts and other documents to which we refer you. Since the prospectus may not contain all of the information that you may find important, you should review the full text of these contracts and other documents. We have included or incorporated by reference copies of these documents as exhibits to our registration statement.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC. Our filings with the SEC are available to the public on the SEC's website at www.sec.gov. Those filings also will be available to the public on our corporate web site at www.suncoke.com. The information we file with the SEC or contained on our corporate web site or any other web site that we may maintain is not part of this prospectus, any prospectus supplement or the registration statement of which this prospectus is a part. You may also read and copy, at SEC prescribed rates, any document we file with the SEC, including the registration statement (and its exhibits) of which this prospectus is a part, at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room.

Table of Contents

INDUSTRY AND MARKET DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and non-U.S. market share is based on information from governmental and intergovernmental entities, independent industry organizations and consultancies such as CRU International, Ltd., the World Coal Association, the World Steel Association, the American Coke and Coal Chemicals Institute, the International Energy Agency and Steel Business Briefing and other third-party sources (including industry publications, surveys and forecasts), and management estimates.

Unless otherwise indicated, management estimates are derived from publicly available information released by independent industry analysts and organizations and third-party sources, as well as data from our internal research, and are based on assumptions made by us based on such data and our knowledge of such industry and markets, which we believe to be reasonable. While we believe the market position, market opportunity and market share information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Table of Contents

GLOSSARY OF SELECTED TERMS

Term	Definition
Appalachian Region	Coal producing area in Alabama, eastern Kentucky, Maryland, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia. The Appalachian Region is divided into the northern, central and southern Appalachian regions.
Ash	Inorganic material consisting of iron, alumina, sodium and other incombustible matter that are contained in coal. Ash increases the weight of coal, adds to the cost of handling, and its composition may affect the coal's burning characteristics.
Asset Utilization	For our cokemaking operations, a measure of production efficiency calculated by dividing coke production for the period by the theoretical design cokemaking capacity applicable to the period, subject to certain operational and environmental limitations.
Assigned Reserves	Assigned reserves are those that can be mined with existing facilities and do not require major-capital expenditure for development.
Basic Oxygen Furnace, or BOF	A steelmaking furnace in which molten pig iron and steel scrap are converted into steel.
Battery	A connected bank of cokemaking ovens. A cokemaking facility may consist of one or more coke oven batteries.
Best Available Control Technology, or BACT	An air permitting requirement mandated by the United States Clean Air Act that is generally determined on a case-by-case basis by state or local permitting agencies and is based on a review of all available pollution control systems and considers economic feasibility. To receive a permit for construction in areas meeting national ambient air quality standards, or attainment areas (as designated by the U.S. Environmental Protection Agency), all major new or modified facilities must meet this requirement.
Bituminous coal	Coal that generally contains 45 to 86 percent carbon, including metallurgical coals used to make coke and certain steam coals used as fuel in steam-electric power generation and for heat and power applications in manufacturing.
Blast Furnace	A cylindrical smelting furnace used in the extraction of iron from iron ore. The iron ore along with metallurgical coke and typically a limestone flux are charged in the top of the furnace. A blast of hot, compressed air is piped in at the bottom of the furnace to increase temperatures so that the iron ore is reduced to nearly-pure liquid iron. The molten iron, also known as hot metal, sinks to the bottom and is tapped off for further use in steelmaking.
British thermal unit, or Btu	A measure of the thermal energy required to raise the temperature of one pound of pure liquid water one degree Fahrenheit at the temperature at which water has its greatest density (39 degrees Fahrenheit).

Table of Contents

Term	Definition
By-product cokemaking	A cokemaking process in which coal is heated in a positive pressure environment in the absence of oxygen and the resulting usable by-product coal chemicals are repurposed into fuel and other products for integrated steel furnaces and for other uses. Also known as recovery cokemaking.
By-product coke oven	A coke oven which employs by-product cokemaking.
Capacity Utilization	For our cokemaking operations, a measure of production efficiency calculated by dividing coke production for the period by the cokemaking capacity applicable to the period.
Clean Air Act	The United States Clean Air Act, as amended.
Coal-to-coke yield	The amount of metallurgical coke produced from a given quantity of metallurgical coal, typically expressed as a percentage. The yield can vary according to the particular coal blend properties and the coking process; however, 1 ton of metallurgical coal typically yields approximately 0.7 tons of metallurgical coke, representing a 70 percent coal-to-coke yield.
Coal seam	Coal deposits occur in layers typically separated by layers of rock. Each layer of coal is called a seam. A seam can vary in thickness from inches to a hundred feet or more.
Coalbed methane	Methane gas formed during coal formation and stored within the coal seam.
Cogeneration facility	A power station that simultaneously generates both electricity and useful heat.
Coke, or Metallurgical Coke	A hard, dry carbon substance produced by heating coal to a very high temperature in the absence of air. Coke is a principal raw material used in the manufacture of iron and steel.
Cokemaking capacity	The number of tons of blast furnace size coke that a cokemaking facility can produce on an annual basis under normal operating conditions. Small size coke production that is not blast furnace size is commonly referred to as nut coke, breeze or fines and is separated from the blast furnace size coke in screening facilities.
Cold strength	The ability of coke to withstand breakage at room temperature; reflects coke behavior outside the blast furnace and in the upper part of the blast furnace.
Demonstrated Reserves	Demonstrated reserves are the sum of the estimates of proven and probable reserves.
EIA	U.S. Energy Information Administration
Electric arc furnace, or EAF	A furnace that heats steel scrap, pig iron and direct reduced iron by means of an electric arc to produce liquid steel.

Table of Contents

Term	Definition
EPA	U.S. Environmental Protection Agency
Flue gas	Gas produced from the combustion of coal volatile matter that exits the coke oven through a system of flues, which are enclosed passageways for directing products of combustion to subsequent processing/cleaning and ultimately to the atmosphere.
Flue gas desulfurization	A process used to remove sulfur oxides from the combusted flue gases of a cokemaking facility before discharge to the atmosphere. Chemicals such as lime are used as the scrubbing media.
Greenfield cokemaking facility	A cokemaking facility constructed at a site where no coke oven batteries previously existed.
Heaving and settling	Abnormal conditions caused by the movement of material underlying a coke battery's foundation. Heaving occurs when the material below the battery expands causing the ovens above to rise. Settling occurs when the material below the battery compacts causing the ovens above to sink. The combination can result in unlevelled batteries and can cause damage to affected ovens.
Heat recovery cokemaking facility	Non-recovery cokemaking facilities that heat coal in a negative pressure environment and are designed to use the excess heat from combustion to produce steam and/or electricity are referred to as heat recovery facilities.
Heat recovery steam generator	A heat exchanger that recovers heat from a hot gas stream and uses the heat to produce steam for process uses or electric power generation.
Highwall mine	Exposed coal seam or seams remaining after the last economic cut has been completed as part of a conventional surface mining operation. The exposed coal seam lies under the rock and overburden, also known as the highwall of the mine, and can be removed by specialized highwall mining equipment that cuts into the seam and extracts the coal.
Lowest Achievable Emission Rate, or LAER	An air permitting requirement mandated by the United States Clean Air Act that is generally determined on a case-by-case basis by state or local permitting agencies and is based on review of all emission limitation achieved in practice or included in state implementation plans. To receive a permit for construction in areas not meeting national ambient air quality standards, or non-attainment areas (as designated by the U.S. Environmental Protection Agency), all major new or modified facilities must meet this requirement.
Maximum Achievable Control Technology, or MACT	A national emission standard for hazardous air pollutants set by the U.S. Environmental Protection Agency as required by the Clean Air Act Amendments of 1990.
Megawatt	1 million watts
Metallurgical coal	The various grades of coal suitable for carbonization to make coke for steel manufacture. Also known as met or coking coal.

Table of Contents

Term	Definition
MSHA	Mine Safety and Health Administration
Non-recovery cokemaking	A cokemaking process in which coal is heated in a negative pressure environment in which the resulting volatile matter is combusted.
NOV	Notice of violation. A formal, written letter to the regulated entity that the enforcement agency believes that the entity is in violation of the law and that it should come into compliance or be prepared to defend its actions in subsequent enforcement. These alleged violations do not represent a final, legal determination that a violation has occurred until adjudication is complete.
NOx	Nitrogen oxides. NOx represents both NO ₂ and NO ₃ which are gases formed in high temperature environments such as coal combustion.
Oven coking chamber	A refractory-lined chamber in the coke oven in which coal undergoes destructive distillation to produce coke.
Pig iron	Formed and cooled hot metal from a blast furnace.
Preparation plant	Usually located on a mine site, although one plant may serve several mines. A preparation plant is a facility for crushing, sizing and washing coal to prepare it for use by a particular customer. The washing process removes waste material and separates higher ash coal and may also remove some of the coal's sulfur content.
Probable reserves	Coal reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation. Probable reserves lie more than one-fourth of a mile, but less than three-fourths of a mile from a coal measurement site.
Proven reserves	Coal reserves for which: (1) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (2) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. Proven reserves lie within a one-fourth mile arc around a coal measurement site.
Reclamation	The process of restoring land to its prior condition, productive use or other permitted condition following mining or other industrial activities. The process commonly includes recontouring or reshaping the land to its approximate original appearance, restoring topsoil and planting native grass and shrubs. Reclamation operations are typically conducted concurrently with mining operations. Reclamation is closely regulated by both state and federal laws.
Reserve	The part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination.

Table of Contents

Term	Definition
Room and pillar method	Underground mining method in which the mined material is extracted across a horizontal plane while leaving pillars of untouched material to support the roof overburden, resulting in open areas or rooms underground.
Steam coal, or thermal coal	Coal that is used primarily for its heating value or thermal content. Steam or thermal coal tends not to have the carbonization and coking properties possessed by metallurgical coal. Most steam coal is used to produce electricity in thermal power plants.
Sulfur	One of the elements present in varying quantities in coal that is emitted when coal is burned. Sulfur dioxide (SO ₂) is produced as a gaseous by-product of coal combustion.
Surface mine	A type of mine in which the soil and rock overlying the coal deposit (the overburden) are removed to extract the coal. Surface mining, also commonly known as strip mining or open pit mining, is used when deposits of coal are found near the surface such that removing the overburden with heavy equipment such as earthmovers and excavators is economic.
Thermal coal drying	Process of removing moisture from coal.
Tons	A short or net ton is equal to 2,000 pounds. A long or British ton is 2,240 pounds. A metric tonne is approximately 2,205 pounds. The short ton is the unit of measure referred to as a ton in this prospectus.
Underground mine	A mine, also known as a deep mine, in which the coal lies below the surface of the earth such that it is not economic to extract the coal through surface mining methods. The coal is mined through tunnels, passages, and openings that are connected to the surface for the purpose of the removal of the coal.
Waste heat	Heat produced by industrial processes with no useful application.

Table of Contents

INDEX TO FINANCIAL STATEMENTS

	Page
AUDITED SUNCOKE (THE COKEMAKING AND COAL MINING OPERATIONS OF SUNOCO, INC.) COMBINED FINANCIAL STATEMENTS	
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Combined Statements of Income for the Years Ended December 31, 2010, 2009 and 2008</u>	F-3
<u>Combined Balance Sheets at December 31, 2010 and 2009</u>	F-4
<u>Combined Statements of Cash Flows for the Years Ended December 31, 2010, 2009 and 2008</u>	F-5
<u>Combined Statements of Comprehensive Income and Equity for the Years Ended December 31, 2010, 2009 and 2008</u>	F-6
<u>Notes to Combined Financial Statements</u>	F-7
UNAUDITED SUNCOKE (THE COKEMAKING AND COAL MINING OPERATIONS OF SUNOCO, INC.) COMBINED FINANCIAL STATEMENTS	
<u>Combined Statements of Income for the Three Months Ended March 31, 2011 and 2010</u>	F-31
<u>Combined Balance Sheets at March 31, 2011 and December 31, 2010</u>	F-32
<u>Combined Statements of Cash Flows for the Three Months Ended March 31, 2011 and 2010</u>	F-33
<u>Combined Statements of Comprehensive Income and Equity for the Three Months Ended March 31, 2011 and 2010</u>	F-34
<u>Notes to Combined Financial Statements</u>	F-35
AUDITED SUNCOKE ENERGY, INC. BALANCE SHEET	
<u>Report of Independent Registered Public Accounting Firm</u>	F-46
<u>Balance Sheet at March 31, 2011</u>	F-47
<u>Notes to Balance Sheet</u>	F-48

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors

Sunoco, Inc.

