U.S. SILICA HOLDINGS, INC.
Form 10-K
February 25, 2015
Table of Contents

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

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2014
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-35416
U.S. Silica Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	26-3718801
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

8490 Progress Drive, Suite 300
Frederick, Maryland 21701
(Address of Principal Executive Offices) (Zip Code)
(301) 682-0600
(Registrant's telephone number, including area code)

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

Title of each class:	Name of each exchange on which registered:
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Act: None

Indicate by a check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes ¨ No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

The aggregate market value of the outstanding common stock held by non-affiliates of the registrant as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, was $2,978,580,861 based on the closing price of $55.44 per share, as reported on the New York Stock Exchange.

As of February 24, 2015, 53,324,845 shares of the common stock of the registrant were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of Form 10-K	Certain sections of the Proxy Statement for the 2015 Annual Meeting of Shareholders for U.S. Silica Holdings, Inc.

Table of Contents

U.S. Silica Holdings, Inc.
FORM 10-K
For the Fiscal Year Ended December 31, 2014
TABLE OF CONTENTS

		Page
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	19
Item 1B.	Unresolved Staff Comments	34
Item 2.	Properties	35
Item 3.	Legal Proceedings	45
Item 4.	Mine Safety Disclosures	46
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	48
Item 6.	Selected Financial Data	51
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	52
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	65
Item 8.	Financial Statements and Supplementary Data	67
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	103
Item 9A.	Controls and Procedures	103
Item 9B.	Other Information	105
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	106
Item 11.	Executive Compensation	106
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	106
Item 13.	Certain Relationships and Related Transactions, and Director Independence	106
Item 14.	Principal Accounting Fees and Services	106
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	107
Signatures		S-1

Table of Contents

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Annual Report on Form 10-K are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely” and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- fluctuations in demand for commercial silica;
- the cyclical nature of our customers’ businesses;
- operating risks that are beyond our control, such as changes in the price and availability of transportation, natural gas or electricity; unusual or unexpected geological formations or pressures; pit wall failures or rock falls; or unanticipated ground, grade or water conditions;
- our dependence on three of our plants for a significant portion of our sales;
- the level of activity in the natural gas and oil industries;
- decreased demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing;
- federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related regulatory action or litigation affecting our customers’ operations;
- our rights and ability to mine our properties and our renewal or receipt of the required permits and approvals from governmental authorities and other third parties;
- our ability to implement our capacity expansion plans within our current timetable and budget and our ability to secure demand for our increased production capacity, and the actual operating costs once we have completed the capacity expansion;
- our ability to succeed in competitive markets;
- loss of, or reduction in, business from our largest customers;
- increasing costs or a lack of dependability or availability of transportation services and transload network access or infrastructure;
- increases in the prices of, or interruptions in the supply of, natural gas and electricity, or any other energy sources;
- increases in the price of diesel fuel;
- diminished access to water;
- our ability to successfully complete acquisitions or integrate acquired businesses;
- our ability to make capital expenditures to maintain, develop and increase our asset base and our ability to obtain needed capital or financing on satisfactory terms;
- our substantial indebtedness and pension obligations;
- restrictions imposed by our indebtedness on our current and future operations;
- contractual obligations that require us to deliver minimum amounts of frac sand or purchase minimum amounts of services;
- the accuracy of our estimates of mineral reserves and resource deposits;
- a shortage of skilled labor and rising costs in the mining industry;
- our ability to attract and retain key personnel;

Table of Contents

- our ability to maintain satisfactory labor relations;
- our reliance on trade secrets and contractual restrictions, rather than patents, to protect our proprietary rights;
- our significant unfunded pension obligations and post-retirement health care liabilities;
- our ability to maintain effective quality control systems at our mining, processing and production facilities;
- seasonal and severe weather conditions;
- fluctuations in our sales and results of operations due to seasonality and other factors;
- interruptions or failures in our information technology systems;
- the impact of a terrorist attack or armed conflict;
- extensive and evolving environmental, mining, health and safety, licensing, reclamation and other regulation (and changes in their enforcement or interpretation);
- silica-related health issues and corresponding litigation;
- our ability to acquire, maintain or renew financial assurances related to the reclamation and restoration of mining property; and
- other factors disclosed in Item 1A, “Risk Factors” and elsewhere in this Annual Report on Form 10-K.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under Item 1A, “Risk Factors” and Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the Securities and Exchange Commission (the “SEC”) and public communications. You should evaluate all forward-looking statements made in this Annual Report on Form 10-K in the context of these risks and uncertainties. We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this Annual Report on Form 10-K are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Table of Contents

PART I.

ITEM 1. BUSINESS

Unless we state otherwise or the context otherwise requires, the terms “we,” “us,” “our,” “U.S. Silica,” “the Company,” “our business,” “our company” refer to U.S. Silica Holdings, Inc. and its consolidated subsidiaries as a combined entity. Adjusted EBITDA as used herein is a non-GAAP measure. For a detailed description of Adjusted EBITDA and a reconciliation to the most comparable GAAP measure, please see the discussion under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – How We Evaluate Our Business – Adjusted EBITDA.”

Our Company

Business Overview

We are one of the largest domestic producers of commercial silica, a specialized mineral that is a critical input into a variety of attractive end markets. During our 114 year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver over 260 products to customers across these markets. Our operations are organized into two segments based on end markets served: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. In our largest end market, oil and gas proppants, our frac sand is used to stimulate and maintain the flow of hydrocarbons in oil and natural gas wells. This segment of our business has experienced rapid growth due to recent technological advances in the hydraulic fracturing process, which have made the extraction of large volumes of oil and natural gas from U.S. shale formations economically feasible. Our silica is also used as an economically irreplaceable raw material in a wide range of industrial applications, including glassmaking and chemical manufacturing. Additionally, in recent years a number of attractive new end markets have developed for our high-margin, performance silica products, including high-performance glass, specialty coatings, polymer additives and geothermal energy systems. Our segments are complementary because our ability to sell to a wide range of customers across end markets allows us to maximize recovery rates in our mining operations, optimize our asset utilization and reduce the cyclicality of our earnings. In 2014, we generated approximately $876.7 million of sales, $246.2 million of Adjusted EBITDA and $121.5 million of net income. These figures represent increases of 61% and 53% and 62%, respectively, compared to 2013. See accompanying Note U - Segment Reporting of our Financial Statements for more information regarding our segments.

As of December 31, 2014, we operate 17 production facilities across the United States and control 363 million tons of reserves, including approximately 179 million tons of reserves that can be processed to meet the American Petroleum Institute (“API”) frac sand size specifications. We produce a wide range of frac sand sizes and are capable of rail delivery of large quantities of API grade frac sand to most of the major U.S. shale basins. We believe that, due to a combination of these favorable attributes we have become a preferred commercial silica supplier to our customers in the oil and gas proppants end market and, consequently, have experienced high demand for our frac sand. To meet this demand, we continue to invest significant resources to increase our proppant production.

Corporate History

In November 2008, our business was acquired by U.S. Silica Holdings, Inc., formerly GGC USS Holdings, Inc., a wholly-owned subsidiary of GGC USS Holdings, LLC (“GGC Holdings”), an affiliate of Golden Gate Capital (“Golden Gate Capital”). The Company was formed by Golden Gate Capital as a Delaware corporation to effect the acquisition, and through that acquisition U.S. Silica Company, our principal operating subsidiary, became an indirect, wholly owned subsidiary of the Company.

On January 31, 2012, simultaneously with the initial public offering of our common stock, GGC Holdings, our sole stockholder prior to the IPO, contributed to us all of the stock of its wholly-owned subsidiary, GGC RCS Holdings, Inc., and its operating subsidiary, Coated Sand Solutions, LLC. Prior to this transaction, GGC RCS Holdings, Inc. had a $15.0 million note payable to GGC Holdings which, together with accrued interest of $1.7 million, was converted to an equity contribution by GGC Holdings, simultaneously with the IPO. Coated Sand Solutions develops resin-coated sand proppants for sale into the oil and gas proppants market for use in the hydraulic fracturing process and into the foundry market. GGC Holdings divested its full ownership interest in U.S. Silica in 2013.

3

Table of Contents

Our Strengths

We attribute our success to the following strengths:

- Large-scale producer with a diverse and high-quality reserve base. Our 17 geographically dispersed production facilities control 363 million tons of reserves, including API size frac sand and large quantities of silica with distinct characteristics, giving us the ability to sell over 250 products to over 1,800 customers. Our large-scale production and logistics capabilities and long reserve life make us a preferred commercial silica supplier to our customers. Our consistent, reliable supply of large quantities of silica gives our customers the security to customize their production processes around our commercial silica. Furthermore, our large scale provides us earnings diversification and a larger addressable market.
- Geographically advantaged footprint with intrinsic transportation advantages. The strategic location of our facilities and our logistics capabilities enable us to enjoy high customer retention and a larger addressable market. In our Oil & Gas Proppants segment, our network of frac sand production facilities with access to Class I rail either onsite or by truck and the strategic locations of our transloads serve to create an addressable market that includes every major U.S. shale basin. Additionally, we recently acquired Cadre Services, Inc. ("Cadre"), a leading regional sand mining company based in Voca, Texas. This new facility allows customers to ship directly to the wellheads in the Permian basin by truck, which provides us with a delivered cost advantage. We believe we are one of the few frac sand producers capable of cost-effectively delivering API grade frac sand to most of the major U.S. shale basins by on-site rail. Additionally, due to the high weight-to-value ratio of many silica products in our Industrial & Specialty Products segment, the proximity of our facilities to our customers' facilities often results in us being their sole supplier. This advantage has enabled us to enjoy strong customer retention in this segment, with our top five Industrial & Specialty Products segment customers purchasing from us for an average of over 50 years.
- Low-cost operating structure. We focus on building and operating facilities with low delivered cost that will allow us to be successful through the cycle. We believe the combination of the following factors contributes to our low-cost structure and our high margins:
  - our ownership of the vast majority of our reserves, resulting in mineral royalty rates that were less than 0.1% of our sales in 2014;
  - the close proximity of our mines to their respective processing plants, which allows for a cost-efficient and highly automated production process;
  - our processing expertise, which enables us to create over 250 products with unique characteristics while minimizing waste;
  - our integrated logistics management expertise and geographically advantaged facility network, which enables us to reliably ship products by the most cost-effective method available, whether by truck, rail or barge;
  - our large customer base across numerous end markets, which allows us to maximize our mining recovery rate and asset utilization; and
  - our large overall and plant-level operating scale.
- Strong reputation with our customers and the communities in which we operate. We believe that we have built a strong reputation during our 114-year operating history. Our customers know us for our dependability and our high-quality, innovative products, as we have a long track record of timely delivery of our products according to customer specifications. We also have an extensive network of technical resources, including materials science and petroleum engineering expertise, which enables us to collaborate with our customers to develop new products and improve the performance of their existing applications. We are also well known in the communities in which we operate as a preferred employer and a responsible corporate citizen, which generally serves us well in hiring new employees and securing difficult to obtain permits for expansions and new facilities.
- Experienced management team. The members of our senior management team bring significant experience to the dynamic environment in which we operate. Their expertise covers a range of disciplines, including industry-specific operating and technical knowledge as well as experience managing high-growth businesses. We believe we have assembled a flexible, creative and responsive team that can quickly adapt to the rapidly evolving unconventional oil and natural gas drilling landscape, which is currently the principal driver of our growth.

