
How does U.S. Steel's announcement that it may idle its Granite City, IL, flat-rolled operations impact you?

We continue to produce coke for U.S. Steel's Granite City Steel Works under a long-term, take-or-pay contract until 2025, and expect U.S. Steel will continue to honor our contract. Any potential temporary idling of their facility does not change U.S. Steel's obligations. We value our long-standing relationship with U.S. Steel and would assist in shipping coke to other U.S. Steel facilities.

What are the key terms of your cokemaking contracts?

- Contract duration is typically 15 to 20 years; Average remaining contract life is 9 years
- Customer is required to take all the coke we produce up to contract max or pay for what is not taken
 - Coke production in excess of contract max can be sold to a third-party if the customer chooses not to take it
 - We are required to meet certain operating and coke volume minimums
- Commodity risk is minimized by passing through coal, transportation and certain operating costs to the customer
- There is no early termination without default, except for one contract under limited circumstances
 - Default triggers significant penalties that are materially equivalent to accelerating the remaining economic terms of the contract
- Force Majeure is available for true "acts of God" (floods, strikes, etc.) and is not a vehicle for contract termination
- Counterparty risk is mitigated by contracting with customers' respective parent companies or senior-most North American subsidiary

More information about our cokemaking contracts is available [here](#) on our website.

What kinds of contract protections does SXC provide SXCP?

In addition to the take-or-pay contract structure, SunCoke Energy, Inc. provides SunCoke Energy Partners, L.P. certain commercial protections through 2018 under its Omnibus Agreement. SXC will make SXCP whole by fulfilling the customer's purchase and payment obligations to SXCP for the coke produced in the event of the customer's failure to fulfill its purchase or payment obligations.

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What is status of the IRS's proposed MLP qualifying income regulations?

The IRS is reviewing letters submitted during the comment period and is holding a public hearing on October 27. We plan to participate in this hearing. The Treasury Department has said publicly that finalizing the regulations is one of its highest priorities, though they have provided no specific timeline.

We believe cokemaking will continue to generate qualifying income under the proposed regulations. Pursuant to current tax law, in order to qualify for MLP status more than 90 percent of the income of a partnership must be from the exploration, development, mining or production, processing, refining, marketing and transportation of minerals and natural resources. We believe that the conversion of coal to coke is both processing and refining within the common sense meaning of those terms.

Can you provide an update on the Haverhill Chemicals situation?

Our Haverhill cokemaking operation continues to produce coke and power for customers. Haverhill Chemicals LLC, with whom we have a long-term steam power agreement, began idling its facility in June 2015 and filed for Chapter 11 bankruptcy protection in September 2015. Haverhill Chemicals' filing does not affect our ability to make coke and power, but we have worked cooperatively with them to properly dispose of the steam. The estimated 2015 Adjusted EBITDA impact of the Haverhill Chemicals idling is about \$6 million, reflecting higher expected operating costs and lost steam power sales.

Haverhill Chemicals' bankruptcy filing includes a proposed asset sale to ALTIVIA Petrochemicals, and we're working on contingency plans with both firms if the sale is approved.

What can you tell us about the contract negotiations between the steelmakers and the unions?

It would not be appropriate to comment on the status or nature of the labor negotiations currently ongoing between our customers and the USW. Operations continue at our customers' facilities and they continue to take our coke. However, we will work with our customers and implement contingency plans to manage in the event of a work stoppage.

What are your share repurchase priorities for SXCP?

We repurchased \$10 million of SXCP units in third quarter 2015 pursuant to our \$50 million unit repurchase authorization. We believe unit repurchases are a highly accretive use of our cash in the current market environment. We expect to continue executing our share repurchase program on the open market in fourth quarter 2015.

Has your SXC share repurchase strategy changed at all? Given the challenging market environment why don't you just lever up for share repurchase?

We executed \$16 million of SXC share buybacks in third quarter 2015 and have nearly \$40 million remaining under our existing share repurchase program. We intend to opportunistically execute against the remaining \$40 million under our authorization in the fourth quarter. After SXC's Senior Notes are redeemed, which we expect will happen in fourth quarter 2015, we will have greater flexibility to pursue share repurchases.

Typically, General Partners (GPs) of master limited partnerships (MLPs) don't carry substantial leverage, as doing so would be akin to double-levering the cash flows generated at the MLP. Accordingly, we don't believe it's a good idea to lever up for share repurchase.

What is the SXC dividend policy and why wasn't there an increase this quarter?

Our third quarter 2015 cash dividend of \$0.15 per share was consistent with the previous quarter's dividend, which reflected a 100% increase from first quarter. Future dividend increase decisions will be made at the discretion of our board of directors and guided by our ongoing strategy to distribute a significant portion of free cash flow to shareholders via dividends and share repurchase.

What are SXCP's plans for the incremental distributable cash flow that's expected from the Convent Marine Terminal and Granite City dropdown transactions?

We intend to deploy any incremental distributable cash flow on accretive opportunities to that drive value creation, such as unit repurchases, debt paydown or helping fund future growth opportunities.

Given the continued stock decline, do you feel that investors are fundamentally missing something?

We believe there is a dislocation between our market value and our solid business fundamentals. Our stable business model, anchored by our high-performing assets, has proven itself time and time again.

We have long-term customer relationships and take-or-pay contracts that insulate us from commodity risks and industry cycles, and we're poised to generate continued stable cash flows across our cokemaking and coal logistics businesses. These fundamentals have not changed.

Our unique cokemaking value proposition includes a newer asset base, logistical advantages, strong contracts and economic and technological superiority. This has remained strong over the years and continues to prove itself against the challenging industry backdrop because the market drivers are still there.

- Our macro-thesis is playing out, with more than 1.1 million tons of aging cokemaking capacity taken out of operation through September 2015
- The average age of a SunCoke cokemaking facility is 9 years, while the industry average is 39 years
- Blast furnace steel production remains the preferred choice for high-value steel applications such as autos, appliances and electrical steels
- Our customers continue to invest in the assets we support