We have audited the accompanying combined balance sheets of SunCoke (the Company) (the cokemaking and coal mining operations of Sunoco, Inc. as described in Note 1) as of December 31, 2010 and 2009, and the related combined statements of income, cash flows and comprehensive income and equity for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of SunCoke at December 31, 2010 and 2009, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

March 23, 2011

Table of Contents**SunCoke****Combined Statements of Income**

	Years Ended December 31		
	2010	2009	2008
(Dollars in thousands)			
Revenues			
Sales and other operating revenue (Notes 2 and 3)	\$ 1,316,547	\$ 1,124,016	\$ 838,936
Other income, net (Note 3)	10,046	20,970	1,315
Total revenues	1,326,593	1,144,986	840,251
Costs and operating expenses			
Cost of products sold and operating expenses (Note 2)	1,036,944	860,830	630,771
Selling, general and administrative expenses (Note 2)	67,232	40,205	34,244
Depreciation, depletion, and amortization	48,157	32,323	24,554
Total costs and operating expenses	1,152,333	933,358	689,569
Operating income	174,260	211,628	150,682
Interest income affiliate (Note 2)	23,687	24,063	27,351
Interest income	35	447	218
Interest cost affiliate (Note 2)	(5,435)	(5,663)	(11,187)
Capitalized interest	701	1,493	3,999
Total financing income, net	18,988	20,340	20,381
Income before income tax expense	193,248	231,968	171,063
Income tax expense (Note 4)	46,942	20,732	38,131
Net income	146,306	211,236	132,932
Less: Net income attributable to noncontrolling interests	7,107	21,552	19,028
Net income attributable to net parent investment	\$139,199	\$189,684	\$113,904

(See Accompanying Notes)

Table of Contents**SunCoke****Combined Balance Sheets**

	December 31	
	2010	2009
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	\$ 40,092	\$ 2,741
Accounts receivable (Note 3)	44,606	79,339
Inventories (Note 5)	106,610	106,579
Deferred income taxes (Note 4)	1,140	
Total current assets	192,448	188,659
Notes receivable from affiliate (Note 2)	289,000	289,000
Investment in Brazilian cokemaking operations (Note 3)	40,976	40,976
Properties, plants and equipment, net (Note 6)	1,180,208	1,012,771
Deferred charges and other assets	15,834	15,280
Total assets	\$ 1,718,466	\$ 1,546,686
Liabilities and Equity		
Advances from affiliate (Note 2)	\$ 888,512	\$ 409,251
Accounts payable	106,350	74,958
Accrued liabilities (Note 8)	53,158	29,992
Taxes payable	7,704	5,834
Deferred income taxes (Note 4)		534
Total current liabilities	1,055,724	520,569
Payable to affiliate (Note 2)	55,813	25,018
Accrual for black lung benefits (Note 9)	26,605	24,092
Retirement benefit liabilities (Note 8)	42,854	85,003
Deferred income taxes (Note 4)	85,930	55,044
Asset retirement obligations (Note 7)	11,014	10,296
Other deferred credits and liabilities	11,185	11,046
Commitments and contingent liabilities (Note 10)		
Total liabilities	1,289,125	731,068
Equity		
Net parent investment (Note 11)	369,541	741,994
Noncontrolling interests (Note 12)	59,800	73,624
Total equity	429,341	815,618
Total liabilities and equity	\$ 1,718,466	\$ 1,546,686

(See Accompanying Notes)

Table of Contents**SunCoke****Combined Statements of Cash Flows**

	Years ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Cash Flows from Operating Activities:			
Net income	\$ 146,306	\$ 211,236	\$ 132,932
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	48,157	32,323	24,554
Deferred income tax expense	15,426	15,174	14,618
Payments (in excess of) less than expense for retirement plans	(5,979)	3,309	1,607
Changes in working capital pertaining to operating activities:			
Accounts receivable	34,733	(38,577)	(13,668)
Inventories	(31)	(27,078)	(32,674)
Accounts payable and accrued liabilities	54,163	(8,300)	39,478
Taxes payable	1,870	(240)	(714)
Other	1,958	(601)	5,197
Net cash provided by operating activities	296,603	187,246	171,330
Cash Flows from Investing Activities:			
Capital expenditures	(215,657)	(215,194)	(304,473)
Proceeds from sale of assets	1,736	88	4
Net cash used in investing activities	(213,921)	(215,106)	(304,469)
Cash Flows from Financing Activities:			
Net increase (decrease) in advances from affiliate	(56,195)	25,497	205,831
Contribution from parent	1,000		
Repayments of revolving credit loans from affiliate			(10,000)
Repayments of borrowings under deficit funding agreement with related party			(55,968)
Increase in payable to affiliate	30,795	733	24,124
Cash distributions to noncontrolling interests in cokemaking operations	(20,931)	(18,611)	(30,284)
Net cash (used in) provided by financing activities	(45,331)	7,619	133,703
Net increase (decrease) in cash and cash equivalents	37,351	(20,241)	564
Cash and cash equivalents at beginning of period	2,741	22,982	22,418
Cash and cash equivalents at end of period	\$ 40,092	\$ 2,741	\$ 22,982

(See Accompanying Notes)

Table of Contents**SunCoke****Combined Statements of Comprehensive Income and Equity**

	Comprehensive Income ⁽¹⁾	Net Parent Investment (Dollars in thousands)	Noncontrolling Interests
At December 31, 2007		\$ 445,938	\$ 81,939
Net income	\$ 132,932	113,904	19,028
Other comprehensive loss (net of related tax benefit of \$3,520):			
Reclassifications of prior service benefit and actuarial loss amortization to earnings	(111)	(111)	
Retirement benefit plans funded status adjustment	(5,405)	(5,405)	
Currency translation adjustment	(1,914)	(1,914)	
Cash distributions to noncontrolling interests			(30,284)
Total	\$ 125,502		
At December 31, 2008		\$ 552,412	\$ 70,683
Net income	\$ 211,236	189,684	21,552
Other comprehensive income (loss) (net of related tax benefit of \$1,447):			
Reclassifications of prior service benefit and actuarial loss amortization to earnings	366	366	
Retirement benefit plans funded status adjustment	(2,694)	(2,694)	
Currency translation adjustment	2,226	2,226	
Cash distributions to noncontrolling interests			(18,611)
Total	\$ 211,134		
At December 31, 2009		\$ 741,994	\$ 73,624
Net income	\$ 146,306	139,199	7,107
Other comprehensive income (loss) (net of related tax benefit of \$13,823):			
Reclassifications of prior service benefit and actuarial loss amortization to earnings	(1,712)	(1,712)	
Retirement benefit plans funded status adjustment	24,068	24,068	
Currency translation adjustment	448	448	
Capital contribution from parent		1,000	
Noncash distributions to affiliates		(535,456)	
Cash distributions to noncontrolling interests			(20,931)
Total	\$ 169,110		
At December 31, 2010		\$ 369,541	\$ 59,800

(1) Comprehensive income attributable to net parent investment amounted to \$162,003, \$189,582, and \$106,474 for the years ended December 31, 2010, 2009 and 2008, respectively.

(See Accompanying Notes)

Table of Contents**SunCoke****Notes to Combined Financial Statements****1. Summary of Significant Accounting Policies****Principles of Combination and Description of Business**

The accompanying combined financial statements include the accounts of all operations that comprise the cokemaking and coal mining operations of Sunoco, Inc. (collectively, SunCoke or the Company), after elimination of all intercompany balances and transactions within the combined group of companies. The Company is an independent owner and operator of four metallurgical cokemaking facilities in the eastern and midwestern regions of the United States and operator of a cokemaking facility for a project company in Brazil in which it has a preferred stock investment. The cokemaking operations include blast furnace coke manufacturing at the Company's Jewell Coke Company, L.P. (Jewell) facility in Vansant, VA; Indiana Harbor Coke Company, L.P. (Indiana Harbor) facility in East Chicago, IN; Haverhill North Coke Company (Haverhill) facility in Franklin Furnace, OH; and Gateway Energy & Coke Company, LLC (Granite City) facility in Granite City, IL. The Company has also entered into an agreement with AK Steel under which the Company will build, own and operate a cokemaking facility and associated cogeneration power plant adjacent to AK Steel's Middletown, OH steelmaking facility (Note 3). In addition to its cokemaking operations, the Company has metallurgical coal mining operations in the eastern United States. The metallurgical coal produced from underground mines in Virginia and West Virginia is used primarily at the Jewell cokemaking facility. In January 2011, the Company acquired Harold Keene Coal Company, Inc. and all of its affiliates (the HKCC Companies), which include two active underground mines and one active surface mine and one active highwall mine that are contiguous to the Company's existing mines for approximately \$40 million, exclusive of contingent consideration.

In December 2010, Sunoco, Inc. formed SunCoke Energy, Inc. (SunCoke Energy) to ultimately acquire, own, and operate the cokemaking and coal mining operations of Sunoco which constitute the businesses set forth in these combined financial statements. As part of the separation of the cokemaking and coal mining operations from Sunoco, Sunoco expects to contribute to SunCoke Energy the subsidiaries, assets and liabilities that are primarily related to its cokemaking and coal mining businesses. Effective with the closing of an initial public offering of SunCoke Energy's common stock, the ownership of these businesses will be transferred to SunCoke Energy. This transfer will represent a reorganization of entities under common control and will be recorded at historical cost. Sunoco has also announced its intent to distribute its remaining equity interest in SunCoke Energy after the initial public offering to holders of Sunoco's common stock through a spin-off at a later date.

A variable interest entity (VIE) is a legal entity in which equity investors do not have sufficient equity at risk for the legal entity to finance its activities without additional subordinated financial support or, as a group, the holders of the equity investment at risk lack any one of the following three characteristics: (1) the power, through voting rights or similar rights, to direct the activities of a legal entity that most significantly impact the entity's economic performance; (2) the obligation to absorb the expected losses of the legal entity; or (3) the right to receive the expected residual returns of the legal entity. A company with a variable interest or interests in a VIE is required to consolidate that VIE if it has a controlling financial interest, which will have both of the following characteristics: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company entered into an agreement in March 1997 with Lakeshore Coal Handling Corporation (Lakeshore) which provides coal handling services at the Indiana Harbor cokemaking facility. Under generally accepted accounting principles, it is possible that Lakeshore would be a VIE and that the Company should be considered Lakeshore's primary beneficiary. However, Lakeshore has declined to provide the Company with the financial information to make this determination. Accordingly, the Company does not include Lakeshore's accounts in its combined financial statements as permitted by a transition provision of the VIE accounting

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

guidance. In addition, the Company has no obligations to Lakeshore under the agreement other than the amounts payable for the coal handling services (Note 10). The Company will continue to make efforts to obtain this information.

Basis of Presentation

The accompanying combined financial statements reflect the historical cost-based amounts of the Company and include charges from Sunoco, Inc. and its subsidiaries (collectively, Sunoco) for direct costs and allocations of indirect corporate overhead attributable to the operations of the Company. The Company believes that the allocation methods are reasonable, and that the allocations are representative of what the costs would have been on a stand-alone basis. However, because of certain related party relationships and transactions (Note 2), these combined financial statements may not necessarily be indicative of the conditions that would have existed or results of operations that would have occurred if the Company had been a separate and independent company.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual amounts could differ from these estimates.

Currency Translation

The functional currency of the Company's Brazilian operations is the Brazilian real. The Company's Brazilian operations translate their 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 is shown as cumulative translation adjustments within accumulated other comprehensive income (loss) in the combined balance sheets. The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period.

Some transactions of the Company's Brazilian operations are conducted in currencies different from their functional currency. Gains and losses from these foreign currency transactions are included in income as they occur and were not material to the results of operations during the years ended December 31, 2010, 2009 and 2008.

Revenue Recognition

The Company sells metallurgical coal and coke as well as steam and electricity to third-party customers. Steam is also sold to Sunoco. 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. Revenues related to the sale of products are recognized when title passes, while service revenues are recognized when services are provided. Licensing fees, which are determined on a per ton basis, are recognized when coke is produced in accordance with the contract terms. Title passage generally occurs when products are shipped or delivered in accordance with the terms of the respective sales agreements. In addition, revenues are not recognized until sales prices are fixed or determinable and collectability is reasonably assured.

As discussed in Note 3, substantially all of the metallurgical coke produced by the Company is sold pursuant to long-term contracts with its customers. The Company evaluates each of its contracts to determine whether the arrangement contains a lease under the applicable accounting standards. If the specific facts and circumstances indicate that it is remote that parties other than the contracted customer will take more than a

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

minor amount of the coke that will be produced by the property, plant, and equipment during the term of the coke supply agreement, and the price that the customer is paying for the coke is neither contractually fixed per unit nor equal to the current market price per unit at the time of delivery, then the long-term contract is deemed to contain a lease. The lease component of the price of coke represents the rental payment for the use of the property, plant and equipment, and all such payments are accounted for as contingent rentals as they are only earned by the Company when the coke is delivered and title passes to the customer. The total amount of revenue recognized by the Company for these contingent rentals represents less than 10 percent of combined sales and other operating revenues for each of the years ended December 31, 2010, 2009 and 2008.

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 time deposits and money market investments.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method, except for the cost of coal inventory at Jewell and 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 (Note 3) to record lower of cost or market inventory adjustments. Through December 31, 2010, the selling price for coke at Jewell was an amount equal to the sum of: (1) the cost of delivered coal to the Haverhill facility multiplied by an adjustment factor; (2) actual transportation costs; (3) an operating cost component indexed for inflation; (4) a fixed-price component; and (5) applicable taxes (except for property and net income taxes). Coke selling prices for Indiana Harbor, Haverhill and Granite City production reflect the pass-through of coal costs and transportation costs. Such prices also include an operating cost and fixed-price component.

Properties, Plants and Equipment

Plants and equipment and capitalized coal mine development costs are depreciated on a straight-line basis over their estimated useful lives. Coke and energy plant, machinery and equipment are depreciated over 25 to 30 years. All depreciation, depletion and amortization is excluded from cost of products sold and operating expenses and presented separately in the combined statements of income. Gains and losses on the disposal or retirement of fixed assets are reflected in income when the assets are sold or retired. Normal repairs and maintenance costs are expensed as incurred. Amounts incurred that extend an asset's useful life, increase its productivity or add production capacity are capitalized. Direct costs, such as outside labor, materials, internal payroll and benefits costs, incurred during the construction of a new facility are capitalized; indirect costs are not capitalized.

The Company's coal mining operations lease small parcels of land, mineral rights and coal mining rights. Substantially all of the leases are life of mine agreements that extend the Company's mining rights until all reserves have been recovered. These leases convey mining rights to the Company in exchange for payment of certain royalties and/or fixed fees. The lease and mineral rights are capitalized and amortized to operations as depletion expense using the units-of-production method. Only proven and probable coal reserves are included in the depletion base.

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

Impairment of Long-Lived Assets

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. An asset, or group of assets, are considered to be impaired when the undiscounted estimated net cash flows expected to be generated by the asset, or group of assets, are less than its carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset, or group of assets. The Company is currently reviewing the results of an engineering study conducted to evaluate the expected physical life of the coke ovens at its Indiana Harbor cokemaking facility. The Company believes that based on its current estimates of the undiscounted future cash flows associated with its Indiana Harbor operations, the long-lived assets are not impaired.

Investment in Brazilian Cokemaking Operations

SunCoke's investment in preferred shares of the company that owns the cokemaking facility in Vitória, Brazil that SunCoke operates under licensing and operating agreements is accounted for at cost. Income received by SunCoke from this investment, which is in the form of a dividend, is contingent upon achieving certain minimum production levels at the facility and payment is guaranteed by the parent company of the plant's owner, which is a lessee of the facility. Accordingly, the Company recognizes income from this investment when certain required production levels have been met and the amount is deemed collectible.