4

Table of Contents

Our Business Strategy

The key drivers of our growth strategy include:

- Expand our Oil & Gas Proppants production capacity and product portfolio. We continue to execute on several initiatives to increase our frac sand production capacity and augment our proppant product portfolio.
- In the first quarter of 2013, we purchased an existing silica sand processing facility from Quality Sand Products LLC ("QSP") in Peru, Illinois, which supports our Ottawa, Illinois facility. In the first quarter of 2013, our new resin-coated sand facility in Rochelle, Illinois became fully operational with capacity to resin coat up to 400 million pounds, or 200,000 tons, of sand annually.
- In the second quarter of 2013, our Sparta, Wisconsin facility became fully operational with an annual raw sand demonstrated capacity of 1,700,000 tons.
- In 2013, we made an initial investment in a new Greenfield site near Utica, Illinois. This facility began its production in the third quarter of 2014. We expect this facility to have an annual demonstrated capacity of approximately 1,500,000 tons of raw frac sand.
- In 2014, we made an initial investment in a new Greenfield site near Fairchild, Wisconsin, which, depending on market conditions, could become operational as early as late 2015 and eventually add 3,000,000 tons of annual demonstrated frac sand capacity.
- In 2014, we made an initial investment in an 800,000 ton-per-year expansion at our Pacific, Missouri facility. This project includes adding a dryer as well as a new transload facility to support the additional volume and depending on market conditions, could come online as early as the end of 2015.
- On July 31, 2014, we completed our acquisition of Cadre, a leading regional sand mining company based in Voca, Texas. Cadre operates a single frac sand mine and plant, with an annual demonstrated capacity of about 800,000 tons of Premium Hickory® sand and has more than 65 years of high-quality reserves. See accompanying Note E - Business Combinations of our Financial Statements for more information regarding this acquisition.
- Increase our presence in industrial and specialty products end markets. We intend to increase our presence and market share in certain industrial and specialty products end markets that we believe are poised for growth. We will continue to work toward transforming our industrial and specialty product segment from a commodity business to a more value-driven approach by developing capabilities and products that assist in enabling us to increase our presence in larger, more profitable markets.
- Optimize product mix and further develop value-added capabilities to maximize margins. We continue to actively manage our product mix at each of our plants to ensure we maximize our profit margins. This requires us to use our proprietary expertise in balancing key variables, such as mine geology, processing capacities, transportation availability, customer requirements and pricing. We expect to continue investing in ways to increase the value we provide to our customers by expanding our product offerings, increasing our transportation assets, improving our supply chain management, upgrading our information technology, and creating a world class customer service model.
- Expand our supply chain network and leverage our logistics capabilities to meet our customers' needs in each strategic oil and gas basin. We continue to expand our transload network to ensure product is available to meet the growing in-basin needs of our customers. This approach allows us to provide strong customer service and puts us in a position to take advantage of opportunistic spot market sales. Our plant sites are strategically located to provide access to key Class I railroads, which enables us to cost effectively send product to each of the strategic basins in North America. We can ship product by truck, barge and rail with an ability to connect to short-line railroads as necessary to meet our customers' evolving in-basin product needs. We believe that our supply chain network and logistics capabilities are a competitive advantage that enables us to provide superior service for our customers. For example, in 2013, we opened our San Antonio, Texas unit-train receiving transload facility, which was built in partnership with BNSF railroad to support the Eagle Ford market. Additionally, we have entered into an agreement with Union Pacific Railroad to build a second transload facility in Odessa, Texas, which is expected to be fully operational in early 2015. We will continue to make strategic investments and develop partnerships with transload operators and transportation providers that will enhance our portfolio of supply chain services that we can provide to customers. We now have in basin storage capacity at 34 transloads located near all of the major shale basins in the United States.

Evaluate both Greenfield and Brownfield expansion opportunities and other acquisitions. We will continue to leverage our reputation, processing capabilities and infrastructure to increase production, as well as explore other

Table of Contents

opportunities to expand our reserve base. We may accomplish this by developing Greenfield projects, where we can capitalize on our technical knowledge of geology, mining and processing and our strong reputation within local communities. For instance, we are evaluating the potential development of a Greenfield project in Wisconsin, which could add 3,000,000 tons of annual demonstrated frac sand capacity. Depending on market conditions, this facility could become operational as early as the end of 2016. Additionally, we are continuing to actively pursue acquisitions to grow, by taking advantage of our asset footprint, our management's experience with high-growth businesses, and our strong customer relationships. Our primary objective is to acquire assets with differing levels of frac sand quality that are complementary to our Oil & Gas Proppants segment, with a focus on mining, processing and logistics to further enhance our market presence. We prioritize acquisitions which provide opportunities to realize synergies (and, in some cases, the acquisition may be accretive assuming synergies), including entering new geographic and frac sand product markets, acquiring attractive customer contracts and improving operations. For instance, we completed the Cadre acquisition on July 31, 2014, which generated synergies and positively impacted our results of operations. See accompanying Note E - Business Combinations of our Financial Statements for pro forma results of operations related to the Cadre acquisition. We are in active discussions to acquire assets fitting this strategy, which, if completed, would be "significant" under Regulation S-X and could require additional sources of financing. There can be no assurance that we will reach a definitive agreement and complete any of these potential transactions. See the risk factors disclosed in Item IA of Part I, including the risk factor entitled, "If we cannot successfully complete acquisitions or integrate acquired businesses, our growth may be limited and our financial condition may be adversely affected."

- Maintain financial strength and flexibility. We intend to maintain financial strength and flexibility to enable us to pursue acquisitions and new growth opportunities as they arise. In July 2013, we refinanced our existing senior secured debt by replacing our revolving line-of-credit and amending our senior secured term loan facility (the "Term Loan"), increasing the Term Loan amount by approximately $115.0 million. In December 2014, we upsized our Term Loan by an additional $135.0 million to a total of approximately $500.0 million. As of December 31, 2014, we had $267.3 million of cash on hand, $75.1 million in short-term investments and $46.8 million of availability under our revolver.

Our Products

In order to serve a broad range of end markets, we produce and sell a variety of commercial silica products, including whole grain and ground products, as well as other industrial mineral products that we believe complement our commercial silica products.

Whole Grain Silica Products—We sell whole grain commercial silica products in a range of shapes, sizes and purity levels. We sell whole grain silica that has a round shape and high crush strength to be used as frac sand in connection with oil and natural gas recovery, and we have constructed a production facility for resin-coated sand that became fully operational in 2013. We also sell whole grain silica products in a range of size distributions, grain shapes and chemical purity levels to our customers involved in the manufacturing of glass products, including a low-iron whole grain product sold to manufacturers of architectural and solar glass applications. In addition, we sell several grades of whole grain round silica to the foundry industry and provide whole grain commercial silica to the building products industry. Sales of whole grain commercial silica products accounted for approximately 87%, 85%, and 82% of our total sales revenue for 2014, 2013 and 2012, respectively.

Ground Silica Products—Our ground commercial silica products are inherently inert, white and bright, with high purity. We market our ground silica in sizes ranging from 40 to 250 microns for use in plastics, rubber, polishes, cleansers, paints, glazes, textile fiberglass and precision castings. We also produce and market fine ground silica in sizes ranging from 5 to 40 microns for use in premium paints, specialty coatings, sealants, silicone rubber and epoxies. We believe we are currently the only commercial silica producer in the United States that manufactures a 5-micron product. Sales of ground silica products accounted for approximately 8%, 12%, and 14% of our total sales revenue for 2014, 2013 and 2012 respectively.

Industrial Mineral Products—We also produce and sell certain other industrial mineral products, such as aplite, calcined kaolin clay and magnesium silicate. Aplite is a mineral used to produce container glass and insulation fiberglass and is a source of alumina that has a low melting point and a low tendency to form defects in glass. Calcined kaolin clay is a mineral primarily used as a functional extender. Calcined kaolin clay is chemically inert, has a high covering power,

gives desirable flow properties and reduces the amount of expensive pigments required. These characteristics make calcined kaolin clay an ideal functional extender in paints, plastics, specialty coatings and rubber. We also produce and sell a highly selective adsorbent made from a mixture of silica and magnesium, used extensively in preparative and analytical chromatography. Sales of our other industrial mineral products accounted for approximately 5%, 3%, and 4% of our total sales revenue for 2014, 2013 and 2012, respectively.

Table of Contents

Our Industry

The commercial silica industry consists of businesses that are involved in the mining, processing and distribution of commercial silica. Commercial silica, also referred to as “silica,” “industrial sand and gravel,” “silica sand” and “quartz sand,” is a term applied to sands and gravels containing a high percentage of silica (silicon dioxide, SiO_2) in the form of quartz. Commercial silica deposits occur throughout the United States, but mines and processing facilities are typically located near end markets and in areas with access to transportation infrastructure. Other factors affecting the feasibility of commercial silica production include deposit composition, product quality specifications, land-use and environmental regulation, including permitting requirements, access to electricity, natural gas and water and a producer’s expertise and know-how.

Extraction Processes

Commercial silica deposits are formed from a variety of sedimentary processes and have distinct characteristics that range from hard sandstone rock to loose, unconsolidated dune sands. While the specific extraction method utilized depends primarily on the deposit composition, most silica is mined using conventional open-pit bench extraction methods and begins after clearing the deposit of any overlaying soil and organic matter. The silica deposit composition and chemical purity also dictate the processing methods and equipment utilized. For example, broken rock from a sandstone deposit may require one, two or three stages of crushing to liberate the silica grains required for most markets. Unconsolidated deposits may require little or no crushing, as silica grains are not tightly cemented together.

We conduct only surface mining operations and do not operate any underground mines. Mining methods at our facilities include conventional hard rock mining, hydraulic mining, surface or open-pit mining of loosely consolidated silica deposits and dredge mining. Hard rock mining involves drilling and blasting in order to break up sandstone into sizes suitable for transport to the processing facility by truck, slurry or conveyer. Hydraulic mining involves spraying high-pressure water to break up loosely consolidated sandstone at the mine face. Surface or open-pit mining involves using earthmoving equipment, such as bucket loaders, to gather silica deposits for processing. Lastly, dredging involves gathering silica deposits from mining ponds and transporting them by slurry pipelines for processing. We may also use slurry pipelines in our hydraulic and open-pit mining efforts to expedite processing. Silica mining and processing typically has less of an environmental impact than the mining and processing of other minerals, in part because it uses fewer chemicals. Our processing plants are equipped to receive the mined sand, wash away impurities, eliminate oversized or undersized particles and remove moisture through a multi-stage drying process. Our 17 facilities are located primarily in the eastern half of the United States, with operations in Alabama, Illinois, Louisiana, Michigan, Missouri, New Jersey, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, West Virginia and Wisconsin. Each of our facilities operates year-round, typically in shift schedules designed to optimize facility utilization in accordance with market demand. Our facilities receive regular preventative maintenance, and we make additional capital investments in our facilities as required to support customer volumes and internal performance goals. For more information related to our production facilities, see Item 2, “Properties”.

We believe we have a broad and high quality mineral reserves base due to our strategically located mines and facilities. At December 31, 2014, we estimate that we had approximately 363 million tons of proven and probable recoverable mineral reserves. The quantity and nature of the mineral reserves at each of our properties are estimated by our internal geologists and mining engineers. Our internal geologists and engineers update our reserve estimates annually, making necessary adjustments for operations at each location during the year and additions or reductions due to property acquisitions and dispositions, quality adjustments and mine plan updates. Before acquiring new reserves, we perform surveying, drill core analysis and other tests to confirm the quantity and quality of the acquired reserves. In some instances, we acquire the mineral rights to reserves without actually taking ownership of the properties. For more information related to our production facilities, deposits and reserves, see Item 2, “Properties”.

Production Processes

After extracting the ore, the silica is washed with water to remove fine impurities such as clay and organic particles. In some deposits, these fine contaminants or impurities are tightly bonded to the surface of the silica grain and require attrition scrubbing to be removed. Other deposits require the use of flotation to collect and separate contaminants from

the silica. When these contaminants are weakly magnetic, special high intensity magnets may be utilized in the process to improve the purity of the final commercial silica product. After the silica has been washed, most output is dried prior to sale.

The next step in the production process involves the classification of commercial silica products according to their chemical purity, particle shape and particle size distribution. Generally, commercial silica is produced and sold in either whole grain form or ground form. Whole grain silica generally ranges from 12 to 140 mesh. Mesh refers to the number of openings per linear inch on a sizing screen. Whole grain silica products are sold in a range of shapes, sizes and purity levels to be used in a variety of industrial applications, such as oil and natural gas hydraulic fracturing proppants, glass, foundry, building products,

Table of Contents

filtration and recreation. Some whole grain silica is further processed to ground silica of much smaller particle sizes, ranging from 5 to 250 microns. A micron is one-millionth of a meter.

Quality Control

We maintain a standard of excellence through our mining and processing facilities some of which include ISO 9001-registered quality systems. We use automated process control systems that efficiently manage the majority of the mining and processing functions, and we monitor the quality and consistency of our products by conducting hourly tests throughout the production process to detect variances. We generally test each customer load prior to shipment, and all of our major facilities operate a testing laboratory to evaluate and ensure the quality of our products and services. We also provide customers with documentation verifying that all products shipped meet customer specifications. These quality assurance functions ensure that we deliver quality products to our customers and maintain customer trust and loyalty.

In addition, we have certain company-wide quality control mechanisms. We maintain a company-wide quality assurance database that facilitates easy access and analysis of product and process data from all plants. We also have fully staffed and equipped corporate laboratories that provide critical technical expertise, analytical testing resources and application development to promote product value and cost savings. The labs consist of different departments: a foundry lab, a paint and coatings lab, an analytical lab, a minerals-processing lab and an oil and gas lab. The foundry lab is fully equipped for analyzing foundry silica based on grain size distribution, acidity, acid demand value and turbidity, which is a measure of silica cleanliness. The paint and coatings lab provides formulation, application, and testing of paints, coatings and grouts for end use in fillers and extenders as well as building products. The analytical lab performs various analyses on products for quality control assessment. The minerals processing lab models plant production processes to test variations in deposits and improve our ability to meet customer requirements. The oil and gas lab performs testing and provides in-depth analysis of all types of hydraulic fracturing proppants, including frac sand, resin-coated and ceramic fracturing proppants, to verify that they meet API size and crush specifications. Additionally, this lab is responsible for the development of new resin-coated products and the technical oversight of our Rochelle, Illinois facility.

Distribution

We ship our commercial silica products direct to our customers by truck, rail or barge. There has been a shift away from truck to rail, as more volumes have been directed to the oil and gas proppants end market, which typically utilizes rail transportation.

For bulk commercial silica, transportation cost represents a significant portion of the overall product cost. Generally, we utilize trucks for shipments of 200 miles or less from our plant sites and to distribute our bagged products. Given the weight-to-value ratio of most of our products, the majority of our shipments outside this 200-mile radius are by rail. As a result, facility location is one of the most important considerations for producers and customers. Our plant sites are strategically located to provide access to all Class I railroads which enables us to cost effectively send product to each of the strategic shale basins in North America with an ability to connect to short-line railroads as necessary to meet customers' evolving in-basin product needs.

We are continuously looking to increase the number of available transload points to which we have access. This approach allows us to provide strong customer service and puts us in a position to take advantage of opportunistic spot market sales. Through our storage facility in San Antonio, Texas, as well as our partnership with a number of key transload operating partners, we now have storage capacity near all of the major shale basins in the United States. Additionally, we have entered into an agreement with Union Pacific Railroad to build a new transload facility in Odessa, Texas, which is expected to be fully operational early 2015. As of December 31, 2014, we have 34 transload facilities strategically located in or near major shale basins in the United States. For more information related to our transload facilities, see Item 2, "Properties".

All three methods of shipping are typically performed with equipment owned by third parties. Both we and our customers lease a significant number of railcars for shipping purposes, as well as to facilitate the short-term storage of our products, particularly our frac sand products. The railcar leasing market continues to require significant lead time, and we expect to require additional rail cars over the long-term as we expand our commercial silica production. As of December 31, 2014, we had a leased fleet of 4,972 railcars and are currently negotiating additional leases, subject to

market conditions. We believe that we will have access to a sufficient supply of railcars to meet our needs.

In addition to bulk shipments, commercial silica products can be packaged and shipped in 50 to 100 pound bags or bulk super sacks. Bag shipments are usually made to smaller customers with batch operations, warehouse distributor locations or for ocean container shipments made overseas. The products that are shipped in bags are often higher value products, such as ground and fine.

Table of Contents

Primary End Markets

The special properties of commercial silica-chemistry, purity, grain size, color, inertness, hardness and resistance to high temperatures-make it critical to a variety of industries. Commercial silica is a key input in the well completion process, specifically, in the hydraulic fracturing techniques used in unconventional oil and natural gas wells. In the industrial and specialty products end markets, stringent quality requirements must be met when commercial silica is used as an ingredient to produce thousands of everyday products, including glass, building and foundry products and metal castings, as well as certain specialty applications such high-performance glass, specialty coatings, polymer additives and geothermal energy systems. Due to the unique properties of commercial silica, it is an economically irreplaceable raw material in a wide range of industrial applications. Our major end markets include:

Oil and Gas Proppants

Commercial silica is used as a proppant by companies involved in oil and natural gas recovery in conventional and unconventional resource plays. Unconventional oil and natural gas production requires hydraulic fracturing and other well stimulation techniques to recover oil or natural gas that is trapped in the source rock and typically involves horizontal drilling. Frac sand is pumped down oil and natural gas wells at high pressures to prop open rock fissures in order to increase the flow rate of hydrocarbons from the wells. Additionally, every 4 to 5 years proppants may be used to “re-fracture” the reservoir and keep the fractures open.

Glass

Commercial silica is a critical input into and accounts for 55% to 75% of the raw materials in glass production. The glassmaking markets served by commercial silica producers include containers, flat glass, specialty glass and fiberglass. Demand typically varies within each of these end markets.

The container glass, flat glass and fiberglass end markets are generally mature end markets. Demand for container glass has historically grown in line with population growth, and we expect similar growth in the future. Flat glass and fiberglass tend to be correlated with construction and automotive production activity, both of which have been improving during the past couple of years. To the extent construction and domestic automotive production activity continues its growth in the coming years, which is difficult to predict given the current economic uncertainty, we expect that demand in these end markets will continue to increase. Specific markets such as those for solar glass have been negatively impacted by generally weak demand. Some of the anticipated growth in the glass markets may be offset through the use of recycled glass.

Building Products

Commercial silica is used in the manufacturing of building products for commercial and residential construction. Whole grain commercial silica products are used in flooring compounds, mortars and grouts, specialty cements, stucco and roofing shingles. Ground commercial silica products are used by building products manufacturers in the manufacturing of certain fiberglass products and additionally as functional extenders and to add durability and weathering properties to cementious compounds. In addition, geothermal wells are an alternative energy source that requires specialized ground silica products in their well casings for effectiveness. The market for commercial silica used to manufacture building products is driven primarily by the demand in the construction markets. The historical trend for this market has been one of growth, especially in demand for cementious compounds for new construction, renovation and repair. Although the housing construction market experienced a significant decline beginning in 2006 and continuing through 2011, we began to see an increase in permits and housing starts in 2012, gains that have continued during 2014. To the extent the housing market growth continues in the coming years, which is difficult to predict given the current economic uncertainty, we expect that demand in this end market will increase.

Table of Contents

Foundry

Commercial silica products are used in the production of molds for metal castings and in metal casting products. In addition, commercial whole grain silica is sold to coaters of foundry silica, or coated internally, who then sell their product to foundries for cores and shell casting processes. The demand for foundry silica primarily depends on the rate of automobile and light truck production, construction and production of heavy equipment like rail cars. Over the past decade, there has been some movement of foundry supply chains to Mexico and other offshore production areas. In 2010, foundry demand decreased significantly as a result of the decrease in automotive and heavy equipment production. However, we began seeing increases in foundry demand in 2011 and throughout 2012. In 2013 and 2014, the foundry market growth appears to have leveled off, with growth more in line with the general economy. To the extent production levels continue to strengthen in the coming years, which is difficult to predict given the current economic uncertainty, we expect that demand in this end market will increase.

Chemicals

Both whole grain and ground silica products are used in the manufacturing of silicon-based chemicals, such as sodium silicate, that are used in a variety of applications, including food processing, detergent products, paper textile, specialty foundry applications and as inputs for some precipitated silicas. This end market is driven by the development of new products by the chemicals manufacturers, including specialty coatings and polymer additives as well as the growth of “green” tires. We expect this end market to grow as these manufacturers continue their product and applications development.

Fillers and Extenders

Commercial silica and kaolin clay products are sold to producers of paints and coating products for use as fillers and extenders in architectural, industrial and traffic paints and are sold to producers of rubber and plastic for use in the production of epoxy molding compounds and silicone rubber. The commercial silica products used in this end market are most often ground silica, including finer ground classifications. The market for fillers and extenders is driven by demand in the construction and automotive production industries as well as by demand for materials in the housing remodeling industry. Although construction, domestic automotive production and housing remodeling demand decreased in 2009, we have continued to see strengthening in these sectors throughout 2014. To the extent these industries continue to recover in the coming years, which is difficult to predict given the current economic uncertainty, we expect demand to improve.

Our Customers

We sell our products to a variety of end markets. At the end of 2008, we began investing heavily in our capacity to supply frac sand to customers in the oil and gas proppants end market. Our high-quality reserves of frac sand have enabled us to quickly build a presence in this market, and we have invested in the production of resin-coated sand for the same purpose. Our customers in the oil and gas proppants end market include major oilfield services companies that are engaged in hydraulic fracturing. Sales to the oil and gas proppants end market comprised approximately 76%, 64%, and 55% of our total sales revenue in 2014, 2013 and 2012, respectively.

Our primary markets have historically been core industrial end markets with customers engaged in the production of glass, building products, foundry products, chemicals and fillers and extenders. Our diverse customer base drives high recovery rates across our production. We also benefit from strong and long-standing relationships with our customers in each of the industrial and specialty products end markets we serve. Sales to our industrial and specialty products end markets comprised approximately 24%, 36%, and 45% of our total sales revenue in 2014, 2013 and 2012, respectively. Sales to our largest customer, Schlumberger N.V., accounted for 14% of our total revenues during the year ended December 31, 2014. No other customer accounted for 10% or more of our total revenues.

We primarily sell our products under short term price agreements or at prevailing market rates. For a limited number of our customers, particularly in the oil and gas proppants end market, we sell under long-term, competitively-bid take-or-pay supply contracts. Sales to customers with take-or-pay supply contracts collectively accounted for 51%, 40%, and 31% of total company sales revenue in 2014, 2013 and 2012, respectively. Although these long-term contracts would provide us with some downside protection if there were to be a significant reduction in demand for frac sand, we believe that there is, and that there will continue to be, sufficient demand for frac sand such that we would not experience an adverse effect if these long-term contracts are not renewed or are canceled. Historically we

have not entered into long-term contracts with our customers in the industrial and specialty products end markets because of the high cost to our customers of switching providers. We typically renegotiate our price agreements with these customers annually.

Table of Contents

Demand Trends

Oil and gas proppants end market trends

The recent increased demand for frac sand has been driven by the growth in the use of hydraulic fracturing as a means to extract hydrocarbons from shale formations. According to the 2013 Proppant Market Report, PropTester Inc., published February 2014, global frac sand demand grew at a 35.5% compound annual growth rate from 2008 to 2013. This included 29.3% growth in frac sand demand from 2012 to 2013. We significantly expanded our sales efforts to the frac sand market in 2008 and have since experienced rapid growth in our sales associated with our oil and gas activities.