Income Taxes

The Company and certain subsidiaries of Sunoco are included in the consolidated federal and consolidated, combined or unitary state income tax returns filed by Sunoco. However, the provision for income taxes included in the combined statements of income and deferred income tax amounts reflected in the combined balance sheets have been determined on a theoretical separate-return basis. Any current federal and state income tax amounts under a tax-sharing arrangement are settled with Sunoco. Net operating losses and tax credit carryforwards generated on a separate-return basis may be used to offset future taxable income determined on a similar basis. Such benefits are reflected in the Company's deferred tax assets notwithstanding the fact that such losses and credits may actually have been realized on Sunoco's consolidated income tax returns. In order to recognize fully the deferred tax asset, the Company must expect to generate sufficient taxable income to utilize its temporary differences and net operating loss and tax credit carryforwards before they would expire on a separate-return basis. The Company records a valuation allowance to reduce its deferred tax assets to an amount that is more likely than not to be realized. The valuation allowance is regularly reviewed for adequacy.

The Company recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest accrued related to unrecognized tax benefits are included in interest cost and penalties accrued related to unrecognized tax benefits are included in income taxes in combined statement of income.

Retirement Benefit Liabilities

The funded status of defined benefit and postretirement benefit plans is fully recognized on the combined balance sheets. It is determined by the difference between the fair value of plan assets and the benefit obligation, with the benefit obligation represented by the projected benefit obligation for defined benefit plans and the accumulated postretirement benefit obligation for postretirement benefit plans. Actuarial gains (losses) and prior service (benefits) costs which have not yet been recognized in net income are recognized as a credit (charge) to the accumulated other comprehensive loss component of net parent investment. The credit (charge) to net parent

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

investment, which is reflected net of related tax effects, is subsequently recognized in net income when amortized as a component of defined benefit plans and postretirement benefit plans expense. In addition, the credit (charge) may also be recognized in net income as a result of a plan curtailment or settlement.

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.

Shipping and Handling Costs

Shipping and handling costs are included in cost of products sold and operating expenses.

Fair Value Measurements

The Company determines the fair value of its balance sheet items that are required to be measured at fair value on a recurring basis using 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 established by the new guidance. The Company generally applies the market approach to determine fair value. This method uses pricing and other information generated by market transactions for identical or comparable assets and liabilities. 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.

2. Related Party Transactions

The related party transactions with Sunoco and its affiliates are as follows:

Advances from/to Affiliate

Sunoco, Inc. (R&M), a wholly owned subsidiary of Sunoco, serves as a lender and borrower of funds and a clearinghouse for the settlement of receivables and payables for the Company and Sunoco and its affiliates. Amounts due to Sunoco, Inc. (R&M) for the settlement of payables which include advances to fund capital expenditures amounted to \$864.3 and \$396.1 million at December 31, 2010 and 2009, respectively. Interest on such advances is based on short-term money market rates. The weighted-average interest rates used to determine interest expense for these amounts due were 1.6, 1.6 and 4.1 percent at December 31, 2010, 2009, and 2008, respectively.

Jewell has a \$10.0 million revolving credit agreement with Sunoco, Inc. (R&M) (the Jewell Revolver), which expires on March 1, 2012. Borrowings under the Jewell Revolver bear interest at a rate based on the ninety-day commercial paper rate as reported in the Wall Street Journal plus 0.5 percent. There were no borrowings under the Jewell Revolver at December 31, 2010 or 2009.

Jewell is also a party to an agreement with Sunoco, Inc. (R&M) under which Sunoco, Inc. (R&M) finances any deficits of the Jewell cokemaking operations in excess of \$10.0 million (the Deficit Funding Agreement).

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

The agreement will expire on June 30, 2015. Borrowings under the Deficit Funding Agreement bear interest at a rate equal to the prime rate plus 1 percent. There were no borrowings under the Deficit Funding Agreement at December 31, 2010 or 2009.

Indiana Harbor has a revolving credit agreement with Sunoco, Inc. (R&M) (the Indiana Harbor Revolver), which expires on December 31, 2011. The amount available under the agreement through June 30, 2011 is \$30.0 million and from July 1, 2011 through December 31, 2011, the amount available is reduced to \$20.0 million. Borrowings under the Indiana Harbor Revolver amounted to \$24.2 and \$13.1 million at December 31, 2010 and 2009, respectively. The interest rates for advances under the Indiana Harbor Revolver were based on the one-month London Inter-Bank Offered Rate, as quoted by Bloomberg, L.P., plus 1 percent (1.26 and 1.23 percent at December 31, 2010 and 2009, respectively).

Interest income on advances to affiliate generated by the investment of idle funds under the clearinghouse activities described above is included in interest income affiliate in the combined statements of income and totaled \$1.5, \$1.8, and \$5.1 million in 2010, 2009, and 2008, respectively. Interest paid to affiliates under the above borrowing arrangements is classified as interest cost affiliate in the combined statements of income and totaled \$5.4, \$5.7, and \$11.2 million in 2010, 2009, and 2008, respectively.

Receivables/Payable from/to Affiliate

During 2002, in connection with an investment in the partnership by a third-party investor, Indiana Harbor loaned \$200.0 million of excess cash to The Claymont Investment Company (Claymont), a wholly owned subsidiary of Sunoco. The loan is evidenced by a note, which is due January 1, 2032 with interest receivable at a rate of 7.44 percent per annum. Interest income related to the note, which is paid quarterly, is included in interest income affiliate in the combined statements of income and amounted to \$14.9 million in 2010, 2009, and 2008.

In 2000, in connection with an investment in the partnership by a third-party investor, Jewell loaned \$89.0 million of excess cash to Claymont. The loan is evidenced by a note, which is due December 31, 2020 with interest receivable at a rate of 8.24 percent per annum. Interest income related to the note, which is paid annually, is included in interest income affiliate in the combined statements of income and amounted to \$7.3 million in 2010, 2009, and 2008.

The Company has a non-interest bearing payable to affiliate totaling \$55.8 and \$25.0 million at December 31, 2010 and 2009. This intercompany balance represents the difference between the taxes allocated to the Company by Sunoco under a tax-sharing arrangement and the taxes recognized by the Company on a separate-return basis as reflected in the combined financial statements. The intercompany balance is settled with Sunoco when the Company realizes the allocated taxes in its current tax provision as computed under the tax-sharing arrangement.

Net Parent Investment

The net parent investment represents Sunoco's equity investment in the Company and reflects capital contributions or returns of capital, net income attributable to Sunoco's ownership and accumulated other comprehensive income (loss) which is all attributable to Sunoco's ownership.

During 2010, certain entities which are part of SunCoke made noncash distributions comprised of \$535.5 million of amounts receivable from Sunoco, Inc. (R&M) as a distribution of prior years' earnings of such subsidiaries to Sunoco. The receivables, which had been offset against amounts due to Sunoco, Inc. (R&M) in the combined balance sheet, were established by prior cash deposits to Sunoco, Inc. (R&M) resulting primarily

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

from the subsidiaries' earnings. This transaction was treated as a noncash increase in advances from affiliate and a decrease in net parent investment. Accordingly, it is not reflected in the combined statement of cash flows for the year ended December 31, 2010.

Sales to Affiliate

The flue gas produced during the Haverhill cokemaking process is being utilized to generate low-cost steam, which is being sold to the adjacent chemical manufacturing complex owned and operated by Sunoco's Chemicals business. Such steam sales totaled \$9.6, \$7.8, and \$11.0 million in 2010, 2009, and 2008, respectively.

Allocated Expenses

Amounts were allocated from subsidiaries of Sunoco for employee benefit costs of certain executives of the Company as well as for the cost associated with the participation of such executives in Sunoco's principal management incentive plans. The employee benefit costs were allocated as percentage of the executives' actual pay while the incentive plan costs represented the actual costs associated to the executives. Indirect corporate overhead attributable to the operations of the Company has also been allocated from Sunoco. These overhead expenses incurred by Sunoco include costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology, insurance and other corporate services. The allocation methods for these costs include: estimates of the cost and level of support attributable to SunCoke for legal, accounting, treasury and engineering; usage and headcount for information technology; and prior years' claims information and historical cost of insured assets for insurance. The above allocations are included in cost of products sold and operating expenses and selling, general and administrative expenses in the combined statements of income and totaled \$7.1, \$6.3, and \$3.7 million in 2010, 2009, and 2008 respectively.

Guarantees and Indemnifications

For a discussion of certain guarantees that Sunoco, Inc. is providing to the current third-party investors of the Indiana Harbor cokemaking operations and the former third-party investors of the Jewell cokemaking facility on behalf of the Company, see Note 10 to the combined financial statements.

3. Customer Concentrations

The Company currently sells approximately 3.6 million tons of metallurgical coke per year to its three primary customers in the United States: ArcelorMittal, U.S. Steel, and AK Steel. Substantially all of the production from the Jewell and Indiana Harbor facilities and approximately one half of the production from the Haverhill facility is sold pursuant to long-term contracts with affiliates of ArcelorMittal. The remaining balance of coke sales produced at the Haverhill facility, which commenced operations in 2008 and became fully operational in 2009, were initially sold to affiliates of OAO Severstal and then to AK Steel under long-term contracts. All coke sales from the Granite City cokemaking facility, which commenced operations in the fourth quarter of 2009, are made pursuant to a long-term contract with U.S. Steel. In addition, the licensing and operating fees, as well as preferred dividends pertaining to the Brazilian cokemaking operations, are payable to the Company under long-term contracts with a Brazilian subsidiary of ArcelorMittal.

The Company generally does not require any collateral with respect to its accounts receivable. At December 31, 2010, the Company's accounts receivable balances were primarily due from ArcelorMittal, U.S. Steel and AK Steel.

The Company is also supplying ArcelorMittal with substantially all of the coke production from the Jewell operations. Under the coke sales agreement, the Company is required to provide ArcelorMittal with up to

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

710 thousand tons of coke annually. Prior to the restructuring of this contract (see below), the term of that agreement ran through September 2020 (concurrent with the term of the Haverhill agreement with ArcelorMittal). Under the agreement, coke was being supplied on a take-or-pay basis through October 2012, and thereafter was to be adjusted annually and based upon the projected annual coke requirements of ArcelorMittal above certain fixed thresholds.

Production from the Indiana Harbor facility is sold and delivered principally to ArcelorMittal's Indiana Harbor Works steel plant, which is adjacent to the Indiana Harbor cokemaking facility. The coke sales agreement requires the Company to provide ArcelorMittal with 1.22 million tons of coke annually on a take-or-pay basis.

The Company is supplying approximately 550 thousand tons per year of coke from its Haverhill plant to affiliates of ArcelorMittal. Prior to the restructuring of this contract (see below), coke was being supplied to affiliates of ArcelorMittal on a take-or-pay basis through September 2012, and thereafter was to be adjusted annually and based upon the projected annual coke requirements of ArcelorMittal above certain fixed thresholds through October 2020. The coke price under the coke agreement at Haverhill with affiliates of ArcelorMittal reflects the pass through of coal and transportation costs, all applicable taxes (excluding property and income taxes), and coke transportation costs, as well as an operating cost component and fixed cost component. ArcelorMittal is entitled to receive under the Haverhill agreement, as a credit to the price of coke, an amount representing a percentage of the realized value of certain applicable nonconventional fuels tax credits, to the extent such credits are available.

Beginning in July 2009, ArcelorMittal initiated legal proceedings challenging the prices charged to ArcelorMittal under the Jewell coke purchase agreement. In August 2010, ArcelorMittal presented the Company with additional bases for challenging the prices charged for coke produced at the Jewell facility as well as its Haverhill facility and also presented its notice of intent to arbitrate outstanding issues relating to the Indiana Harbor facility, including, among other things, the prices charged for coke produced at that facility. The Company and ArcelorMittal participated in court ordered mediation in January 2011 which resulted in a commercial resolution of the litigation. The parties agreed to amend the Jewell and Haverhill coke supply agreements effective January 1, 2011 to eliminate the fixed coal cost adjustment factor in the Jewell agreement and increase the operating cost and fixed fee components payable to the Company under both agreements. The parties also agreed that the take-or-pay provisions of these coke sales agreements would remain in effect through the end of the terms of these agreements in December 2020. This extension provides the Company a guaranteed outlet for this coke production through 2020. If the amendments to the Jewell and Haverhill agreements had been in place during 2010, the Company's pretax income would have been reduced by approximately \$60 million (unaudited). In February 2011, ArcelorMittal and the Company also entered into a settlement agreement to resolve the Indiana Harbor arbitration claims. The Indiana Harbor settlement will not significantly impact the Company's future income.

The Company is the operator of a cokemaking facility in Vitória, Brazil and has preferred stock investment of \$41.0 million in the project company that owns the Vitória facility. The Company is the sole subscriber of preferred shares. The project company is a VIE for which the Company is not the primary beneficiary. As such, the Company does not include the project company's accounts in its combined financial statements. Originally, under a series of agreements with the local project company, in which ArcelorMittal Brasil (AMB) is the major shareholder, AMB agreed to purchase all of the coke and steam produced at the cokemaking facility under a long-term tolling agreement and the Company agreed to operate the cokemaking facility through 2023 and receive fees for operating the plant as well as for the licensing of the Company's proprietary technology. The Company is also entitled to a \$9.5 million annual dividend for its preferred stock investment until 2023. Receipt of the dividend generally requires that certain minimum production levels are achieved at the facility. Dividend income of \$9.5 million was recognized in the second quarter of 2009 when it was determined that amounts

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

attributable to 2008 were realizable. An additional dividend of \$9.5 million was recognized in the fourth quarters of 2010 and 2009. There was no dividend income recognized in 2008. These amounts are included in other income, net, in the combined statements of income. In addition, AMB and the Company have a call and put option, respectively, on the Company's investment in the project company, which can be exercised in 2024. The option price is \$41.0 million, the amount of SunCoke's investment, plus any unpaid dividends and related interest. In the fourth quarter of 2009, the commercial and investment structure was modified to allow the local project company to lease the coke facility to AMB rather than enter into a long-term tolling agreement for coke. As part of this restructuring, the long-term operating agreement with the Company was assigned and restated with AMB and AMB has guaranteed the dividend payable by the local project company to SunCoke.

Coke sales to ArcelorMittal and licensing and operating fees from AMB, in total, accounted for 69, 84 and 92 percent, for the years ended December 31, 2010, 2009 and 2008, respectively, of the Company's total revenues.

In February 2008, the Company entered into an agreement with U.S. Steel under which the Company would build, own and operate a 650 thousand tons-per-year cokemaking facility adjacent to U.S. Steel's steelmaking facility in Granite City, IL. Construction of this facility was completed in the fourth quarter of 2009. In connection with this agreement, U.S. Steel has agreed to purchase, over a 15-year period, such coke production as well as the steam generated from the heat recovery cokemaking process at this facility.