According to the February 2015 “Proppant IQ” proppant market analysis report published by PacWest Consulting Partners, LLC (“PacWest”), 2015 frac sand demand is forecasted to be approximately 42.9 million tons, a 14% decrease compared to 49.8 million tons for 2014. Further, the report has forecasted a 6% decrease in the compound annual growth rate for North American frac sand in between 2014 and 2016. We also believe the industry may experience temporary fluctuations in demand and price as the market adjusts to changing supply and demand due to energy pricing fluctuations. Recent declines in oil prices have reduced oil and gas drilling activity in North America. However, we continue to expect long-term growth in oil and gas drilling in North American shale basins.

Oil and natural gas exploration and production companies' and oilfield service providers’ preferences and expectations have been evolving in recent years. A proppant vendor’s logistics capabilities have become an important differentiating factor when competing for business, on both a spot and contract basis. Many of our customers increasingly seek convenient in-basin proppant delivery capability from their proppant supplier. We believe that, over time, proppant customers will prefer to consolidate their purchases across a smaller group of suppliers with robust logistics capabilities and a broad offering of high performance proppants.

Industrial and specialty products end market trends

Demand in the Industrial & Specialty Products end markets is relatively stable and is primarily influenced by key macroeconomic drivers such as housing starts, light vehicle sales, repair and remodel activity and industrial production. The economic downturn beginning in 2008 decreased demand in the foundry, building products and glassmaking end markets, however, the recent economic recovery has significantly increased demand in these same end markets. The primary end markets served by our production used in Industrial & Specialty Products are foundry, building products, sports and recreation, glassmaking and filtration.

Supply

During 2014, the market experienced supply shortages that were primarily driven by an increase in demand from an increase in the amount of sand used per well as well as winter logistics disruptions. The year was also marked by the entry of multiple new players and capacity expansions from existing competitors in the silica mining business, concentrated in Wisconsin, Illinois and Minnesota. New entrants faced serious hurdles to establish their operations, including:

- the difficulty of finding silica reserves suitable for use as frac sand, which, according to the API, must meet stringent technical specifications, including, among others, sphericity, grain size, crush resistance, acid solubility, purity and turbidity;
- the difficulty of securing contiguous reserves of silica large enough to justify the capital investment required to develop a mine, processing plant, product storage and rail track;
- a lack of industry-specific geological, exploration, development and mining knowledge and experience needed to enable the identification, acquisition and development of high-quality reserves;
- the difficulty of identifying reserves with the above characteristics that either are located in close proximity to oil and natural gas reservoirs or have the rail access needed for low-cost transportation to major shale basins;
- the difficulty of securing mining, production, water, air, refuse and other federal, state and local operating permits from the proper authorities, a process that can require up to three years; and
- the difficulty of assembling a large, diverse portfolio of customers to optimize operations.

Pricing

Historically, commercial silica pricing has been characterized by regional markets created by the high weight-to-value ratio of silica. From 2000 to 2012, the increased demand for commercial silica from our customers in both the oil and

gas proppants end market and industrial and specialty products end markets and limited supply increases resulted in favorable pricing trends in both of our operating segments. In December 2012, the U.S. Bureau of Labor Statistics released a Frac Sand Producer Price Index, starting at 100, which measures the average change over time in the selling prices received by domestic

Table of Contents

producers of hydraulic fracturing sand. For December 2014, the preliminary Frac Sand Producer Price Index was 98.7, an increase of 9.2% from December 2013.

Competition

Both of our reporting segments operate in highly competitive markets that are characterized by a small number of large, national producers and a larger number of small, regional or local producers. According to a January 2013 publication by the United States Geological Survey ("USGS"), in 2012, there were 87 producers of commercial silica with a combined 159 active operations in 33 states within the United States. Competition in the industry across both of our reporting segments is based on price, consistency and quality of product, site location, distribution capability, customer service, reliability of supply, breadth of product offering and technical support. As transportation costs are a significant portion of the total cost to customers of commercial silica, in many instances transportation costs can represent more than 50% of delivered cost, the commercial silica market is typically local, and competition from beyond the local area is limited. Notable exceptions to this are the frac sand and fillers and extenders markets, where certain product characteristics are not available in all deposits and not all plants have the requisite processing capabilities, necessitating that some products be shipped for extended distances.

Because the markets for our products are typically local, we also compete with smaller, regional or local producers. For instance, in recent years there has been an increase in the number of small producers servicing the frac sand market due to an increased demand for hydraulic fracturing services.

Intellectual Property

Other than operating licenses for our mining and processing facilities, there are no third-party patents, licenses or franchises material to our business. Our intellectual property primarily consists of trade secrets, know-how and trademarks, including our name "U.S. Silica" and products such as "OTTAWA WHITE," "Min-U-Sil," "Mystic White," "Q-ROK," "Sil-Co-Sil," "Snow*Tex," "Premium Hickory," "U.S. Silica White" and "Innoprop," among others. We strategical rely on trade secrets, rather than patents, to protect our proprietary processes, methods, documentation and other technologies, as well as certain other business information. Patent protection requires a costly and uncertain federal registration process that would place our confidential information in the public domain. Typically, we utilize trade secrets to protect the formulations and processes we use to manufacture our products and to safeguard our proprietary formulations and methods. We believe we can effectively protect our trade secrets indefinitely through the use of confidentiality agreements and other security measures.

Condition of Physical Assets and Insurance

Our business is capital intensive and requires ongoing capital investment for the replacement, modernization and/or expansion of equipment and facilities. For more information, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

We maintain insurance policies against property loss and business interruption and insure against risks that are typical in the operation of our business, in amounts that we believe to be reasonable. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to environmental liability and political risk. There can be no assurance that claims would be paid under such insurance policies in connection with a particular event. See Item 1A, "Risk Factors".

Commercial Team

Our commercial team consists of more than 87 individuals responsible for all aspects of our sales process, including pricing, marketing, transportation and logistics, product development and general customer service. This necessitates a highly organized staff and extensive coordination between departments. For example, product development requires the collaboration of our market development team, sales team, our production facilities and our corporate laboratory. Our sales team interacts directly with our customers in determining their needs, our production facilities fulfill the orders and our corporate laboratory is responsible for ensuring that our products meet those needs.

Our commercial team can be divided into five units:

- Sales—Our sales team is organized by both region and end market. Domestically, we have an experienced group of regional sales managers underneath a national sales director, along with dedicated team members for the oil and gas proppants and the industrial and specialty end markets. Our oil and gas proppants team is lead out of our Houston office and is regionally positioned in the oil & gas markets across the U.S. This staff consists of experienced experts

in the use of frac proppants in the oil & gas industry. Internationally, we opened our first office abroad in 2011 in Shanghai, China, through which we expect to establish key partnerships with local industry leaders and develop business opportunities across the Asia Pacific region. As we make decisions to enter or expand our presence in certain end markets or regions, we will continue to add dedicated team members to support that growth.

Table of Contents

- Marketing—Our marketing team coordinates all of our new and existing customer outreach efforts as well as identify emerging market trends and new product opportunities. This includes producing exhibits for trade shows and exhibitions, manufacturing product overview materials, participating in regional industry meetings and other trade associations and managing our advertising efforts in trade journals.
- Transportation and Logistics—Our transportation and logistics team manages domestic and international shipments by directing inbound and outbound rail and truck traffic, supervising equipment maintenance, coordinating with rail carriers to ensure equipment availability, ensuring compliance with shipping regulations and strategically planning for future growth.
- Technical—Our technical team is anchored by our corporate laboratory in Berkeley Springs, West Virginia and our oil & gas laboratory in Houston, Texas. At these facilities, we perform a variety of analyses including:
  - analytical chemistry by X-Ray Fluorescence ("XRF") and Inductively Coupled Plasma ("ICP") spectroscopy;
  - particle characterization by sieve, SediGraph, Brunauer, Emmett and Teller ("BET") surface area and microscopy;
  - ore evaluation by mineral processing, flotation and magnetic separation;
  - API frac sand evaluation, including crush resistance; and
  - American Foundry Society ("AFS") green sand evaluation by various foundry sand tests.

  Many other product analyses are performed locally at our 17 production facilities to support new product development, plant operations and customer quality requirements.

  We also have a variety of other technical competencies including process engineering, equipment design, facility construction, maintenance excellence, environmental engineering, geology and mine planning and development. Effective integration of these capabilities has been a critical component of our business success and has allowed us to establish and maintain an extensive, high-quality silica sand reserve base, maximize the value of our reserves by producing and selling a wide range of high-quality products, optimize processing costs to provide strong value to customers and prioritize operating in a safe and environmentally sustainable manner.
- Customer Service—Our customer service team is dedicated to creating an exceptional customer experience and making it easy to do business with our company. The organization aims to accomplish this by consistently exceeding our customers' expectations, continually improving our performance, offering efficient and timely responses to customer needs, being available to our customers 24/7 and providing customers with personal points of contact on whom they can rely.

Employees

As of December 31, 2014, we employed a workforce of 1,092 employees, the majority of whom are hourly wage plant workers living in the areas surrounding our mining facilities. The majority of our hourly employees are represented by labor unions that include the Teamsters; United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union; Laborers International Union of North America; Glass, Molders, Pottery, Plastics and Allied Workers International Union and; International Union of Operating Engineers A.F.I. - C.I.O. We believe that we maintain good relations with our workers and their respective unions and have not experienced any material strikes or work stoppages since 1987.

Our employees average approximately 10 years of tenure with us, and we have an annual employee turnover rate of 12%. We believe our stable workforce has directly contributed to improved process efficiencies and safety, which in turn help drive cost reductions. We believe our labor rates compare favorably to other mining and manufacturing facilities in the same geographic areas. We maintain workers' compensation coverage in amounts required by law and have no material claims pending. We also offer all full-time employees a competitive package of employee benefits, which includes medical, dental, life and disability coverage.

Table of Contents

Seasonality

Our business is affected to some extent by seasonal fluctuations in weather that impact our production levels and our customers' business needs. For example, in the second and third quarters, we sell more commercial silica to our customers in the building products and recreation end markets due to the seasonal rise in construction driven by more favorable weather conditions. Our sales and sometimes our production levels are lower in the first and fourth quarters due to lower market demand, fluctuations in logistics capacity, and due to our customers in these end markets experiencing slowdowns largely as a result of adverse weather conditions.

Regulation and Legislation

Mining and Workplace Safety

Federal Regulation

The U.S. Mine Safety and Health Administration ("MSHA") is the primary regulatory organization governing the commercial silica industry. Accordingly, MSHA regulates quarries, surface mines, underground mines and the industrial mineral processing facilities associated with quarries and mines. The mission of MSHA is to administer the provisions of the Federal Mine Safety and Health Act of 1977 and to enforce compliance with mandatory safety and health standards. MSHA works closely with the Industrial Minerals Association, a trade association in which we have a significant leadership role, in pursuing this mission. As part of MSHA's oversight, representatives perform at least two unannounced inspections annually for each above-ground facility. To date these inspections have not resulted in any citations for material violations of MSHA standards. For additional information regarding mining and workplace safety, including MSHA safety and health violations and assessments in 2014, see Item 4, "Mine Safety Disclosures". We also are subject to the requirements of the U.S. Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA Hazard Communication Standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public. OSHA regulates the customers and users of commercial silica and provides detailed regulations requiring employers to protect employees from overexposure to silica bearing dust through the enforcement of permissible exposure limits and the OSHA Hazard Communication Standard.

Internal Controls

We adhere to a strict occupational health program aimed at controlling exposure to silica bearing dust, which includes dust sampling, a respiratory protection program, medical surveillance, training and other components. Our safety program is designed to ensure compliance with the standards of our Occupational Health and Safety Manual and MSHA regulations. For both health and safety issues, extensive training is provided to employees. We have safety committees at our plants made up of salaried and hourly employees. We perform annual internal health and safety audits and conduct annual crisis management drills to test our plants' abilities to respond to various situations. Health and safety programs are administered by our corporate health and safety department with the assistance of plant Environmental, Health and Safety Coordinators.

Environmental Matters

We and the commercial silica industry are subject to extensive governmental regulation on, among other things, matters such as permitting and licensing requirements, plant and wildlife protection, hazardous materials, air and water emissions and environmental contamination and reclamation. A variety of state, local and federal agencies enforce this regulation.

Federal Regulation

At the federal level, we may be required to obtain permits under Section 404 of the Clean Water Act from the U.S. Army Corps of Engineers for the discharge of dredged or fill material into waters of the United States, including wetlands and streams, in connection with our operations. We also may be required to obtain permits under Section 402 of the Clean Water Act from the U.S. Environmental Protection Agency ("EPA") (or the relevant state environmental agency in states where the permit program has been delegated to the state) for discharges of pollutants into waters of the United States, including discharges of wastewater or storm water runoff associated with construction activities. Failure to obtain these required permits or to comply with their terms could subject us to administrative, civil and criminal penalties as well as injunctive relief.

The U.S. Clean Air Act and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. These regulatory programs may require us to install expensive emissions abatement equipment, modify our operational practices and obtain permits for our existing operations, and before commencing construction on a new or modified source of air emissions, such laws may require us to reduce emissions at existing facilities. As a result, we may be required to incur increased capital and operating costs because of these regulations.

Table of Contents

We could be subject to administrative, civil and criminal penalties as well as injunctive relief for noncompliance with air permits or other requirements of the U.S. Clean Air Act and comparable state laws and regulations.

As part of our operations, we utilize or store petroleum products and other substances such as diesel fuel, lubricating oils and hydraulic fluid. We are subject to applicable requirements regarding the storage, use, transportation and disposal of these substances, including the relevant Spill Prevention, Control and Countermeasure requirements that the EPA imposes on us. Spills or releases may occur in the course of our operations, and we could incur substantial costs and liabilities as a result of such spills or releases, including those relating to claims for damage or injury to property and persons.

Additionally, some of our operations are located on properties that historically have been used in ways that resulted in the release of contaminants, including hazardous substances, into the environment, and we could be held liable for the remediation of such historical contamination. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the Superfund law, and comparable state laws impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of hazardous substances into the environment. These persons include the owner or operator of the site where the release occurred and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Under CERCLA, such persons may be subject to liability for the costs of cleaning up the hazardous substances, for damages to natural resources, and for the costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

In addition, the Resource Conservation and Recovery Act ("RCRA") and comparable state statutes regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the auspices of the EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements. In the course of our operations, we generate industrial solid wastes that may be regulated as hazardous wastes.

Our operations may also be subject to broad environmental review under the National Environmental Policy Act ("NEPA"). NEPA requires federal agencies to evaluate the environmental impact of all "major federal actions" significantly affecting the quality of the human environment. The granting of a federal permit for a major development project, such as a mining operation, may be considered a "major federal action" that requires review under NEPA. Therefore, our projects may require review and evaluation under NEPA. As part of this evaluation, the federal agency considers a broad array of environmental impacts, including, among other things, impacts on air quality, water quality, wildlife (including threatened and endangered species), historical and archaeological resources, geology, socioeconomics and aesthetics. NEPA also requires the consideration of alternatives to the project. The NEPA review process, especially the preparation of a full environmental impact statement, can be time consuming and expensive. The purpose of the NEPA review process is to inform federal agencies' decision-making on whether federal approval should be granted for a project and to provide the public with an opportunity to comment on the environmental impacts of a proposed project. While NEPA requires only that an environmental evaluation be conducted and does not mandate a result, a federal agency could decide to deny a permit, or impose certain conditions on its approval, based on its environmental review under NEPA, or a third party may challenge the adequacy of a NEPA review.

Federal agencies granting permits for our operations also must consider impacts to endangered and threatened species and their habitat under the Endangered Species Act. We also must comply with and are subject to liability under the Endangered Species Act, which prohibits and imposes stringent penalties for the harming of endangered or threatened species and their habitat. Federal agencies also must consider a project's impacts on historic or archaeological resources under the National Historic Preservation Act, and we may be required to conduct archaeological surveys of project sites and to avoid or preserve historical areas or artifacts.

State and Local Regulation

Because our operations are located in numerous states, we are also subject to a variety of different state and local environmental review and permitting requirements. Some states in which our projects are located or are being developed have state laws similar to NEPA; thus our development of new sites or the expansion of existing sites may be subject to comprehensive state environmental reviews even if they are not subject to NEPA. In some cases, the

state environmental review may be more stringent than the federal review. Our operations may require state law based permits in addition to federal permits, requiring state agencies to consider a range of issues, many the same as federal agencies, including, among other things, a project's impact on wildlife and their habitats, historic and archaeological sites, aesthetics, agricultural operations and scenic areas. Some states also have specific permitting and review processes for commercial silica mining operations, and states may impose different or additional monitoring or mitigation requirements than federal agencies. The development of new sites and our existing operations also are subject to a variety of local environmental and regulatory requirements, including land use, zoning, building and transportation requirements.

Table of Contents

As demand for frac sand in the oil and natural gas industry has driven a significant increase in current and expected future production of commercial silica, some local communities have expressed concern regarding silica sand mining operations. These concerns have generally included exposure to ambient silica sand dust, truck traffic, water usage and blasting. In response, certain state and local communities have developed or are in the process of developing regulations or zoning restrictions intended to minimize dust from getting airborne, control the flow of truck traffic, significantly curtail the amount of practicable area for mining activities, provide compensation to local residents for potential impacts of mining activities and, in some cases, ban issuance of new permits for mining activities. To date, we have not experienced any material impact or disruption to our existing mining operations or planned capacity expansions as a result of these types of concerns.

We have a long history of positive engagement with the communities that surround our existing mining operations. We have 12% employee turnover and have had no significant strikes in more than 27 years, evidence of the strong relationship we have with our employees. We believe this strong relationship helps foster good relations with the communities in which we operate. Although additional regulatory requirements could negatively impact our business, financial condition and results of operations, we believe our existing operations are less likely to be negatively impacted by virtue of our good community relations.

Planned expansion of our mining and production capacity in new communities could be more significantly impacted by increased regulatory activity. Difficulty or delays in obtaining or inability to obtain new mining permits or increased costs of compliance with future state and local regulatory requirements could have a material negative impact on our ability to grow our business. In an effort to minimize these risks, we continue to be engaged with local communities in order to grow and maintain strong relationships with residents and regulators.

Costs of Compliance

We may incur significant costs and liabilities as a result of environmental, health and safety requirements applicable to our activities. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of investigatory, cleanup and site restoration costs and liens, the denial or revocation of permits or other authorizations and the issuance of injunctions to limit or cease operations. Compliance with these laws and regulations may also increase the cost of the development, construction and operation of our projects and may prevent or delay the commencement or continuance of a given project. In addition, claims for damages to persons or property may result from environmental and other impacts of our activities.

The process for performing environmental impact studies and reviews for federal, state and local permits for our operations involves a significant investment of time and monetary resources. We cannot control the permit approval process. We cannot predict whether all permits required for a given project will be granted or whether such permits will be the subject of significant opposition. The denial of a permit essential to a project or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop a project. Significant opposition and delay in the environmental review and permitting process also could impair or delay our ability to develop a project. Additionally, the passage of more stringent environmental laws could impair our ability to develop new operations and have an adverse effect on our financial condition and results of operations.

Availability of Reports; Website Access; Other Information

Our internet address is http://www.ussilica.com. Through “Investor Relations” — “SEC Filings” on our home page, we make available free of charge our Annual Report on Form 10-K, our quarterly reports on Form 10-Q, our proxy statements, our current reports on Form 8-K, SEC Forms 3, 4 and 5 and any amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports filed with the SEC are also made available to read and copy at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the Public Reference Room by contacting the SEC at 1-800-SEC-0330. Reports filed with the SEC are also made available on its website at www.sec.gov.

Executive Officers of the Registrant

John P. Blanchard, age 41, has served as our Vice President and General Manager, Industrial and Specialty Products since September 2011. Mr. Blanchard possesses over 19 years’ experience in a variety of industries, including nonwovens, composites, building materials and pharmaceuticals. Prior to joining us, Mr. Blanchard held various

positions of increasing responsibility with Johns Manville from 2005 to September 2011, including Global Business Director from December 2010 to September 2011 and Global Business Manager from February 2008 to December 2010. Mr. Blanchard earned a B.S. in Chemical Engineering from Michigan Technological University and an M.B.A. from the University of Michigan.

Table of Contents

Bradford B. Casper, age 40, has served as our Vice President of Strategic Planning since May 2011. Before joining us, Mr. Casper was at Bain & Company, Inc., where he held various positions from 2002 to May 2011 in the United States, Australia and Hong Kong, most recently serving as a Principal from July 2010 to May 2011. Mr. Casper earned a B.S. in Accounting from the University of Illinois at Urbana-Champaign and an M.B.A. from the Wharton School at the University of Pennsylvania.

Christine C. Marshall, age 53, has served as our General Counsel and Corporate Secretary since November 2012. Prior to joining us, Ms. Marshall served as Vice President and General Counsel of the Security Technologies Sector of Ingersoll Rand Company from September 2010 to January 2012. From 2005 to 2010, Ms. Marshall held various positions of increasing responsibility with Tyco International, including General Counsel of Tyco Flow Control Americas from January 2008 to May 2010. Ms. Marshall earned a B.A. degree from Harvard University and a J.D. degree from Georgetown University School of Law.

Donald A. Merril, age 50, has served as our Vice President and Chief Financial Officer since January 2013 and served as our Vice President of Finance from October 2012 until his appointment as Chief Financial Officer. Previously, Mr. Merril had served as Senior Vice President and Chief Financial Officer of Myers Industries Inc. from January 2006 through August 2012. Prior to serving at Myers Industries, Mr. Merril held the role of Vice President and Chief Financial Officer, Rubbermaid Home Products Division at Newell Rubbermaid Inc. from 2003 through 2005. Mr. Merril has a B.S. in Accounting from Miami University.

David D. Murry, age 53, has served as our Vice President of Talent Management and Chief Human Resources Officer since October 2011. Prior to joining us, Mr. Murry was the Director of Human Resources and Talent Management for Arkema, a diversified chemicals company, from October 2005 to October 2011. He has held positions of increasing leadership with Armstrong, Dell, and Alcoa. Mr. Murry oversees our Human Resources function for the Company. Mr. Murry earned a B.S. in Mining Engineering from Texas A&M University and a Master’s of Science in Management from Antioch University.

Bryan A. Shinn, age 53, has served as our President since March 2011 and as our Chief Executive Officer and a member of the Board since January 10, 2012. Prior to assuming this position, Mr. Shinn was our Senior Vice President of Sales and Marketing from October 2009 to February 2011. Before joining us, Mr. Shinn was employed by the E. I. du Pont de Nemours and Company from 1983 to September 2009, where he held a variety of key leadership roles in operations, sales, marketing and business management, including Global Business Director and Global Sales Director. Mr. Shinn earned a B.S. in Mechanical Engineering from the University of Delaware. As a result of these and other professional experiences, Mr. Shinn possesses particular knowledge and experience in operations, sales, marketing, management and corporate strategy that strengthen the Board's collective qualifications, skills and experience.

Jason L. Tedrow, age 40, has served as our Vice President of Supply Chain since January 2012. Before joining us, Mr. Tedrow was with Lafarge Cement where he held various distribution and supply chain management roles of increasing responsibility from 2006 through January 2012, most recently serving as the Director of Distribution for Lafarge’s River Business Unit from July 2011 to January 2012. Mr. Tedrow also held various engineering and supply chain management positions with ConAgra Foods from 2000 to January 2006 and The Amway Corporation from 1998 to August 2000. Mr. Tedrow earned a B.S. in Industrial Engineering from Western Michigan University and an M.B.A. from the University of Chicago, Booth School of Business.