In connection with the expansion of the Haverhill facility, the Company entered into coke purchase agreements with affiliates of OAO Severstal. Under these coke sales agreements, the affiliates of OAO Severstal agreed to purchase on a take-or-pay basis, over a 15-year period, 550 thousand tons per year from the facility. In August 2009, the Company entered into a 12-year coke sales agreement and companion energy sales agreement with AK Steel, which replaced the take-or-pay contract with the affiliates of OAO Severstal effective September 1, 2009 and January 1, 2010, respectively. Under the new agreement, AK Steel had a limited purchase obligation of 13.5 thousand tons of coke for 2009, and beginning January 1, 2010, AK Steel is required to purchase all 550 thousand tons of coke per year from this facility. In addition, under the energy sales agreement, AK Steel began purchasing 50 percent of the electricity produced at the associated cogeneration power plant in May 2010. These contracts are subject to early termination by AK Steel after November 2014 under limited circumstances provided AK Steel has given at least two years notice of its intention to terminate and certain other conditions are met.

In March 2008, the Company entered into an agreement with AK Steel under which the Company will build, own and operate a cokemaking facility and associated cogeneration power plant adjacent to AK Steel's Middletown, OH steelmaking facility. The Company has obtained the necessary permits to build and operate the plant, although some of them have been appealed. Management believes that any risks have been sufficiently mitigated and construction of the facility is proceeding. These facilities are expected to cost in aggregate approximately \$410 million and be completed in the fourth quarter of 2011. The plant is expected to produce approximately 550 thousand tons of coke per year and, on average, 44 megawatts of power per hour. In connection with this agreement, AK Steel has agreed to purchase, over a 20-year period, all of the coke and available electrical power from these facilities. Expenditures through December 31, 2010 for the construction of this facility totaled \$242.2 million.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****4. Income Taxes**

The components of income tax expense are as follows:

	Years Ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Income taxes currently payable (receivable):			
U.S. federal	\$ 23,660	\$ (10,263)	\$ 11,565
State	5,220	13,003	9,487
Foreign	2,636	2,818	2,461
	31,516	5,558	23,513
Deferred tax (benefit):			
U.S. federal	14,780	15,056	15,557
State	646	118	(939)
	15,426	15,174	14,618
	\$ 46,942	\$ 20,732	\$ 38,131

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

	Years Ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Income tax expense at U.S. statutory rate of 35 percent	\$ 67,637	\$ 81,189	\$ 59,872
Increase (reduction) in income taxes resulting from:			
Income attributable to noncontrolling interests ⁽¹⁾	(2,487)	(7,543)	(6,660)
Nonconventional fuel credit	(19,044)	(19,299)	(15,727)
Gasification investment tax credit ⁽²⁾		(40,663)	
State and other income taxes, net of federal income tax effects	3,813	8,529	5,556
Percentage depletion		(517)	(1,192)
Manufacturers deduction	(2,834)		(2,574)
Other	(143)	(964)	(1,144)
	\$ 46,942	\$ 20,732	\$ 38,131

⁽¹⁾ No income tax expense is reflected in the combined statements of income for partnership income attributable to noncontrolling interests.

⁽²⁾ Recognized under the flow-through method of accounting for investment tax credits.

During 2010, the Company recognized a current year deferred tax benefit of \$19.0 million attributable to a nonconventional fuel tax credit carryforward and utilized nonconventional fuel tax credit carryforwards generated from 2004 through 2006 of \$9.8 million. During 2009, the

Edgar Filing: SAPPI LTD - Form 6-K

Company recognized tax credit carryforward benefits of \$60.0 million attributable to the nonconventional fuel credit and the gasification investment tax credit.

F-16

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

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

	December 31	
	2010	2009
	(Dollars in thousands)	
Deferred tax assets:		
Retirement benefit liabilities	\$ 17,654	\$ 32,285
Black lung benefit liabilities	10,068	9,071
Nonconventional fuel credit carryforward ⁽¹⁾	73,242	63,997
Gasification investment tax credit carryforward ⁽¹⁾	40,663	40,663
Federal tax credit carryforward ⁽²⁾	2,694	4,877
Foreign tax credit carryforward		3,831
State tax credit carryforward, net of federal income tax effects	4,857	3,774
State net operating loss carryforward, net of federal income tax effects		2,034
Other liabilities not yet deductible	11,622	10,996
Other	1,006	1,024
	161,806	172,552
Deferred tax liabilities:		
Properties, plants and equipment	(245,375)	(218,193)
Investment in partnerships	(1,221)	(9,937)
	(246,596)	(228,130)
Net deferred income tax liability	\$ (84,790)	\$ (55,578)

⁽¹⁾ Nonconventional fuel credit and gasification investment tax credit carryforwards would expire on a separate-return basis from 2026 through 2030. These credits have already been or are expected to be utilized by Sunoco on its consolidated income tax return.

⁽²⁾ The federal tax credit carryforward represents an alternative minimum tax (AMT) credit carryforward. This credit has already been utilized by Sunoco on its consolidated income tax return.

The net deferred income tax liability is classified in the combined balance sheets as follows:

	December 31	
	2010	2009
	(Dollars in thousands)	
Current asset	\$ 1,140	\$
Current liability		(534)
Noncurrent liability	(85,930)	(55,044)
	\$ (84,790)	\$ (55,578)

Edgar Filing: SAPPI LTD - Form 6-K

Cash payments (refunds), including settlements, for income taxes as required under the tax-sharing arrangement with Sunoco amounted to \$32.4, \$(6.1), and \$25.2 million in 2010, 2009, and 2008, respectively.

Sunoco's consolidated federal income tax returns which include SunCoke have been examined by the Internal Revenue Service for all years through 2006. 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 are no outstanding controversies applicable to

F-17

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

SunCoke which would require recognition of a liability for unrecognized tax benefits at December 31, 2010 and the Company has recorded no liabilities for unrecognized tax benefits, interest or penalties during the years ended December 31, 2010, 2009 and 2008. The Company does not expect that any unrecognized tax benefits pertaining to income tax matters will be required in the next twelve months.

5. Inventories

The Company's inventory consists of metallurgical coal, which is the principal raw material for the Company's cokemaking operations, and 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	
	2010	2009
	(Dollars in thousands)	
Coal	\$ 68,659	\$ 63,478
Coke	13,152	23,814
Materials, supplies and other	24,799	19,287
	\$ 106,610	\$ 106,579

6. Properties, Plants and Equipment, Net

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

	December 31	
	2010 ⁽¹⁾	2009
	(Dollars in thousands)	
Coke and energy plant, machinery and equipment	\$ 1,037,046	\$ 1,024,220
Mining plant, machinery and equipment	120,205	107,213
Land and land improvements	56,588	52,492
Lease and mineral rights	12,642	12,458
Construction-in-progress	263,114	84,868
Other	27,186	22,761
Gross investment, at cost	1,516,781	1,304,012
Less: Accumulated depreciation, depletion and amortization	(336,573)	(291,241)
Total properties, plants and equipment, net	\$ 1,180,208	\$ 1,012,771

⁽¹⁾ Includes assets, consisting mainly of coke and energy plant, machinery and equipment, with a gross investment totaling \$544.8 million and accumulated depreciation of \$118.4 million at December 31, 2010 which are subject to long-term contracts to sell metallurgical coke and are deemed to contain operating leases.

7. Asset Retirement Obligations

Edgar Filing: SAPPI LTD - Form 6-K

The Company's asset retirement obligations arise from the Federal Surface Mining Control and Reclamation Act of 1977 and similar state statutes, which require that mine property be restored in accordance with specified standards and an approved reclamation plan. The Company also has asset retirement obligations related to the remediation of certain contractual obligations including the retirement and removal of long-lived assets from certain properties. We do not have any unrecorded asset retirement obligations.

F-18

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

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

Balance at January 1, 2009	\$ 6,380
Liabilities incurred ⁽¹⁾	3,964
Liabilities settled	(401)
Accretion expense ⁽²⁾	399
Revisions in estimated cash flows	(46)
 Balance at December 31, 2009	 \$ 10,296
 Liabilities incurred	
Liabilities settled	(43)
Accretion expense ⁽²⁾	695
Revisions in estimated cash flows	66
 Balance at December 31, 2010	 \$ 11,014

⁽¹⁾ Includes \$3.7 million associated with the Granite City cokemaking facility placed into service in 2009.

⁽²⁾ Included in cost of products sold and operating expenses.

8. Retirement Benefits Plans**Defined Benefit Pension Plan and Postretirement Health Care and Life Insurance Plans**

The Company has a noncontributory defined benefit pension plan (defined benefit plan), which provides retirement benefits for certain of its employees. The Company also has plans which provide health care and life insurance benefits for all of its retirees (postretirement benefit plans). The postretirement benefit plans are unfunded and the costs are borne by the Company.

Effective January 1, 2011, pension benefits under the Company's defined benefit plan will be frozen for all participants in this plan. The Company also amended its postretirement benefit plans during the first quarter of 2010. Postretirement medical benefits for its future retirees will be phased out or eliminated, effective January 1, 2011, for non-mining employees with less than ten years of service and employer costs for all those still eligible for such benefits will be capped. As a result of these changes to its postretirement benefit plans, the Company's postretirement benefit liability declined \$36.7 million. Most of the benefit of this liability reduction will be amortized into income through 2016. The Company's pension plan assets are currently invested in a trust with the assets of other pension plans of Sunoco.

Defined benefit plan expense (benefit) consisted of the following components:

	Years Ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Service cost	\$ 499	\$ 458	\$ 347

Edgar Filing: SAPPI LTD - Form 6-K

Interest cost on benefit obligations	1,596	1,635	1,650
Expected return on plan assets	(2,203)	(1,683)	(2,571)
Amortization of:			
Actuarial losses	655	866	
Prior service cost			40
	\$ 547	\$ 1,276	\$ (534)

F-19

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

Postretirement benefit plans expense consisted of the following components:

	Years Ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Service cost	\$ 707	\$ 1,570	\$ 1,333
Interest cost on benefit obligations	3,091	4,700	4,661
Amortization of:			
Actuarial losses	2,057	1,290	1,332
Prior service benefit	(4,752)	(1,555)	(1,555)
	1,103	6,005	5,771
Curtailment gain	(724)		
	\$ 379	\$ 6,005	\$ 5,771

Amortization of actuarial losses for 2011 is estimated at \$0.6 million for the defined benefit plan. Amortization of actuarial losses and prior service benefit for 2011 is estimated to be \$1.4 and \$(5.6) million, respectively, for postretirement benefit plans.

Defined benefit plan and postretirement benefit plans expense (benefit) 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 defined benefit plan and postretirement benefit plans expense (benefit):

	Defined Benefit Plan			Postretirement Benefit Plans		
	2010	2009	2008	2010	2009	2008
Discount Rate	5.60%	6.00%	6.20%	5.30%	6.05%	6.30%
Long-term expected rate of return on plan assets	8.25%	8.25%	8.25%			

The long-term expected rate of return on plan assets was estimated based on a variety of factors including the historical investment return achieved over a long-term period, the targeted allocation of plan assets and expectations concerning future returns in the marketplace for both equity and fixed income securities.

The following amounts were recognized as components of other comprehensive income (loss) for the years ended December 31, 2010, 2009, and 2008:

	Defined Benefit Plan			Postretirement Benefit Plans		
	2010	2009	2008	2010	2009	2008
	(Dollars in thousands)					
Reclassifications to earnings of:						
Actuarial loss amortization	\$ 655	\$ 866	\$	\$ 1,873	\$ 1,290	\$ 1,332

Edgar Filing: SAPPI LTD - Form 6-K

Prior service cost (benefit) amortization			40	(5,292)	(1,555)	(1,555)
Retirement benefit plan funded status adjustments:						
Actuarial gains (losses)	238	2,188	(11,430)	7,432	(6,564)	2,577
Prior service benefit				31,273		
	\$ 893	\$ 3,054	\$ (11,390)	35,286	\$ (6,829)	\$ 2,354

F-20

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

The following tables set forth the components of the changes in benefit obligations and fair value of plan assets during 2010 and 2009 as well as the funded status at December 31, 2010 and 2009:

	Defined Benefit Plan		Postretirement Benefit Plans	
	2010	2009	2010	2009
	(Dollars in thousands)			
Benefit obligations at beginning of year ⁽¹⁾	\$ 29,037	\$ 27,851	\$ 85,161	\$ 75,999
Service cost	499	458	707	1,570
Interest cost	1,596	1,635	3,091	4,700
Actuarial losses (gains)	1,778	1,029	(5,603)	6,564
Plan Amendments			(31,273)	
Curtailments			(1,829)	
Benefits paid	(1,966)	(1,936)	(3,415)	(3,672)
Benefit obligations at end of year ⁽¹⁾	\$ 30,944	\$ 29,037	\$ 46,839	\$ 85,161
Fair value of plan assets at beginning of year ⁽²⁾	\$ 24,645	\$ 21,381		
Actual income (loss) on plan assets	4,219	4,900		
Employer contribution	3,491	300		
Benefits paid from plan assets	(1,966)	(1,936)		
Fair value of plan assets at end of year ⁽²⁾	\$ 30,389	\$ 24,645		
Funded status at end of year ⁽³⁾	\$ (555)	\$ (4,392)	\$ (46,839)	\$ (85,161)

(1) Represents both the accumulated benefit obligation and the projected benefit obligation for the defined benefit plan and the accumulated postretirement benefit obligations (APBO) for the postretirement benefit plans.

(2) There are no plan assets invested in Sunoco, Inc. common stock at December 31, 2009 (see below).

(3) Represents retirement benefit liabilities (including current portion) in the combined balance sheets. The current portion of retirement liabilities, which totaled \$4.6 million at December 31, 2010 and 2009, is classified in accrued liabilities in the combined balance sheets.

In 2010, the Company contributed \$3.5 million to its defined benefit plan consisting of \$1.0 million in cash and approximately 99 thousand shares of Sunoco common stock which was purchased from Sunoco. It is expected that the Sunoco common stock contributed to the plans will be liquidated over a period of approximately two years by an independent investment manager and reinvested in accordance with the targeted investment allocation of the plans.