Don Weinheimer, age 56, has served as our Vice President and General Manager, Oil & Gas since July 2012. Before joining us, Mr. Weinheimer had served in various executive positions with Key Energy Services since October 2006 including as Senior Vice President, Strategy, Markets and Technology; Senior Vice President of Business Development, Technology and Strategic Planning; Senior Vice President of Product Development, Strategic Planning and Quality; and Senior Vice President, Production Services. Prior to joining Key Energy Services, Mr. Weinheimer held various positions of increasing responsibility with Halliburton Company, a global energy services company, since 1981 including as Vice President of Technology Globalization within its Energy Services Group from July 2006 to October 2006 and as Vice President of Innovation and Marketing in its Production Optimization Division from July 2004 to June 2006. Mr. Weinheimer has over 31 years of industry experience, including international operational and business development experience in both the Middle East and Algeria. Mr. Weinheimer earned his B.S. in

Agricultural Engineering from Texas A&M University.

Michael L. Winkler, age 50, has served as our Vice President and Chief Operating Officer since December 2013. He served as our Vice President of Operations from June 2011 until December 2013. Before joining us, Mr. Winkler was Vice President of Operations for Campbell Soup Company from August 2007 to June 2011 and held various positions with Mars Inc. from 1996 to August 2007, including Plant Manager-Columbus Plant and Director of Industrial Engineering. Mr. Winkler earned a B.S. in Industrial Engineering from the University of Wisconsin-Platteville and an M.B.A. from the University of North Texas.

Table of Contents

Adam S. Yoxtheimer, age 35, has served as our Vice President and Chief Administrative Officer since September 2013. Prior to joining us, Mr. Yoxtheimer served as a Principal for Booz & Company in its Energy, Chemical and Utilities practice from May 2007 until September 2013. From 2004 until 2006, Mr. Yoxtheimer held a senior engineering position in the Information Systems & Global Solutions division at Lockheed Martin Corporation. Mr. Yoxtheimer earned a B.S. in Electrical Engineering from Princeton University, a M.E. in Systems Engineering from the University of Virginia and an M.B.A. from the Darden Graduate School of Business at the University of Virginia.

Table of Contents

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described below and elsewhere in this Annual Report on Form 10-K. You should carefully consider the risk factors set forth below as well as the other information contained in this Annual Report on Form 10-K in connection with evaluating us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, results of operations or financial condition. Certain statements in "Risk Factors" are forward-looking statements.

Risks Related to Our Business

The demand for commercial silica fluctuates, which could adversely affect our results of operations.

Demand in the end markets served by our customers is influenced by many factors, including the following:

- demand for oil, natural gas and petroleum products;
- fluctuations in energy, fuel, oil and natural gas prices and the availability of such fuels;
- the use of alternative proppants, such as ceramic proppants, in the hydraulic fracturing process;
- global and regional economic, political and military events and conditions;
- changes in residential and commercial construction demands, driven in part by fluctuating interest rates and demographic shifts;
- demand for automobiles and other vehicles;
- the substitution of plastic or other materials for glass;
- the use of recycled glass in glass production;
- competition from offshore producers of glass products;
- changes in demand for our products due to technological innovations, including the development and use of new processes for oil and gas production that do not require proppants; and
- changes in laws and regulations (or the interpretation thereof) related to the mining and hydraulic fracturing industries, silica dust exposure or the environment;
- prices, availability and other factors relating to our products; and
- increases in costs of labor and labor strikes.

We cannot predict or control the factors that affect demand for our products. Negative developments in the above factors, among others, could cause the demand for commercial silica or other minerals to decline, which could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Our operations are subject to the cyclical nature of our customers' businesses, and we may not be able to mitigate that risk.

The substantial majority of our customers are engaged in industries that have historically been cyclical, such as glassmaking, building products, foundry and oil and natural gas recovery. During periods of economic slowdown, our customers often reduce their production and also reduce capital expenditures and defer or cancel pending projects. Such developments occur even among customers that are not experiencing financial difficulties.

Demand in many of the end markets for commercial silica is driven by the construction and automotive industries. For example, the flat glass market depends on the automotive and commercial and residential construction and remodeling markets. The market for commercial silica used to manufacture building products is driven primarily by demand in the construction markets. The demand for foundry silica depends on the rate of automobile, light truck and heavy equipment production as well as construction. The demand for frac sand is driven by demand for oil and natural gas. When oil and natural gas prices tend to decrease, as they did in late 2014, exploration and production companies may reduce their exploration, development, production and well completion activities. The reduced level of such activities could result in a corresponding decline in the demand for frac sand. In addition, given that silica transportation represents one of our customers' largest costs, if, in response to economic pressures, our customers choose to move their production offshore, the increased logistics costs could reduce demand for our products. Continued weakness in the industries we serve has had, and may in the future have, an adverse effect on sales of our products and our results of operations. A continued or renewed economic downturn in one or more of the industries or geographic regions that

we serve, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

Table of Contents

Our operations are subject to operating risks that are often beyond our control and could adversely affect production levels and costs, and such risks may not be covered by insurance.

Our mining, processing and production facilities are subject to risks normally encountered in the commercial silica industry. These risks include:

- changes in the price and availability of transportation and transload network access;
- changes in the price and availability of natural gas or electricity;
- unusual or unexpected geological formations or pressures;
- pit wall failures or rock falls;
- unanticipated ground, grade or water conditions;
- inclement or hazardous weather conditions, including flooding, and the physical impacts of climate change;
- environmental hazards;
- industrial accidents;
- physical plant security breaches;
- changes in laws and regulations (or the interpretation thereof) related to the mining and hydraulic fracturing industries, silica dust exposure or the environment;
- nonperformance of contractual obligations;
- inability to acquire or maintain necessary permits or mining or water rights;
- restrictions on blasting operations;
- inability to obtain necessary production equipment or replacement parts;
- reduction in the amount of water available for silica production;
- technical difficulties or key equipment failures;
- labor disputes;
- cybersecurity breaches;
- late delivery of supplies;
- fires, explosions or other accidents; and
- facility shutdowns in response to environmental regulatory actions.

Any of these risks could result in damage to, or destruction of, our mining properties or production facilities, personal injury, environmental damage, delays in mining or processing, losses or possible legal liability. Any prolonged downtime or shutdowns at our mining properties or production facilities could have a material adverse effect on us. Not all of these risks are reasonably insurable, and our insurance coverage contains limits, deductibles, exclusions and endorsements. Our insurance coverage may not be sufficient to meet our needs in the event of loss and any such loss may have a material adverse effect on us.

A significant portion of our sales is generated at three of our plants. Any adverse developments at any of those plants or in the end markets those plants serve could have a material adverse effect on our financial condition and results of operations.

A significant portion of our sales are generated at our plants located in Ottawa, Illinois, Mill Creek, Oklahoma, and Sparta, Wisconsin. These plants represented a combined 66%, 63%, and 58% of our total sales volume in 2014, 2013 and 2012, respectively. Any adverse development at these plants or in the end markets these plants serve, including adverse developments due to catastrophic events or weather, decreased demand for commercial silica products, a decrease in the availability of transportation services or adverse developments affecting our customers, could have a material adverse effect on our financial condition and results of operations.

Our business and financial performance depend on the level of activity in the oil and natural gas industries.

Our operations that produce frac sand are materially dependent on the levels of activity in natural gas and oil exploration, development and production. More specifically, the demand for the frac sand we produce is closely related to the number of natural gas and oil wells completed in geological formations where sand-based proppants are used in fracture treatments. These activity levels are affected by both short- and long-term trends in natural gas and oil prices. In recent years, natural gas and oil

20

Table of Contents

prices and, therefore, the level of exploration, development and production activity, have experienced significant fluctuations. Worldwide economic, political and military events, including war, terrorist activity, events in the Middle East and initiatives by the Organization of the Petroleum Exporting Countries ("OPEC"), have contributed, and are likely to continue to contribute, to price volatility. Additionally, warmer than normal winters in North America and other weather patterns may adversely impact the short-term demand for natural gas and, therefore, demand for our products. Reduction in demand for natural gas to generate electricity could also adversely impact the demand for frac sand. A prolonged reduction in natural gas and oil prices would generally depress the level of natural gas and oil exploration, development, production and well completion activity and result in a corresponding decline in the demand for the frac sand we produce. Such a decline could have a material adverse effect on our results of operations and financial condition. In addition, any future decreases in the rate at which oil and natural gas reserves are discovered or developed, whether due to increased governmental regulation, limitations on exploration and drilling activity or other factors, could have a material adverse effect on our business, even in a stronger natural gas and oil price environment.

We may be adversely affected by decreased demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing.

Frac sand is a proppant used in the completion and re-completion of natural gas and oil wells through hydraulic fracturing. Frac sand is the most commonly used proppant and is less expensive than ceramic proppant, which is also used in hydraulic fracturing to stimulate and maintain oil and natural gas production. A significant shift in demand from frac sand to other proppants, such as ceramic proppants, could have a material adverse effect on our financial condition and results of operations. The development and use of other effective alternative proppants, or the development of new processes to replace hydraulic fracturing altogether, could also cause a decline in demand for the frac sand we produce and could have a material adverse effect on our financial condition and results of operations.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related regulatory action or litigation could result in increased costs and additional operating restrictions or delays for our customers, which could negatively impact our business, financial condition and results of operations.

A significant portion of our business supplies frac sand to hydraulic fracturing operators in the oil and natural gas industry. Although we do not directly engage in hydraulic fracturing activities, our customers purchase our frac sand for use in their hydraulic fracturing operations. Increased regulation of hydraulic fracturing may adversely impact our business, financial condition and results of operations.

The federal Safe Drinking Water Act (the "SDWA") regulates the underground injection of substances through the Underground Injection Control Program (the "UIC Program"). Hydraulic fracturing generally has been exempt from federal regulation under the UIC Program, and the hydraulic fracturing process has been typically regulated by state or local governmental authorities. The EPA, however, has taken the position that certain aspects of hydraulic fracturing with fluids containing diesel fuel may be subject to regulation under the UIC Program, specifically as "Class II" UIC wells. In February 2014, the EPA released an interpretive memorandum to clarify UIC Program requirements under the SDWA for underground injection of diesel fuels in hydraulic fracturing for oil and gas extraction and issued technical guidance containing recommendations for EPA permit writers to consider in implementing these UIC "Class II" requirements. Among other things, the memorandum and technical guidance clarified that any owner or operator who injects diesel fuels in hydraulic fracturing for oil or gas extraction must obtain a UIC "Class II" permit before injection. The EPA also issued final rules in 2012 that included the first federal air standards for natural gas and oil wells that are hydraulically fractured, along with other requirements for several other sources of pollution in the oil and gas industry that had not been regulated at the federal level. Building on the 2012 rules, the EPA announced in January 2015 a series of steps it plans to take to address reducing methane and smog-forming emissions from the oil and natural gas industry. These rules are scheduled to be proposed in the summer of 2015 and finalized in 2016.

In addition, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, a committee of the U.S. House of Representatives (the "House") conducted an investigation of hydraulic fracturing practices and a subcommittee of the Secretary of Energy Advisory Board (the "SEAB") of the U.S. Department of Energy was tasked with recommending steps to improve the safety and environmental performance of hydraulic fracturing. As part of these studies, the EPA, the House committee and the SEAB subcommittee requested that certain

companies provide them with information concerning the chemicals used in the hydraulic fracturing process. These studies could potentially spur initiatives to further regulate hydraulic fracturing under the SDWA or otherwise. The SEAB subcommittee issued a preliminary report in August 2011 and a final report in November 2011 recommending, among other things, measures to improve and protect air and water quality, improvements in communication among state and federal regulators, elimination of diesel fuel in shale gas production, disclosure of fracturing fluid composition and the creation of a publicly accessible database organizing all publicly disclosed information with respect to hydraulic fracturing operations. Legislation has been introduced before the U.S. Congress to

Table of Contents

provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. If this or similar legislation becomes law, the legislation could establish an additional level of federal regulation that may lead to additional permitting requirements or other operating restrictions, making it more difficult to complete natural gas and oil wells in shale formations. This could increase our customers' costs of compliance and doing business or otherwise adversely affect the hydraulic fracturing services they perform, which may negatively impact demand for our frac sand products.