The following table sets forth the cumulative amounts not yet recognized in net income at December 31, 2010 and 2009:

	Defined Benefit Plan		Postretirement Benefit Plans	
	2010	2009	2010	2009
	(Dollars in thousands)			
Cumulative amounts not yet recognized in net income:				
Actuarial losses	\$ 10,168	\$ 11,061	\$ 16,026	\$ 25,331

Edgar Filing: SAPPI LTD - Form 6-K

Prior service benefits			(29,576)	(3,595)
Accumulated other comprehensive (income) loss (before related tax benefit)	\$ 10,168	\$ 11,061	\$ (13,550)	\$ 21,736

F-21

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

The following table sets forth the plan assets in the funded defined benefit plan measured at fair value, by input level, at December 31, 2010 and 2009:

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
(Dollars in thousands)								
Equity securities:								
Sunoco, Inc. common stock	\$ 1,978	\$	\$	\$	\$	\$	\$ 1,978	\$
Domestic	2,404	2,082		52			2,404	2,134
International	161	158					161	158
Fixed income securities:								
Government and Federal-sponsored agency obligations								
	2,043	2,333					2,043	2,333
Corporate and other debt								
			7,594	3,939			7,594	3,939
Mutual and collective trust funds:								
Equity securities:								
Domestic	1,193	1,213	4,509	4,732			5,702	5,945
International	1,442	1,255	3,997	3,658			5,439	4,913
Fixed income securities:								
Government and Federal-sponsored agency obligations								
				1,408				1,408
Corporate and other debt instruments								
			1,816	1,082			1,816	1,082
Private equity investments								
					2,304	1,687	2,304	1,687
Cash and cash equivalents ⁽¹⁾								
	948	1,046					948	1,046
	\$ 10,169	\$ 8,087	\$ 17,916	\$ 14,871	\$ 2,304	\$ 1,687	\$ 30,389	\$ 24,645

⁽¹⁾ Substantially all of these funds are held in connection with fixed income investment strategies

The following table sets forth the change in fair value for plan assets measured using significant unobservable inputs (level 3):

	2010	2009
(Dollars in thousands)		
Balance at the beginning of the year	\$ 1,687	\$ 1,783
Actual loss on plan assets:		
Assets held at end of year	382	(214)
Assets sold during the year		
Purchases and sales, net	235	118
Balance at the end of the year	\$ 2,304	\$ 1,687

Edgar Filing: SAPPI LTD - Form 6-K

Investments in equity and fixed income securities that are publicly traded are valued at the closing market prices on the last business day of the year. Other equity and fixed income securities are generally valued using

F-22

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

other observable inputs to estimate fair value on the last business day of the year. Investments in mutual funds and collective trust funds are primarily based on the closing market price of the assets held in the funds on the last business day of the year.

The asset allocations attributable to the defined benefit plan at December 31, 2010 and 2009 and the target allocation of plan assets for 2011 (excluding the Sunoco common stock contributed in early 2010), by asset category, are as follows (in percentages):

	2011 Target	December 31	
		2010	2009
Asset category:			
Equity securities	50%	52%	53%
Fixed income securities ⁽¹⁾	45	41	40
Private equity investments	5	7	7
Total	100%	100%	100%

⁽¹⁾ Includes cash and cash equivalents which are held to manage duration in connection with fixed income investment strategies.

The investment strategy of the Company's defined benefit plan is to achieve consistent positive returns, after adjusting for inflation, and to maximize long-term total return within prudent levels of risk through a combination of income and capital appreciation. During 2009, a shift in the targeted investment mix was approved which is resulting in a reallocation of 10 percent of plan assets from equity securities to fixed income securities. In addition, the duration of the fixed income portfolio will be increased to better match the duration of the plan obligations. The objective of this strategy change is to reduce the volatility of investment returns, funded status of the plan and required contributions.

The expected benefit payments through 2020 for the defined benefit plan and postretirement benefit plans are as follows:

	Defined Benefit Plan	Postretirement Benefit Plans ⁽¹⁾
	(Dollars in thousands)	
Year ending December 31:		
2011	\$ 2,173	\$ 4,748
2012	\$ 2,172	\$ 4,926
2013	\$ 2,171	\$ 5,186
2014	\$ 2,185	\$ 4,928
2015	\$ 2,190	\$ 4,580
2016 through 2020	\$ 10,839	\$ 18,786

⁽¹⁾ Net of premiums paid by participants and before total expected reimbursements of \$2.4 million from 2011 through 2020 under the Medicare Prescription Drug Act of 2003.

The measurement date for the Company's defined benefit plan and postretirement benefit plans is December 31. The following discount rates were used at December 31, 2010 and 2009 to determine benefit obligations for the plans (in percentages):

	Defined Benefit Plan		Postretirement Benefit Plans	
	2010	2009	2010	2009
Discount rate	5.00%	5.60%	4.60%	5.75%

F-23

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

The health care cost trend assumption used at December 31, 2010 to compute the APBO for the postretirement benefit plans was an increase of 7.75 percent (8.25 percent at December 31, 2009), which is assumed to decline gradually to 5.00 percent in 2017 and to remain at that level thereafter. A one-percentage point change each year in assumed health care cost trend rates would have the following effects at December 31, 2010:

	1-Percentage Point Increase	1-Percentage Point Decrease
	(Dollars in thousands)	
Effect on total of service and interest cost components of postretirement benefits expense	\$ 13	\$ (13)
Effect on APBO	\$ 152	\$ (153)

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 \$1.8, \$2.1, and \$3.1 million in 2010, 2009, and 2008, respectively.

9. Black Lung Benefit Obligations

The Company is responsible for making pneumoconiosis (black lung) benefit payments to certain of its employees and former employees (and their dependents). Such payments are for claims under Title IV of the Federal Coal Mine Health 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 Company acts as a self-insurer for both state and federal black lung benefits and adjusts the Company's accrual each year based upon actuarial calculations of the Company's expected future payments for these benefits. For the years ended December 31, 2010, 2009 and 2008, the discount rate used to calculate the period end liability was 5.00, 6.00 and 6.20 percent, respectively. The estimated liability recognized in the Company's financial statements at December 31, 2010 and 2009 was \$26.6 and \$24.1 million, respectively. Charges against income for black lung benefits amounted to \$4.8, \$0.7, and \$3.1 million during 2010, 2009, and 2008, respectively.

In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the Act) were signed into law. The Act, among other things, amended previous legislation pertaining to black lung benefits available to certain of the Company's current and former employees and their surviving spouses. The estimated impact of the Act has been recognized in the Company's financial statements at December 31, 2010. The Company has considered the impact of the Act, and while trend rates are not yet available, the population of potentially affected individuals is such that any incremental liability would be immaterial.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****10. Commitments and Contingent Liabilities**

The Company, as lessee, has noncancelable operating leases for land, office space, equipment and railcars. Total rental expense for 2010, 2009, and 2008 amounted to \$4.6, \$3.9 and \$2.7 million, respectively. The aggregate amount of future minimum annual rentals applicable to noncancelable operating leases is as follows:

Year ending December 31:	(Dollars in thousands)
2011	\$ 1,702
2012	2,171
2013	2,168
2014	2,162
2015	1,925
Thereafter	3,344
Total	\$ 13,472

As discussed in Note 1, the Company has an agreement with Lakeshore which provides coal handling services. The fixed and determinable amounts of the Company's obligation under this agreement are as follows:

Year ending December 31:	(Dollars in thousands)
2011	\$ 4,699
2012	4,699
2013	2,350
Total	11,748
Less: Amount representing interest	(1,132)
Total at present value	\$ 10,616

Payments under this agreement, including variable components, totaled \$10.0, \$10.8 and \$11.1 million in 2010, 2009, and 2008, respectively.

The Company is subject to indemnity agreements with third-party investors (including a former investor in the Jewell cokemaking operations) for certain tax benefits that were available to them during the preferential return period in the event the Internal Revenue Service (IRS) disallows the tax deductions and benefits allocated to the third parties. These tax indemnifications are in effect until the applicable tax returns are no longer subject to IRS review. Although the Company believes the possibility is remote that it will be required to do so, at December 31, 2010, the maximum potential payment under these tax indemnifications would have been approximately \$20.0 million. Sunoco, Inc. also guarantees SunCoke's performance under the indemnification to the third-party investors.

The Company is a party to certain other pending and threatened 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 claims would not be material in relation to the combined financial position, results of operations or cash flows of the Company at December 31, 2010.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****11. Accumulated Other Comprehensive Income (Loss)**

The following table sets forth the components of accumulated other comprehensive income (loss) in net parent investment (net of related income taxes) at December 31, 2010 and 2009, respectively:

	December 31	
	(Dollars in thousands)	
	2010	2009
Retirement benefits plans	\$ 2,253	\$ (20,103)
Foreign currency translation adjustment	1,166	718
	\$ 3,419	\$ (19,385)

12. Noncontrolling Interests

On February 19, 1998, the Company transferred an interest in its Indiana Harbor cokemaking operations to a third-party investor for \$200.0 million in cash. On July 30, 2002, the Company transferred an additional interest in Indiana Harbor for \$200.0 million and sold a portion of its interest in Indiana Harbor for \$15.0 million in cash to another third-party investor. The Company did not recognize any gain at the dates of these transactions because the third-party investors were entitled to a preferential return on their investments. The returns of the investors were equal to 98 percent of the cash flows and tax benefits from such cokemaking operations during the preferential return period, which continued until the fourth quarter of 2007 (at which time both investors had recovered their investment and achieved a cumulative annual after-tax return of approximately 10 percent). Those investors are entitled to a noncontrolling interest amounting to 34 percent of the partnership's net income through 2016, at which time the noncontrolling interest percentage declines to 20 percent and will subsequently drop to 10 percent by 2038.

13. Fair Value Measurements

The Company's cash equivalents, which amounted to \$37.8 million at December 31, 2010 were measured at fair value based on quoted prices in active markets for identical assets (level 1). The Company had no cash equivalents at December 31, 2009. No other assets or liabilities were measured at fair value in the Company's combined balance sheet at December 31, 2010 and 2009.

The Company's current assets (other than inventories) and current liabilities (other than the current portion of retirement benefit liabilities and deferred income taxes) are financial instruments and most of these items are recorded at cost in the combined balance sheets. The estimated fair value of these financial instruments approximates their carrying amounts. The estimated fair value of the receivables from affiliate was \$338.4 and \$307.6 million, at December 31, 2010 and 2009, respectively. The carrying amount of these receivables was \$289.0 million on each of these dates. The fair value of these receivables from affiliate was estimated based upon the market interest rates applicable to Sunoco at the respective balance sheet dates for similar terms.

14. Business Segment Information

SunCoke is an independent owner and operator of four metallurgical cokemaking facilities in the eastern and midwestern regions of the United States and operator of a cokemaking facility for a project company in Brazil in which it has a preferred stock investment. In addition to its cokemaking operations, the Company has metallurgical coal mining operations in the eastern United States. The Company's cokemaking operations are reported as three segments: Jewell Coke, Other Domestic Coke and International Coke. The Jewell Coke segment consists of the operations of the Company's cokemaking facilities in Vansant, VA. The Indiana Harbor

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

cokemaking facility located in East Chicago, IL, the Haverhill cokemaking facility, located in Franklin Furnace, OH, and the Granite City cokemaking facility, located in Granite City, IL have been aggregated into the Other Domestic Coke segment. Each of these facilities produces metallurgical coke and recovers waste heat which is converted to steam or electricity through a similar production process. The coke production for these facilities is sold directly to integrated steel producers under contracts which provide for the pass-through of coal costs subject to contractual coal-to-coke yields plus an operating cost component and fixed fee component received for each ton of coke sold. Accordingly, SunCoke management believes that the facilities in the Other Domestic Coke segment have similar long-term economic characteristics. The International Coke segment operates a cokemaking facility located in Vitória, Brazil for a project company. The International Coke segment also earns income from a dividend on its preferred stock investment assuming that certain minimum production levels are achieved at the plant.

The Company's Coal Mining segment conducts coal mining operations near the Company's Jewell cokemaking facility, centered in Vansant, VA with mines located in Virginia and West Virginia. Currently, a substantial portion of the coal production is sold to the Jewell Coke segment for conversion into metallurgical coke. Some coal is also sold to the Other Domestic Coke facilities. There are limited third-party sales at this time. Intersegment coal revenues for sales to the Jewell Coke and Other Domestic Coke segments are based on the prices that the coke customers of the Other Domestic Coke segment have agreed to pay for the internally produced coal, which approximate the market prices for this quality of metallurgical coal. In January 2011, the Company acquired the HKCC Companies which include two active underground mines and one active surface mine and one active highwall mine that are contiguous to the Company's existing mines (Note 1).

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

Overhead expenses that can be identified with a segment have been included as deductions in determining segment income. The remainder is included in Corporate and Other. Net financing income, which consists principally of interest income, interest expense and interest capitalized, is also excluded from segment results. Identifiable assets are those assets that are utilized within a specific segment.

	Year Ended December 31, 2010 (Dollars in thousands)					
	Jewell Coke	Other Domestic Coke	International Coke	Coal Mining	Corporate and Other	Combined
Sales and other operating revenue	\$ 298,020	\$ 979,542	\$ 38,411	\$ 574	\$	\$ 1,316,547
Intersegment sales	\$ 5,784	\$	\$	\$ 132,278	\$	\$
Operating income (loss)	\$ 147,082	\$ 38,639	\$ 14,856	\$ (11,291)	\$ (15,026)	\$ 174,260
Less: operating income attributable to noncontrolling interest		(3,027)				(3,027)
Operating income (loss) attributable to net parent investment	\$ 147,082	\$ 35,612	\$ 14,856	\$ (11,291)	\$ (15,026)	171,233
Net financing income attributable to net parent investment						14,908 ⁽¹⁾
Pretax income attributable to net parent investment						186,141
Income tax expense						46,942
Net income attributable to net parent investment						\$ 139,199
Depreciation, depletion and amortization	\$ 4,395	\$ 35,041	\$ 124	\$ 7,712	\$ 885	\$ 48,157
Capital expenditures	\$ 1,824	\$ 23,036	\$ 851	\$ 18,385	\$ 171,561 ⁽²⁾	\$ 215,657
Identifiable assets	\$ 80,931	\$ 962,582	\$ 59,740	\$ 76,677	\$ 538,536 ⁽³⁾	\$ 1,718,466

(1) After deducting \$4.1 million of income attributable to noncontrolling interests.

(2) Includes \$169.7 million attributable to the Middletown facility.

(3) Includes receivables from affiliate totaling \$289.0 million and Middletown facility construction-in-progress totaling \$242.2 million.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

	Year Ended December 31, 2009 (Dollars in thousands)					Combined
	Jewell Coke	Other Domestic Coke	International Coke	Coal Mining	Corporate and Other	
Sales and other operating revenue	\$ 324,630	\$ 755,946	\$ 40,442	\$ 2,998	\$	\$ 1,124,016
Intersegment sales	\$	\$	\$	\$ 119,505	\$	\$
Operating income (loss)	\$ 177,803	\$ 14,845	\$ 23,198 ⁽¹⁾	\$ 5,247	\$ (9,465)	\$ 211,628
Less: operating income attributable to noncontrolling interest		(17,327)				(17,327)
Operating income (loss) attributable to net parent investment	\$ 177,803	\$ (2,482)	\$ 23,198	\$ 5,247	\$ (9,465)	194,301
Net financing income attributable to net parent investment						16,115 ⁽²⁾
Pretax income attributable to net parent investment						210,416
Income tax expense						20,732
Net income attributable to net parent investment						\$ 189,684
Depreciation, depletion and amortization	\$ 4,508	\$ 21,543	\$ 84	\$ 5,789	\$ 399	\$ 32,323
Capital expenditures	\$ 1,235	\$ 170,260	\$ 125	\$ 17,579	\$ 25,995 ⁽³⁾	215,194
Identifiable assets	\$ 82,662	\$ 972,059	\$ 59,178	\$ 67,566	\$ 365,221 ⁽⁴⁾	\$ 1,546,686

⁽¹⁾ Includes dividend income of \$19.0 million attributable to 2008 and 2009 operations.

⁽²⁾ After deducting \$4.2 million of income attributable to noncontrolling interests.

⁽³⁾ Includes \$25.4 million attributable to the Middletown facility.

⁽⁴⁾ Includes receivables from affiliate totaling \$289.0 million and Middletown facility construction-in-progress totaling \$72.5 million.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)**

	Year Ended December 31, 2008 (Dollars in thousands)					
	Jewell Coke	Other Domestic Coke	International Coke	Coal Mining	Corporate and Other	Combined
Sales and other operating revenue	\$ 250,394	\$ 523,883	\$ 58,388	\$ 6,271	\$	\$ 838,936
Intersegment sales	\$	\$	\$	\$ 107,658	\$	\$
Operating income (loss)	\$ 114,145	\$ 35,095	\$ 5,299	\$ 9,612	\$ (13,469)	\$ 150,682
Less: operating income attributable to noncontrolling interest		(14,722)				(14,722)
Operating income (loss) attributable to net parent investment	\$ 114,145	\$ 20,373	\$ 5,299	\$ 9,612	\$ (13,469)	135,960
Net financing income attributable to net parent investment						16,075 ⁽¹⁾
Pretax income attributable to net parent investment						152,035
Income tax expense						38,131
Net income attributable to net parent investment						\$ 113,904
Depreciation, depletion and amortization	\$ 4,782	\$ 15,031	\$ 75	\$ 4,372	\$ 294	\$ 24,554
Capital expenditures	\$ 1,085	\$ 245,934	\$ 37	\$ 9,617	\$ 47,800 ⁽²⁾	\$ 304,473
Identifiable assets	\$ 93,098	\$ 772,624	\$ 48,977	\$ 55,999	\$ 342,207 ⁽³⁾	\$ 1,312,905

(1) After deducting \$4.3 million of income attributable to noncontrolling interests.

(2) Includes \$47.1 million attributable to the Middletown facility.

(3) Includes receivables from affiliate totaling \$289.0 million and Middletown facility construction-in-progress totaling \$47.1 million.

The following table sets forth the Company's total sales and other operating revenue by product or service:

	Year Ended December 31		
	2010	2009	2008
	(Dollars in thousands)		
Metallurgical coke sales	\$ 1,237,213	\$ 1,062,194	\$ 760,142
Steam and electricity sales	40,383	18,364	14,395
Operating and licensing fees	38,411	40,442	58,388
Metallurgical coal sales	177	2,480	5,856
Other	363	536	155

\$ 1,316,547 \$ 1,124,016 \$ 838,936

15. Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of December 31, 2010, through March 23, 2011, which is the date these combined financial statements were issued, and have determined that except as set forth elsewhere in these financial statements, there are no subsequent events that require disclosure.

F-30

Table of Contents**SunCoke****Combined Statements of Income****(Unaudited)**

	For the Three Months Ended March 31	
	2011	2010
	(Dollars in thousands)	
Revenues		
Sales and other operating revenue	\$ 332,967	\$ 328,224
Other income, net	351	199
Total revenues	333,318	328,423
Costs and operating expenses		
Cost of products sold and operating expenses	281,329	252,183
Loss on firm purchase commitments (Note 5)	18,544	
Selling, general and administrative expenses	16,160	13,255
Depreciation, depletion, and amortization	13,020	10,712
Total costs and operating expenses	329,053	276,150
Operating income	4,265	52,273
Interest income affiliate (Note 3)	5,682	5,744
Interest income	35	27
Interest cost affiliate (Note 3)	(1,500)	(1,391)
Capitalized interest	312	88
Total financing income, net	4,529	4,468
Income before income tax expense	8,794	56,741
Income tax expense (Note 4)	3,139	14,002
Net income	5,655	42,739
Less: net (loss) income attributable to noncontrolling interests	(6,171)	3,716
Net income attributable to net parent investment	\$ 11,826	\$ 39,023

(See Accompanying Notes)

Table of Contents**SunCoke****Combined Balance Sheets****(Unaudited)**

	March 31, 2011	December 31, 2010
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	\$ 10,956	\$ 40,092
Accounts receivable	65,646	44,606
Inventories (Note 5)	116,338	106,610
Prepaid firm purchase commitment of coke inventory (Note 5)	17,021	
Interest receivable from affiliate	1,808	
Deferred income taxes	552	1,140
Total current assets	212,321	192,448
Notes receivable from affiliate (Note 3)	289,000	289,000
Investment in Brazilian cokemaking operations	40,976	40,976
Properties, plants and equipment, net	1,236,780	1,173,518
Lease and mineral rights, net	54,801	6,690
Goodwill	9,388	3,400
Deferred charges and other assets	16,844	12,434
Total assets	\$ 1,860,110	\$ 1,718,466
Liabilities and Equity		
Advances from affiliate (Note 3)	\$ 953,034	\$ 888,512
Accounts payable	137,457	106,350
Accrued liabilities	54,280	53,158
Taxes payable	10,297	7,704
Total current liabilities	1,155,068	1,055,724
Payable to affiliate (Note 3)	53,498	55,813
Accrual for black lung benefits	26,863	26,605
Retirement benefit liabilities (Note 6)	43,687	42,854
Deferred income taxes	112,749	85,930
Asset retirement obligations	13,282	11,014
Other deferred credits and liabilities	21,543	11,185
Commitments and contingent liabilities (Note 7)		
Total liabilities	1,426,690	1,289,125
Equity		
Net parent investment	380,977	369,541
Noncontrolling interests	52,443	59,800
Total equity	433,420	429,341
Total liabilities and equity	\$ 1,860,110	\$ 1,718,466

Edgar Filing: SAPPI LTD - Form 6-K

(See Accompanying Notes)

F-32

Table of Contents**SunCoke****Combined Statements of Cash Flows****(Unaudited)**

	Three Months Ended March 31	
	2011	2010
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net income	\$ 5,655	\$ 42,739
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on firm purchase commitment (Note 5)	18,544	
Depreciation, depletion and amortization	13,020	10,712
Deferred income tax expense	4,370	3,562
Payments in excess of expense for retirement plans	(88)	(3,297)
Changes in working capital pertaining to operating activities:		
Accounts receivable	(17,771)	29,178
Inventories	(6,724)	(6,861)
Prepaid coke inventory for firm purchase commitment (Note 5)	(17,021)	
Accounts payable and accrued liabilities	7,581	14,833
Taxes payable	3,278	720
Other	(3,490)	(2,837)
Net cash provided by operating activities	7,354	88,749
Cash Flows from Investing Activities:		
Capital expenditures	(59,480)	(9,744)
Acquisition of business, net of cash received	(35,722)	
Proceeds from sale of assets	6	
Net cash used in investing activities	(95,196)	(9,744)
Cash Flows from Financing Activities:		
Net increase (decrease) in advances from affiliate	64,522	(41,658)
Repayment of notes payable assumed in acquisition	(2,315)	
Increase (decrease) in payable to affiliate	(2,315)	9,293
Cash distributions to noncontrolling interests in cokemaking operations	(1,186)	(4,241)
Net cash provided by (used in) financing activities	58,706	(36,606)
Net increase (decrease) in cash and cash equivalents	(29,136)	42,399
Cash and cash equivalents at beginning of period	40,092	2,741
Cash and cash equivalents at end of period	\$ 10,956	\$ 45,140

(See Accompanying Notes)

Table of Contents**SunCoke****Combined Statements of Comprehensive Income and Equity****(Unaudited)**

	Comprehensive Income ⁽¹⁾	Net Parent Investment (Dollars in thousands)	Noncontrolling Interests
At December 31, 2009		\$ 741,994	\$ 73,624
Net income	\$ 42,739	39,023	3,716
Other comprehensive loss (net of related tax benefit of \$11,325):			
Retirement benefit plans funded status adjustment	18,319	18,319	
Currency translation adjustment	(115)	(115)	
Cash distributions to noncontrolling interests			(4,241)
Total	\$ 60,943		
At March 31, 2010		\$ 799,221	\$ 73,099
At December 31, 2010		\$ 369,541	\$ 59,800
Net income (loss)	\$ 5,655	11,826	(6,171)
Other comprehensive income (loss) (net of related tax expense of \$351):			
Retirement benefit plans funded status adjustment	(571)	(571)	
Currency translation adjustment	181	181	
Cash distributions to noncontrolling interests			(1,186)
Total	\$ 5,265		
At March 31, 2011		\$ 380,977	\$ 52,443

⁽¹⁾ Comprehensive income attributable to net parent investment amounted to \$11,436 and \$57,227 for the three months ended March 31, 2011 and 2010, respectively.

(See Accompanying Notes)

Table of Contents

SunCoke

Notes to Combined Financial Statements

(Unaudited)

1. General

Description of Business

The accompanying combined financial statements include the accounts of all operations that comprise the cokemaking and coal mining operations of Sunoco, Inc. (collectively, SunCoke or the Company), after elimination of all intercompany balances and transactions within the combined group of companies. The Company is an independent owner and operator of four metallurgical cokemaking facilities in the eastern and midwestern regions of the United States and operator of a cokemaking facility for a project company in Brazil in which it has a preferred stock investment. The cokemaking operations include blast furnace coke manufacturing at the Company's Jewell Coke Company, L.P. (Jewell) facility in Vansant, VA; Indiana Harbor Coke Company, L.P. (Indiana Harbor) facility in East Chicago, IN; Haverhill North Coke Company (Haverhill) facility in Franklin Furnace, OH; and Gateway Energy & Coke Company, LLC (Granite City) facility in Granite City, IL. The Company has also entered into an agreement with AK Steel under which the Company will build, own and operate a cokemaking facility and associated cogeneration power plant adjacent to AK Steel's Middletown, OH steelmaking facility. In addition to its cokemaking operations, the Company has metallurgical coal mining operations in the eastern United States. The metallurgical coal produced from underground mines in Virginia and West Virginia is used primarily at the Jewell cokemaking facility. In January 2011, the Company acquired Harold Keene Coal Company, Inc. and all of its affiliates (the HKCC Companies), which include two active underground mines and one active surface and highwall mine that are contiguous to the Company's existing mines for \$52.0 million, including working capital and contingent consideration (Note 2).

In December 2010, Sunoco, Inc. formed SunCoke Energy, Inc. (SunCoke Energy) to ultimately acquire, own, and operate the cokemaking and coal mining operations of Sunoco which constitute the businesses set forth in these combined financial statements. As part of the separation of the cokemaking and coal mining operations from Sunoco, Sunoco expects to contribute to SunCoke Energy the subsidiaries, assets and liabilities that are primarily related to its cokemaking and coal mining businesses. Effective with the closing of an initial public offering of SunCoke Energy's common stock, the ownership of these businesses will be transferred to SunCoke Energy. This transfer will represent a reorganization of entities under common control and will be recorded at historical cost. Sunoco has also announced its intent to distribute its remaining equity interest in SunCoke Energy after the initial public offering to holders of Sunoco's common stock through a spin-off at a later date.

Reclassifications

Certain amounts in the prior period Combined Financial Statements have been reclassified to conform to the current year presentation.

Quarterly Reporting

The accompanying combined financial statements included herein have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) and without audit by an independent registered public accounting firm. Certain information and disclosures normally included in financial statements have been omitted pursuant to the rules and regulation of the Securities and Exchange Commission. In management's opinion, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented have been made. The results of operations for the period ended March 31, 2011 are not necessarily indicative of the operating results for the full year.

Subsequent Events

Subsequent events have been evaluated through June 3, 2011, the date the financial statements were issued.

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

(Unaudited)

2. Acquisition

On January 14, 2011, the Company acquired 100% of the outstanding common shares of Harold Keene Coal Co., Inc. and its affiliated companies, or the HKCC Companies, for approximately \$52.0 million, including working capital and contingent consideration. The results of HKCC have been included in the consolidated financial statements since that date and are included in the Coal Mining segment. HKCC engages in the business of coal mining and owns, leases, and operates mines in Russell County, Virginia. The operations of the HKCC Companies produce high volatile A and high volatile B metallurgical coals, which complement the coal produced by the Company's existing coal mining operations, and high quality steam coal. This acquisition adds between 250 and 300 thousand tons of coal production annually, with the potential to expand production in the future, and 21 million tons of proven and probable coal reserves located in two active underground mines and one active surface and highwall mine in Russell and Buchanan Counties in Virginia, contiguous to the Company's existing metallurgical coal mining operations. The acquisition is part of the Company's strategy to expand its domestic coal production and pursue selective reserve acquisitions. The goodwill of \$6.0 million arising from the acquisition consists largely of synergies and cost reductions.