In addition, the federal Bureau of Land Management (the "BLM") and various state, local and foreign governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permitting requirements, operational restrictions, disclosure requirements and temporary or permanent bans on hydraulic fracturing in certain areas such as environmentally sensitive watersheds. For example, Vermont banned hydraulic fracturing in the state in 2012 and certain states such as New York and New Jersey issued moratoriums on hydraulic fracturing while they considered studies of and regulations regarding hydraulic fracturing, although New York announced in December 2014 that it will move to ban hydraulic fracturing in the state in 2015 and New Jersey's moratorium expired in 2013. A number of local municipalities across the United States have instituted measures resulting in temporary or permanent bans on or otherwise limiting or delaying hydraulic fracturing in their jurisdictions. Such moratoriums and bans could make it more difficult to conduct hydraulic fracturing operations and increase our customers' cost of doing business, which could negatively impact demand for our frac sand products. The BLM also proposed and is in the process of reconsidering regulations requiring disclosure of chemicals used in the hydraulic fracturing process both before and after any drilling on federal public land, and a number of states have enacted legislation or issued regulations which impose various disclosure requirements on hydraulic fracturing operators. The availability of information regarding the constituents of hydraulic fracturing fluids could make it easier for third parties opposing the hydraulic fracturing process to initiate individual or class action legal proceedings based on allegations that specific chemicals used in the hydraulic fracturing process could adversely affect groundwater and drinking water supplies or otherwise cause harm to human health or the environment. Moreover, disclosure to third parties or to the public, even if inadvertent, of our customers' proprietary chemical formulas could diminish the value of those formulas and result in competitive harm to our customers, which could indirectly impact our business, financial condition and results of operations.

The adoption of new laws or regulations at the federal, state, local or foreign levels imposing reporting obligations on, or otherwise limiting or delaying, the hydraulic fracturing process could make it more difficult to complete natural gas and oil wells in shale formations, increase our customers' costs of compliance and doing business and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our frac sand products. In addition, heightened political, regulatory and public scrutiny of hydraulic fracturing practices could potentially expose us or our customers to increased legal and regulatory proceedings, and any such proceedings could be time-consuming, costly or result in substantial legal liability or significant reputational harm. Any such developments could have a material adverse effect on our business, financial condition and results of operations, whether directly or indirectly. For example, we could be directly affected by adverse litigation involving us, or indirectly affected if the cost of compliance limits the ability of our customers to operate in the geographic areas we serve.

Our operations are dependent on our rights and ability to mine our properties and on our having renewed or received the required permits and approvals from governmental authorities and other third parties.

We hold numerous governmental, environmental, mining and other permits, water rights and approvals authorizing operations at each of our facilities. A decision by a governmental agency or other third party to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility. Expansion of our existing operations is also predicated on securing the necessary environmental or other permits, water rights or approvals, which we may not receive in a timely manner or at all. In addition, our facilities are located near existing and proposed third-party industrial operations that could affect our ability to fully extract, or the manner in which we extract, the mineral deposits to which we have mining rights.

Title to, and the area of, mineral properties and water rights may also be disputed. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that we do not have title to one or more of our properties or lack appropriate water rights could cause us to lose any rights to explore, develop and extract any minerals on that property, without compensation for our prior expenditures relating to such property. Our business may suffer a material adverse effect in the event one or more of our properties are determined to have title deficiencies.

In some instances, we have received access rights or easements from third parties, which allow for a more efficient operation than would exist without the access or easement. A third party could take action to suspend the access or easement, and any such action could be materially adverse to our results of operations or financial condition.

Table of Contents

We may not be able to successfully implement our capacity expansion plans within our current timetable, the actual costs of the capacity expansion may exceed our current estimated costs and we may not be able to secure demand for the incremental production capacity. In addition, actual operating costs once we have completed the capacity expansion may be higher than anticipated.

In 2014, we made an initial investment in a new Greenfield site near Fairchild, Wisconsin, which, depending on market conditions, could become operational as early as late 2015 and eventually add 3,000,000 tons of annual frac sand capacity. We are also planning an 800,000 ton-per-year expansion at our Pacific, Missouri facility. This project includes adding a dryer as well as a new transload facility to support the additional volume and is also expected to become operational as early as the end of 2015. In addition we are evaluating the potential development of another Greenfield project in Wisconsin, which could add 3,000,000 tons of annual frac sand capacity. Depending on market conditions, this facility could become operational as early as the end of 2016.

Under our current business plan, we expect to fund our expansion plan through a combination of cash on our balance sheet and cash generated from our operating and financing activities. If the assumptions on which we based our estimated capital expenditures change or are inaccurate, we may require additional funding. Such funding may not be available on terms acceptable to us, or at all. Moreover, actual operating costs once we have completed the capacity expansion may be higher than initially anticipated. We also have not secured off-take commitments for the incremental production from our capacity expansion plans, and we may not be able to secure adequate demand for the incremental production. Furthermore, substantial investments in transportation infrastructure have been and will be required to effectively execute the capacity expansion, and we may not be successful in expanding our logistical capabilities to accommodate the additional production capacity.

Any failure to successfully implement our capacity expansion plans due to an inability to obtain necessary permits, insufficient funding, delays, unanticipated costs or other factors, or failure to realize the anticipated benefits of our capacity expansion plans, including securing demand for the incremental production, could have a material adverse effect on our business, financial condition and results of operations.

Our future performance will depend on our ability to succeed in competitive markets, and on our ability to appropriately react to potential fluctuations in demand for and supply of our products.

We operate in a highly competitive market that is characterized by a small number of large, national producers and a larger number of small, regional or local producers. Competition in the industry is based on price, consistency and quality of product, site location, distribution capability, customer service, reliability of supply, breadth of product offering and technical support. As transportation costs are a significant portion of the total cost to customers of commercial silica-in many instances transportation costs can represent more than 50% of delivered cost-the commercial silica market is typically local, and competition from beyond the local area is limited. Notable exceptions to this are the frac sand and fillers and extenders markets, where certain product characteristics are not available in all deposits and not all plants have the requisite processing capabilities, necessitating that some products be shipped for extended distances.

We compete with large, national producers such as FMSA Holdings Inc., Unimin Corporation, Hi-Crush Partners LP and Emerge Energy Services LP. Our larger competitors may have greater financial and other resources than we do, may develop technology superior to ours or may have production facilities that are located closer to key customers than ours.

Because the markets for our products are typically local, we also compete with smaller, regional or local producers. For instance, in recent years there has been an increase in the number of small producers servicing the frac sand market due to an increased demand for hydraulic fracturing services. Should the demand for hydraulic fracturing services decrease or the supply of frac sand available in the market increase, prices in the frac sand market could materially decrease as less-efficient producers exit the market, selling frac sand at below market prices. In addition, oil and natural gas exploration and production companies and other providers of hydraulic fracturing services could acquire their own frac sand reserves, expand their existing frac sand production capacity or otherwise fulfill their own proppant requirements and existing or new frac sand producers could add to or expand their frac sand production capacity, which would negatively impact demand for our frac sand products. We may not be able to compete

successfully against either our larger or smaller competitors in the future, and competition could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

If our customers delay or fail to pay a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and financial condition.

We bill our customers for our products in arrears and are, therefore, subject to our customers delaying or failing to pay our invoices. In weak economic environments, we may experience increased delays or failures due to, among other reasons, a reduction in our customers' cash flow from operations and their access to the credit markets. If our customers delay or fail to pay us a significant amount of our outstanding receivables, it could have a material adverse effect on our liquidity, consolidated results of operations, and financial condition.

Table of Contents

Some of our customers may experience financial difficulties, including insolvency. If a customer cannot provide us with reasonable assurance of payment, we will fully reserve the outstanding accounts receivable balance for the customer and only recognize revenue when we collect payment for our products shipped, assuming all other criteria for revenue recognition have been met. Although we will continue to try to obtain payments from these customers, it is likely that one or more of these customers will not pay us for our products. With respect to customers that are in bankruptcy proceedings, we similarly may not be able to collect sums owed to us by these customers and we also may be required to refund pre-petition amounts paid to us during the preference period (typically 90 days) prior to the bankruptcy filing.

A large portion of our sales is generated by our top ten customers, and the loss of, or a significant reduction in purchases by our largest customers could adversely affect our operations.

Our top ten customers made up 57%, 52%, and 37% of our total sales revenue during the years ended December 31, 2014, 2013, and 2012, respectively. During 2014, we had long-term, competitively-bid supply contracts with ten customers in the oil and gas proppants end market, seven of which were among our top ten overall customers, including our top customer for 2014. These agreements have initial terms expiring between 2014 and 2019. As of February 25, 2015, we maintained long-term supply contracts with eight customers. While some of our largest customers have entered into supply contracts with us, these customers may not continue to purchase the same levels of our commercial silica products in the future due to a variety of reasons, contract requirements notwithstanding. For example, some of our top customers could go out of business or, alternatively, be acquired by other companies that purchase the same products and services provided by us from other third-party providers. Our customers could also seek to capture and develop their own sources of commercial silica. If any of our major customers substantially reduces or altogether ceases purchasing our commercial silica products, depending on market conditions, we could suffer a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, the long-term take-or-pay supply agreements we have may negatively impact our results of operations.

Certain of our long-term agreements are for sales at fixed prices that are adjusted only for certain cost increases. As a result, in periods with increasing prices, our sales could grow at a slower rate than industry spot prices.

Increasing costs or a lack of dependability or availability of transportation services, transload network access or infrastructure could have an adverse effect on our ability to deliver products at competitive prices.

Because of the relatively low cost of producing commercial silica, transportation and related costs including freight charges, fuel surcharges, transloading fees, switching fees, railcar lease costs, demurrage costs and storage fees, tend to be a significant component of the total delivered cost of sales. The high relative cost of transportation related expense tends to favor manufacturers located in close proximity to the customer. In addition, as we continue to expand our commercial silica production, we will need increased transportation services and transload network access. We contract with truck, rail and barge services to move commercial silica from our production facilities to transload sites and our customers, and increased costs under these contracts could adversely affect our results of operations. In addition, we bear the risk of non-delivery under our contracts. Labor disputes, derailments, adverse weather conditions or other environmental events, an increasingly tight railcar leasing market and changes to rail freight systems could interrupt or limit available transportation services. A significant increase in transportation service rates, a reduction in the dependability or availability of transportation or transload services, or relocation of our customers' businesses to areas farther from our plants or transloads could impair our ability to deliver our products economically to our customers and to expand our markets.

Seasonal and severe weather conditions could have a material adverse impact on our business.

Our business could be materially adversely affected by weather conditions. Severe weather conditions may affect our customers' operations, thus reducing their need for our products. Weather conditions may impact our operations, resulting in weather-related damage to our facilities and equipment or an inability to deliver equipment, personnel and products to job sites in accordance with contract schedules. In addition, the EPA has stated that climate change may lead to the increased frequency and severity of extreme weather events. Any such interference with our operations could force us to delay or curtail services and potentially breach our contractual obligations or result in a loss of productivity and an increase in our operating costs.

Our production process consumes large amounts of natural gas and electricity. An increase in the price or a significant interruption in the supply of these or any other energy sources could have a material adverse effect on our financial condition or results of operations.