The aggregate noncontingent portion of the purchase price was \$41.1 million, of which \$35.7 million was paid in cash, net of cash received of \$0.8 million. The remaining amounts relate to working capital adjustments and purchase price holdbacks of \$1.9 million that were paid in May 2011 and \$3.5 million that are expected to be paid in June 2012.

The purchase price includes a contingent consideration arrangement that requires the Company to pay the former owners of HKCC \$2.00 per ton of coal for each ton produced from the real property or leased property acquired by HKCC if production levels exceed 150,000 tons in a calendar year for a period of 20 years or until full exhaustion, whichever comes sooner. The potential undiscounted amount of all future payments that could be required to be paid under the contingent consideration arrangement is between \$0 and \$42 million. The fair value of the contingent consideration is \$10.9 million, and is based on significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions include (a) a discount rate range of 0.895 percent to 6.027 percent and (b) probability adjusted production levels of HKCC operations between 300 thousand and 475 thousand tons per year. As of March 31, 2011, the amount recognized for the contingent consideration arrangement, the range of outcomes, and the assumptions used to develop the estimates had not changed.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)**

The following table summarizes the consideration paid for HKCC and the amounts of estimated fair value of the assets acquired and liabilities assumed at the acquisition date (dollars in thousands):

Consideration:	
Cash, net of cash received	\$ 35,722
Working capital adjustment and purchase price hold back	5,353
Contingent consideration arrangement	10,897
Fair value of total consideration transferred	\$ 51,972
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Current assets	\$ 7,314
Property and equipment	15,466
Mineral rights	48,112
Other assets	2,429
Current liabilities	(1,507)
Deferred tax liabilities, net	(22,703)
Notes payable	(2,315)
Asset retirement obligations	(812)
Total identifiable net assets assumed	45,984
Goodwill	5,988
Total	\$ 51,972

The preliminary fair value of the acquired intangible assets of \$47.3 million, net of asset retirement obligations of \$0.8 million, was determined by applying the income approach, and is based on significant inputs that are not observable in the market, or Level 3 inputs. The acquired intangible assets, all of which are mineral rights, are to be depleted as they are extracted which is estimated to be over a period of 31 years. We are in the process of finalizing the valuation of the assets, liabilities and intangible assets acquired in connection with the HKCC acquisition and anticipate that the valuation will be completed in the second quarter of 2011.

Immediately upon acquisition, \$2.3 million of liabilities were repaid.

The acquisition of HKCC is not material to the Company's combined results of operations. Therefore, pro forma information has not been presented.

3. Related Party Transactions

The related party transactions with Sunoco and its affiliates are as follows:

Advances from/to Affiliate

Sunoco, Inc. (R&M), a wholly owned subsidiary of Sunoco, serves as a lender and borrower of funds and a clearinghouse for the settlement of receivables and payables for the Company and Sunoco and its affiliates. Amounts due to Sunoco, Inc. (R&M) for the settlement of payables which include advances to fund capital expenditures amounted to \$953.0 and \$864.3 million at March 31, 2011 and December 31, 2010,

Edgar Filing: SAPPI LTD - Form 6-K

respectively. Amounts due to Sunoco, Inc. (R&M) at March 31, 2011 included \$19.6 million related to the purchase of coke from third parties for projected inventory shortfalls at Indiana Harbor (Note 5). Interest on such advances is based on short-term money market rates. The weighted-average annual interest rates used to determine interest expense for these amounts due were 1.5 and 1.8 percent for the three months ended March 31, 2011 and 2010, respectively.

F-37

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)**

Jewell has a \$10.0 million revolving credit agreement with Sunoco, Inc. (R&M) (the Jewell Revolver), which expires on March 1, 2012. Borrowings under the Jewell Revolver bear interest at a rate based on the ninety-day commercial paper rate as reported in the Wall Street Journal plus 0.5 percent. There were no borrowings under the Jewell Revolver at March 31, 2011 or December 31, 2010.

Jewell is also a party to an agreement with Sunoco, Inc. (R&M) under which Sunoco, Inc. (R&M) finances any deficits of the Jewell cokemaking operations in excess of \$10.0 million (the Deficit Funding Agreement). The agreement will expire on June 30, 2015. Borrowings under the Deficit Funding Agreement bear interest at a rate equal to the prime rate plus 1 percent. There were no borrowings under the Deficit Funding Agreement at March 31, 2011 or December 31, 2010.

Indiana Harbor has a revolving credit agreement with Sunoco, Inc. (R&M) (the Indiana Harbor Revolver), which expires on December 31, 2011. The amount available under the agreement through June 30, 2011 is \$30.0 million and from July 1, 2011 through December 31, 2011, the amount available is reduced to \$20.0 million. There were no borrowings under the Indiana Harbor Revolver at March 31, 2011, whereas borrowings amounted to \$24.2 million at December 31, 2010. The interest rates for advances under the Indiana Harbor Revolver are based on the one-month London Inter-Bank Offered Rate, as quoted by Bloomberg, L.P., plus 1 percent (1.26 percent at December 31, 2010).

Interest income on advances to affiliate generated by the investment of idle funds under the clearinghouse activities described above is included in interest income affiliate in the combined statements of income and totaled \$0.2 and \$0.2 million for the three months ended March 31, 2011 and 2010, respectively. Interest paid to affiliates under the above borrowing arrangements is classified as interest cost affiliate in the combined statements of income and totaled \$1.5 and \$1.4 million for the three months ended March 31, 2011 and 2010, respectively.

Receivables/Payable from/to Affiliate

During 2002, in connection with an investment in the partnership by a third-party investor, Indiana Harbor loaned \$200.0 million of excess cash to The Claymont Investment Company (Claymont), a wholly owned subsidiary of Sunoco. The loan is evidenced by a note, which is due January 1, 2032 with interest receivable at a rate of 7.44 percent per annum. Interest income related to the note, which is paid quarterly, is included in interest income affiliate in the combined statements of income and amounted to \$3.7 million for the three months ended March 31, 2011 and 2010.

In 2000, in connection with an investment in the partnership by a third-party investor, Jewell loaned \$89.0 million of excess cash to Claymont. The loan is evidenced by a note, which is due December 31, 2020 with interest receivable at a rate of 8.24 percent per annum. Interest income related to the note, which is paid annually, is included in interest income affiliate in the combined statements of income and amounted to \$1.8 million for the three months ended March 31, 2011 and 2010.

The Company has a non-interest bearing payable to affiliate totaling \$53.5 and \$55.8 million at March 31, 2011 and December 31, 2010, respectively. This intercompany balance represents the difference between the taxes allocated to the Company by Sunoco under a tax-sharing arrangement and the taxes recognized by the Company on a separate-return basis as reflected in the combined financial statements. The intercompany balance is settled with Sunoco when the Company realizes the allocated taxes in its current tax provision as computed under the tax-sharing arrangement.

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

(Unaudited)

Net Parent Investment

The net parent investment represents Sunoco's equity investment in the Company and reflects capital contributions or returns of capital, net income attributable to Sunoco's ownership and accumulated other comprehensive income (loss) which is all attributable to Sunoco's ownership.

Sales to Affiliate

The flue gas produced during the Haverhill cokemaking process is being utilized to generate low-cost steam, which is being sold to the adjacent chemical manufacturing complex owned and operated by Sunoco's Chemicals business. Such steam sales totaled \$2.5 and \$1.8 million for the three months ended March 31, 2011 and 2010, respectively.

Allocated Expenses

Amounts were allocated from subsidiaries of Sunoco for employee benefit costs of certain executives of the Company as well as for the cost associated with the participation of such executives in Sunoco's principal management incentive plans. The employee benefit costs were allocated as a percentage of the executives' actual pay while the incentive plan costs represented the actual costs associated to the executives. Indirect corporate overhead attributable to the operations of the Company has also been allocated from Sunoco. These overhead expenses incurred by Sunoco include costs of centralized corporate functions such as legal, accounting, treasury, engineering, information technology, insurance and other corporate services. The allocation methods for these costs include: estimates of the costs and level of support attributable to SunCoke for legal, accounting, treasury, and engineering; usage and headcount for information technology; and prior years' claims information and historical cost of insured assets for insurance. The above allocations are included in cost of products sold and operating expenses and selling, general and administrative expenses in the combined statements of income and totaled \$2.0 million and \$1.8 million for the three months ended March 31, 2011 and 2010, respectively.

Guarantees and Indemnifications

For a discussion of certain guarantees that Sunoco, Inc. is providing to the current third-party investors of the Indiana Harbor cokemaking operations on behalf of the Company, see Note 7 to the combined financial statements.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)****4. Income Taxes**

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

	Three Months Ended March 31	
	2011	2010
	(Dollars in thousands)	
Income tax expense at U.S. statutory rate of 35 percent	\$ 3,078	\$ 19,859
Increase (reduction) in income taxes resulting from:		
Loss (income) attributable to noncontrolling interests ⁽¹⁾	2,160	(1,301)
Nonconventional fuel credit	(2,171)	(5,460)
State and other income taxes, net of federal income tax effects	287	1,093
Percentage depletion	(561)	
Manufacturers' deduction	341	(379)
Other	5	190
	\$ 3,139	\$ 14,002

⁽¹⁾ No income tax expense (benefit) is reflected in the combined statements of income for partnership income (loss) attributable to noncontrolling interests.

5. Inventories

The Company's inventory consists of metallurgical coal, which is the principal raw material for the Company's cokemaking operations, and 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:

	March 31,	December 31,
	2011	2010
	(Dollars in thousands)	
Coal	\$ 76,910	\$ 68,659
Coke	11,903	13,152
Materials, supplies and other	27,525	24,799
	\$ 116,338	\$ 106,610

During the first quarter of 2011, the Company determined that Indiana Harbor would fall short of its 2011 annual minimum coke production requirements by approximately 122,000 tons. The Company has entered into contracts to procure the coke from third parties to meet the entire volume shortfall. However, the coke prices in the purchase agreements exceed the sales price in the Company's contract with ArcelorMittal. This resulted in an estimated loss on firm purchase commitments of \$18.5 million (\$12.2 million attributable to net parent investment and \$6.3 million attributable to noncontrolling interests), which was recorded during the first quarter of 2011.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)****6. Retirement Benefits Plans****Defined Benefit Pension Plan and Postretirement Health Care and Life Insurance Plans**

The Company has a noncontributory defined benefit pension plan (defined benefit plan), which provides retirement benefits for certain of its employees. The Company also has plans which provide health care and life insurance benefits for all of its retirees (postretirement benefit plans). The postretirement benefit plans are unfunded and the costs are borne by the Company.

Effective January 1, 2011, pension benefits under the Company's defined benefit plan were frozen for all participants in this plan. The Company also amended its postretirement benefit plans during the first quarter of 2010. Postretirement medical benefits for its future retirees were phased out or eliminated, effective January 1, 2011, for non-mining employees with less than ten years of service and employer costs for all those still eligible for such benefits were capped. As a result of these changes to its postretirement benefit plans, the Company's postretirement benefit liability declined \$36.7 million during 2010. Most of the benefit of this liability reduction is being amortized into income through 2016. The Company's pension plan assets are currently invested in a trust with the assets of other pension plans of Sunoco.

Defined benefit plan (benefit) expense consisted of the following components:

	Three Months Ended March 31	
	2011	2010
	(Dollars in thousands)	
Service cost	\$	\$ 125
Interest cost on benefit obligations	374	399
Expected return on plan assets	(605)	(551)
Amortization of actuarial losses	142	164
	\$ (89)	\$ 137

Postretirement benefit plans (benefit) expense consisted of the following components:

	Three Months Ended March 31	
	2011	2010
	(Dollars in thousands)	
Service cost	\$ 85	\$ 432
Interest cost on benefit obligations	517	1,146
Amortization of:		
Actuarial losses	340	280
Prior service benefit	(1,404)	(281)
	(462)	1,577
Curtailement gain		(724)
	\$ (462)	\$ 853

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)****7. Commitments and Contingent Liabilities**

The Company is subject to indemnity agreements with third-party investors of Indiana Harbor for certain tax benefits that were available to them during the preferential return period in the event the Internal Revenue Service (IRS) disallows the tax deductions and benefits allocated to the third parties. These tax indemnifications are in effect until the applicable tax returns are no longer subject to IRS review. Although the Company believes the possibility is remote that it will be required to do so, at March 31, 2011, the maximum potential payment under these tax indemnifications would have been approximately \$20.0 million. Sunoco, Inc. also guarantees SunCoke's performance under the indemnification to the third-party investors.

The Company is a party to certain other pending and threatened 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 claims would not be material in relation to the combined financial position, results of operations or cash flow of the Company at March 31, 2011.

On March 24, 2011, the Company received a demand notice from the United States Environmental Protection Agency (EPA) assessing a civil penalty for alleged Clean Air Act violations at the Haverhill, Ohio and Granite City, Illinois plants. At this early stage, negotiations are ongoing and the Company is unable to estimate a range of reasonably possible loss. We do not believe any probable loss would be material to our cash flows, financial position or results of operations.

8. Accumulated Other Comprehensive Income

The following table sets forth the components of accumulated other comprehensive income in net parent investment (net of related income taxes) at March 31, 2011 and December 31, 2010, respectively:

	March 31, 2011	December 31, 2010
	(Dollars in thousands)	
Retirement benefits plans	\$ 1,682	\$ 2,253
Foreign currency translation adjustment	1,347	1,166
	\$ 3,029	\$ 3,419

9. Fair Value Measurements

The Company's cash equivalents, which amounted to \$2.4 and \$37.8 million at March 31, 2011 and December 31, 2010, respectively, were measured at fair value based on quoted prices in active markets for identical assets (Level 1). Contingent consideration related to the HKCC acquisition (Note 2) amounted to \$10.9 million at March 31, 2011. No other assets or liabilities were measured at fair value in the Company's combined balance sheet at March 31, 2011 and December 31, 2010.

The Company's current assets (other than inventories and deferred income taxes) and current liabilities (other than the current portion of retirement benefit liabilities) are financial instruments and most of these items are recorded at cost in the combined balance sheets. The estimated fair value of these financial instruments approximates their carrying amounts. The estimated fair value of the receivables from affiliate was \$338.1 and \$338.4 million at March 31, 2011 and December 31, 2010, respectively. The carrying amount of these receivables was \$289.0 million on each of these dates. The fair value of these receivables from affiliate was estimated based upon the market interest rates applicable to Sunoco at the respective balance sheet dates for similar terms.

Table of Contents

SunCoke

Notes to Combined Financial Statements (continued)

(Unaudited)

10. Business Segment Information

SunCoke is an independent owner and operator of four metallurgical cokemaking facilities in the eastern and midwestern regions of the United States and operator of a cokemaking facility for a project company in Brazil in which it has a preferred stock investment. In addition to its cokemaking operations, the Company has metallurgical coal mining operations in the eastern United States. The Company's cokemaking operations are reported as three segments: Jewell Coke, Other Domestic Coke and International Coke. The Jewell Coke segment consists of the operations of the Company's cokemaking facilities in Vansant, VA. The Indiana Harbor cokemaking facility located in East Chicago, IL, the Haverhill cokemaking facility, located in Franklin Furnace, OH, and the Granite City cokemaking facility, located in Granite City, IL have been aggregated into the Other Domestic Coke segment. Each of these facilities produces metallurgical coke and recovers waste heat which is converted to steam or electricity through a similar production process. The coke production for these facilities is sold directly to integrated steel producers under contracts which provide for the pass-through of coal costs subject to contractual coal-to-coke yields plus an operating cost component and fixed fee component received for each ton of coke sold. Accordingly, SunCoke management believes that the facilities in the Other Domestic Coke segment have similar long-term economic characteristics. The International Coke segment operates a cokemaking facility located in Vitória, Brazil for a project company. The International Coke segment also earns income from a dividend on its preferred stock investment assuming that certain minimum production levels are achieved at the plant.

The Company's Coal Mining segment conducts coal mining operations near the Company's Jewell cokemaking facility, centered in Vansant, VA with mines located in Virginia and West Virginia. Currently, a substantial portion of the coal production is sold to the Jewell Coke segment for conversion into metallurgical coke. Some coal is also sold to the Other Domestic Coke facilities. There are limited third-party sales at this time. Intersegment coal revenues for sales to the Jewell Coke and Other Domestic Coke segments are based on the prices that the coke customers of the Other Domestic Coke segment have agreed to pay for the internally produced coal, which approximate the market prices for this quality of metallurgical coal. In January 2011, the Company acquired the HKCC Companies which include two active underground mines and one active surface and highwall mine that are contiguous to the Company's existing mines (Note 2) and the results of operations from the date of acquisition forward are included in the Coal Mining segment.

Overhead expenses that can be identified with a segment have been included as deductions in determining segment income. The remainder is included in Corporate and Other. Net financing income, which consists principally of interest income, interest expense and interest capitalized, is also excluded from segment results. Identifiable assets are those assets that are utilized within a specific segment.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)****Three Months Ended March 31, 2011
(Dollars in thousands)**

	Jewell Coke	Other Domestic Coke	International Coke	Coal Mining	Corporate and Other	Combined
Sales and other operating revenue	\$ 64,012	\$ 247,445	\$ 9,693	\$ 11,817	\$	\$ 332,967
Intersegment sales	\$	\$	\$	\$ 38,807	\$	\$
Operating income (loss)	\$ 17,953	\$ (9,472)	\$ 935	\$ 1,577	\$ (6,728)	\$ 4,265
Less: operating loss attributable to noncontrolling interest		7,150				7,150
Operating income (loss) attributable to net parent investment	\$ 17,953	\$ (2,322)	\$ 935	\$ 1,577	\$ (6,728)	11,415
Net financing income attributable to net parent investment						3,550 ⁽¹⁾
Pretax income attributable to net parent investment						14,965
Income tax expense						3,139
Net income attributable to net parent investment						\$ 11,826
Depreciation, depletion and amortization	\$ 1,101	\$ 8,615	\$ 53	\$ 2,719	\$ 532	\$ 13,020
Capital expenditures	\$ 64	\$ 648	\$ 138	\$ 5,027	\$ 53,603 ⁽²⁾	\$ 59,480
Identifiable assets	\$ 82,629	\$ 922,582	\$ 61,238	\$ 167,240	\$ 626,421 ⁽³⁾	\$ 1,860,110

(1) After deducting \$1.0 million of income attributable to noncontrolling interests.

(2) Includes \$52.3 million attributable to the Middletown facility.

(3) Includes receivables from affiliate totaling \$290.8 million and Middletown facility construction-in-progress totaling \$286.7 million.

Table of Contents**SunCoke****Notes to Combined Financial Statements (continued)****(Unaudited)****Three Months Ended March 31, 2010**
(Dollars in thousands)

	Jewell Coke	Other Domestic Coke	International Coke	Coal Mining	Corporate and Other	Combined
Sales and other operating revenue	\$ 85,728	\$ 232,256	\$ 10,076	\$ 164	\$	\$ 328,224
Intersegment sales	\$	\$	\$	\$ 33,847	\$	\$
Operating income (loss)	\$ 49,598	\$ 3,093	\$ 558	\$ 2,989	\$ (3,965)	\$ 52,273
Less: operating income attributable to noncontrolling interest		(2,696)				(2,696)
Operating income (loss) attributable to net parent investment	\$ 49,598	\$ 397	\$ 558	\$ 2,989	\$ (3,965)	49,577
Net financing income attributable to net parent investment						3,448 ⁽¹⁾
Pretax income attributable to net parent investment						53,025
Income tax expense						14,002
Net income attributable to net parent investment						\$ 39,023
Depreciation, depletion and amortization	\$ 1,099	\$ 7,609	\$ 26	\$ 1,787	\$ 191	\$ 10,712
Capital expenditures	\$	\$ 4,268	\$ 11	\$ 2,945	\$ 2,520 ⁽²⁾	9,744
Identifiable assets	\$ 93,645	\$ 961,966	\$ 59,665	\$ 69,181	\$ 384,394 ⁽³⁾	\$ 1,568,851

(1) After deducting \$1.0 million of income attributable to noncontrolling interests.

(2) Includes \$2.2 million attributable to the Middletown facility.

(3) Includes receivables from affiliate totaling \$289.0 million and Middletown facility construction-in-progress totaling \$70.7 million.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors

Sunoco, Inc.

We have audited the accompanying balance sheet of SunCoke Energy, Inc. (the Company) as of March 31, 2011. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of SunCoke Energy, Inc. at March 31, 2011, in conformity with U. S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania

June 3, 2011

F-46

Table of Contents

SunCoke Energy, Inc.

Balance Sheet

March 31, 2011

Assets	
Current Assets	
Cash	\$ 1,000
Total Assets	\$ 1,000
Stockholder s Equity	
Common stock, par value \$0.01 per share (1,000 shares authorized, issued and outstanding)	\$ 10
Additional paid-in capital	990
Total Stockholder s Equity	\$ 1,000

(See Accompanying Notes)

F-47

Table of Contents

SunCoke Energy, Inc.

Notes to Balance Sheet

1. Nature of Operations

SunCoke Energy, Inc. (the Company), was formed in December 2010 to ultimately acquire the cokemaking and coal mining operations of Sunoco, Inc. (Sunoco). Sunoco contributed \$1,000 to the Company in exchange for all the issued and outstanding shares of the Company. There have been no other transactions involving the Company as of March 31, 2011.

As part of the separation of the cokemaking and coal mining operations from Sunoco, Sunoco expects to contribute to the Company the subsidiaries, assets and liabilities that are primarily related to its cokemaking and coal mining businesses. Effective with the closing of an initial public offering of the Company's common stock, the ownership of these businesses will be transferred to SunCoke Energy, Inc. This transfer will represent a reorganization of entities under common control and will be recorded at historical cost. Sunoco has also announced its intent to distribute at a later date its remaining equity interest in SunCoke Energy, Inc. after the initial public offering to holders of Sunoco's common stock through a spin-off.

2. Subsequent Events

The Company has evaluated all events subsequent to the balance sheet date of March 31, 2011 through June 3, 2011, which is the date this balance sheet was issued. All subsequent events requiring recognition as of March 31, 2011 have been incorporated into this balance sheet.

Table of Contents

Table of Contents**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 13. Other Expenses of Issuance and Distribution**

The following table sets forth the various expenses, other than underwriting discounts and commissions, payable by the registrant and the selling stockholder in connection with the offering contemplated by this registration statement. All of the fees set forth below are estimates except for the SEC registration fee, the FINRA fee and the stock exchange listing fee.

	Amount	
	Payable by the Selling Stockholder	Payable by the Registrant
SEC registration fee	\$	\$ 26,329
FINRA fee		23,178
Stock exchange listing fee		250,000
Blue Sky fees and expenses		25,000
Printing expenses	750,000	
Legal fees and expenses	3,750,000	
Accounting fees and expenses	3,000,000	
Transfer agent and registrar fees		10,000
Total	\$ 7,500,000	\$ 334,507

ITEM 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The Delaware General Corporation Law provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaws, agreement, vote of stockholders or disinterested directors or otherwise. The registrant's certificate of incorporation provides for indemnification by the registrant of its directors, officers and employees to the fullest extent permitted by the DGCL.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation is not personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the corporation or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions; or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation and bylaws provides for such limitation of liability to the fullest extent permitted by the DGCL.

The registrant will on its own, or in conjunction with its controlling shareholder, maintain industry standard policies of insurance under which coverage is provided to its directors and officers against legal liability for loss which is not indemnified arising from claims made by reason of breach of duty or other wrongful act while acting in their capacity as directors and officers of the registrant.

Table of Contents

The proposed form of underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification of directors and certain officers of the registrant by the underwriters against certain liabilities.

ITEM 15. Recent Sales of Unregistered Securities

On July 18, 2011, we issued 69,999,000 shares of our common stock to Sunoco in a private placement pursuant to Section 4(2) of the Securities Act of 1933 in exchange for the assets and liabilities of the SunCoke business contributed by Sunoco to SunCoke. We have not otherwise sold any securities, registered or otherwise, within the past three years, except for the shares issued upon formation to our sole stockholder, Sunoco.

ITEM 16. Exhibits and Financial Statements Schedules

(a) Exhibits

The exhibits to the registration statement are listed in the Exhibit Index which precedes the exhibits to the registration statement and is hereby incorporated by reference.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the application agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. The registrant acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

No financial statement schedules are included herein. All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions, are inapplicable, or the information is included in the combined financial statements, and have therefore been omitted.

ITEM 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the registrant's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or

Edgar Filing: SAPPI LTD - Form 6-K

controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by the

II-2

Table of Contents

registrant is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lisle, State of Illinois, on the 18th day of July 2011.

SUNCOKE ENERGY, INC.

By: /s/ FREDERICK A. HENDERSON

Name: Frederick A. Henderson

Title: Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Name and Title	Date
/s/ FREDERICK A. HENDERSON Frederick A. Henderson	Chief Executive Officer and Chairman (Principal Executive Officer)	July 18, 2011
* Mark E. Newman	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	July 18, 2011
* Fay West	Vice President and Controller (Principal Accounting Officer)	July 18, 2011
* Stacy L. Fox	Director	July 18, 2011
* Brian MacDonald	Director	July 18, 2011
* Charmian Uy	Director	July 18, 2011
* Dennis Zeleny	Director	July 18, 2011
*By:		
/s/ FREDERICK A. HENDERSON Frederick A. Henderson	<i>Attorney-in-fact for the persons indicated</i>	July 18, 2011

Table of Contents**EXHIBIT INDEX****Exhibit**

Number	Description
1.1	Form of Underwriting Agreement
1.2	Form of Exchange Agreement
3.1	Amended and Restated Certificate of Incorporation of the Registrant*
3.2	Amended and Restated Bylaws of the Registrant*
4.1	Form of Common Stock Certificate of the Registrant*
5.1	Opinion of Wachtell, Lipton, Rosen & Katz
10.1	Form of Separation and Distribution Agreement*
10.2	Form of Transition Services Agreement*
10.3	Form of Tax Sharing Agreement*
10.5	Form of Registration Rights Agreement*
10.6	SunCoke Energy, Inc. Senior Executive Incentive Plan*
10.7	SunCoke Energy, Inc. Long-Term Performance Enhancement Plan*
10.8	SunCoke Energy, Inc. Special Executive Severance Plan*
10.9	SunCoke Energy, Inc. Executive Involuntary Severance Plan*
10.10	Letter Agreement between Frederick A. Henderson and Sunoco, Inc., dated September 2, 2010*
10.11	Amendment No. 1 to Letter Agreement between Frederick A. Henderson and Sunoco, Inc. dated May 25, 2011*
10.12	Letter Agreement between Michael J. Thomson and Sunoco, Inc., dated September 2, 2010*
10.13	Letter Agreement between Fay West and SunCoke Energy, Inc., dated January 16, 2011*
10.14	Letter Agreement between Denise R. Cade and Sunoco, Inc., dated February 18, 2011*
10.15	Letter Agreement between Mark E. Newman and Sunoco, Inc., dated March 10, 2011*
10.16	Guaranty, Keep Well, and Indemnification Agreement*
10.17	Steam Supply and Purchase Agreement, between Haverhill North Coke Co. and Sunoco, Inc., effective January 1, 2011*
10.18	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.) *
10.19	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.) *
10.20	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.)*
10.21	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.) *

Table of Contents**Exhibit**

Number	Description
10.22	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.) *
10.23	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.)*
10.24	Reserved
10.25	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.) *
10.26	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.) *
10.27	Coke Purchase Agreement, dated as of August 31, 2009, by and between Haverhill North Coke Company and AK Steel Corporation
10.28	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)
10.29	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)*
10.30	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) *
10.31	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)
10.32	Coke Sale and Feed Water Processing Agreement, dated as of February 28, 2008, by and between Gateway Energy & Coke Company, LLC and United States Steel Corporation
10.33	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 United States Steel Corporation *
10.34	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
10.35	SunCoke Energy, Inc. Deferred Compensation Plan, effective as of June 1, 2011*
10.36	SunCoke Energy, Inc. Retainer Stock Plan for Outside Directors, effective as of June 1, 2011*
21.1	Subsidiaries of the Registrant*
23.1	Consent of Ernst & Young LLP
23.2	Consent of Wachtell, Lipton, Rosen & Katz (contained in its opinion filed as Exhibit 5.1 hereto)
23.3	Consent of Marshall Miller & Associates, Inc.*
24.1	Powers of Attorney *
24.2	Powers of Attorney*

* Previously filed
 Certain portions have been omitted pursuant to a pending confidential treatment request. Omitted information has been separately filed with the Securities and Exchange Commission.