Energy costs, primarily natural gas and electricity, represented approximately 4% of our total sales in 2014. Natural gas is the primary fuel source used for drying in the commercial silica production process and, as such, our profitability is impacted by the price and availability of natural gas we purchase from third parties. The price and supply of natural gas are unpredictable

Table of Contents

and can fluctuate significantly based on international, political and economic circumstances, as well as other events outside our control, such as changes in supply and demand due to weather conditions, actions by OPEC and other oil and natural gas producers, regional production patterns and environmental concerns. In addition, potential climate change regulations or carbon or emissions taxes could result in higher production costs for energy, which may be passed on to us in whole or in part. In the past, the price of natural gas has been extremely volatile, and we expect this volatility to continue. For example, during the year ended December 31, 2014, the monthly closing price of natural gas ranged from a high of $5.56 per million British Thermal Units ("BTUs") to a low of $3.73 per million BTUs. In order to manage this risk, we may hedge natural gas prices through the use of derivative financial instruments, such as forwards, swaps and futures. However, these measures carry risk (including nonperformance by counterparties) and do not in any event entirely eliminate the risk of decreased margins as a result of natural gas price increases. A significant increase in the price of energy that is not recovered through an increase in the price of our products or covered through our hedging arrangements or an extended interruption in the supply of natural gas or electricity to our production facilities could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Increases in the price of diesel fuel may adversely affect our results of operations.

Diesel fuel costs generally fluctuate with increasing and decreasing world crude oil prices, and accordingly are subject to political, economic and market factors that are outside of our control. Our operations are dependent on earthmoving equipment, railcars and tractor trailers, and diesel fuel costs are a significant component of the operating expense of these vehicles. We use earthmoving equipment in our mining operations, and we ship the vast majority of our products by either railcar or tractor trailer. To the extent that we perform these services with equipment that we own, we are responsible for buying and supplying the diesel fuel needed to operate these vehicles. To the extent that these services are provided by independent contractors, we may be subject to fuel surcharges that attempt to recoup increased diesel fuel expenses. To the extent we are unable to pass along increased diesel fuel costs to our customers, our results of operations could be adversely affected.

Diminished access to water may adversely affect our operations.

The mining and processing activities in which we engage at a number of our facilities require significant amounts of water, and some of our facilities are located in areas that are water-constrained. We have obtained water rights that we currently use to service the activities on our various properties, and we plan to obtain all required water rights to service other properties we may develop or acquire in the future. However, the amount of water that we are entitled to use pursuant to our water rights must be determined by the appropriate regulatory authorities in the jurisdictions in which we operate. Such regulatory authorities may amend the regulations regarding such water rights, increase the cost of maintaining such water rights or eliminate our current water rights, and we may be unable to retain all or a portion of such water rights. For instance, there are proposed regulations reducing water rights per acre for the aquifer accessed by our Mill Creek, Oklahoma facility. These new regulations, which could also affect local municipalities and other industrial operations, could have a material adverse effect on our operating costs and effectiveness if implemented. Such changes in laws, regulations or government policy and related interpretations pertaining to water rights may alter the environment in which we do business, which may negatively affect our financial condition and results of operations.

If we cannot successfully complete acquisitions or integrate acquired businesses, our growth may be limited and our financial condition may be adversely affected.

Our business strategy includes supplementing internal growth by pursuing acquisitions of complementary businesses. Any acquisition involves potential risks, including, among other things:

- the validity of our assumptions about mineral reserves, future production, sales, capital expenditures, operating expenses and costs, including synergies;
- an inability to successfully integrate the businesses we acquire;
- the use of a significant portion of our available cash or borrowing capacity to finance acquisitions and the subsequent decrease in our liquidity;
- a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;

- the assumption of unknown liabilities, losses or costs for which we are not indemnified or for which our indemnity is inadequate;
- the diversion of management's attention from other business concerns;
- an inability to hire, train or retain qualified personnel both to manage and to operate our growing business and assets;

Table of Contents

- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges;
- unforeseen difficulties encountered in operating in new geographic areas;
- customer or key employee losses at the acquired businesses; and
- the accuracy of data obtained from production reports and engineering studies, geophysical and geological analyses and other information used when deciding to acquire a property, the results of which are often inconclusive and subject to various interpretations.

If we cannot successfully complete acquisitions or integrate acquired businesses, our growth may be limited and our financial condition may be adversely affected.

We will be required to make substantial capital expenditures to maintain, develop and increase our asset base. The inability to obtain needed capital or financing on satisfactory terms, or at all, could have an adverse effect on our growth and profitability.

Although we currently use a significant amount of our cash reserves and cash generated from our operations to fund the maintenance and development of our existing mineral reserves and our acquisitions of new mineral reserves, we may depend on the availability of credit to fund future capital expenditures. Our ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering, the covenants contained in our existing credit facilities or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond our control. Our failure to obtain the funds necessary to maintain, develop and increase our asset base could adversely impact our growth and profitability.

Even if we are able to obtain financing or access the capital markets, incurring additional debt may significantly increase our interest expense and financial leverage, and our level of indebtedness could restrict our ability to fund future development and acquisition activities. In addition, the issuance of additional common stock in an equity offering may result in significant stockholder dilution.

Our substantial indebtedness and pension obligations could adversely affect our financial flexibility and our competitive position.

We have, and we will continue to have, a significant amount of indebtedness. As of December 31, 2014, we had $502.3 million of outstanding indebtedness. Under our senior secured credit facility, as of December 31, 2014, we had a $50.0 million line-of-credit, of which $3.2 million is being used for outstanding letters of credit, leaving $46.8 million of borrowing availability. Our substantial level of indebtedness increases the risk that we may be unable to generate cash sufficient to pay amounts due in respect of our indebtedness. We also have, and will continue to have, significant pension obligations. As of December 31, 2014, our unfunded pension obligations totaled $31.4 million.

Our substantial indebtedness and pension obligations could have other important consequences to you and significant effects on our business. For example, they could:

- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness and pension obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- make it more difficult to satisfy our financial obligations, including payments on our indebtedness;
- place us at a disadvantage compared to our competitors that have less debt and pension obligations; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

Our senior secured credit facility contains certain restrictions and financial covenants that may restrict our business and financing activities

Our existing senior secured credit facility contains, and any future financing agreements that we may enter into will likely contain, operating and financial restrictions and covenants that may restrict our ability to finance future

operations or capital needs or to engage in, expand or pursue our business activities.

Table of Contents

Our ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our senior secured credit facility, a significant portion of our indebtedness may become immediately due and payable and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our senior secured credit facility are secured by substantially all of our assets, and if we are unable to repay our indebtedness under our senior secured credit facility, the lenders could seek to foreclose on our assets.

We may incur substantial debt in the future to enable us to maintain or increase our production levels and to otherwise pursue our business plan. This debt may impair our ability to operate our business.

Our business plan requires a significant amount of capital expenditures to maintain and grow our production levels. If commercial silica prices were to decline for an extended period of time, if the costs of our acquisition and development operations were to increase substantially or if other events were to occur which reduced our sales or increased our costs, we may be required to borrow significant amounts in the future to enable us to finance the expenditures necessary to replace the reserves we produce. The cost of the borrowings and our obligations to repay the borrowings could have important consequences to us, including:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms, or at all;
- covenants contained in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for, and reacting to, changes in our business, including possible acquisition opportunities;
- we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness and to improve the funded status of our defined benefit pension plan, reducing the funds that would otherwise be available for operations and future business opportunities; and
- our debt level will make us more vulnerable than our less leveraged competitors to competitive pressures or a downturn in our business or the economy generally.

Our ability to service our indebtedness will depend on, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or delaying business activities, acquisitions, investments and/or capital expenditures; selling assets; restructuring or refinancing our indebtedness; or seeking additional equity capital or bankruptcy protection. We may not be able to affect any of these remedies on satisfactory terms or at all.

Certain of our contracts contain provisions requiring us to deliver minimum amounts of frac sand or purchase minimum amounts of services. Noncompliance with these contractual obligations may result in penalties or termination of the agreement.

In certain instances, we commit to deliver products or purchase services, under penalty of nonperformance. Our inability to meet the minimum contract requirements may permit the counterparty to terminate the agreements or require us to pay a fee. The amount of the fee would be based on the difference between the minimum amount contracted for and the amount delivered or purchased. In such events, our business, financial condition and results of operations may be materially adversely affected.

Inaccuracies in our estimates of mineral reserves and resource deposits could result in lower than expected sales and higher than expected costs.

We base our mineral reserve and resource estimates on engineering, economic and geological data assembled and analyzed by our engineers and geologists, which are reviewed periodically by outside firms. However, commercial silica reserve estimates are necessarily imprecise and depend to some extent on statistical inferences drawn from available drilling data, which may prove unreliable. There are numerous uncertainties inherent in estimating quantities and qualities of commercial silica reserves and non-reserve commercial silica deposits and costs to mine recoverable reserves, including many factors beyond our control. Estimates of economically recoverable commercial silica

reserves necessarily depend on a number of factors and assumptions, all of which may vary considerably from actual results, such as:

- geological and mining conditions and/or effects from prior mining that may not be fully identified by available data or that may differ from experience;

Table of Contents

- assumptions concerning future prices of commercial silica products, operating costs, mining technology improvements, development costs and reclamation costs; and
- assumptions concerning future effects of regulation, including the issuance of required permits and taxes by governmental agencies.

Any inaccuracy in our estimates related to our mineral reserves and non-reserve mineral deposits could result in lower than expected sales and higher than expected costs.

A shortage of skilled labor together with rising labor costs in the mining industry may further increase operating costs, which could adversely affect our results of operations.

Efficient mining using modern techniques and equipment requires skilled laborers, preferably with several years of experience and proficiency in multiple mining tasks, including processing of mined minerals. If the shortage of experienced labor continues or worsens or if we are unable to train the necessary number of skilled laborers, there could be an adverse impact on our labor productivity and costs and our ability to grow our business may be limited.

Our business may suffer if we lose, or are unable to attract and retain, key personnel.

We depend to a large extent on the services of our senior management team and other key personnel. Members of our senior management and other key employees have extensive experience and expertise in evaluating and analyzing industrial mineral properties, maximizing production from such properties, marketing industrial mineral production and developing and executing financing and hedging strategies. Competition for management and key personnel is intense, and the pool of qualified candidates is limited. The loss of any of these individuals or the failure to attract additional personnel, as needed, could have a material adverse effect on our operations and could lead to higher labor costs or the use of less-qualified personnel. In addition, if any of our executives or other key employees were to join a competitor or form a competing company, we could lose customers, suppliers, know-how and key personnel. We do not maintain key-man life insurance with respect to any of our employees. Our success will be dependent on our ability to continue to attract, employ and retain highly skilled personnel.

Our profitability could be negatively affected if we fail to maintain satisfactory labor relations.

As of December 31, 2014, various labor unions represented approximately 40% of our employees. If we are unable to renegotiate acceptable collective bargaining agreements with these labor unions in the future, we could experience, among other things, strikes, work stoppages or other slowdowns by our workers and increased operating costs as a result of higher wages, health care costs or benefits paid to our employees. An inability to maintain good relations with our workforce could cause a material adverse effect on our business and results of operations.

We rely upon trade secrets and contractual restrictions, and not patents, to protect our proprietary rights. Failure to protect our intellectual property rights may undermine our competitive position, and protecting our rights or defending against third-party allegations of infringement may be costly.

Our commercial success depends on our proprietary information and technologies, know-how and other intellectual property. Because of the technical nature of our business, we rely on trade secrets, trademarks and contractual restrictions to protect our intellectual property rights and currently do not hold any patents related to our business. The measures we take to protect our trade secrets and other intellectual property rights may be insufficient. Failure to protect, monitor and control the use of our existing intellectual property rights could cause us to lose our competitive advantage and incur significant expenses. It is possible that our competitors or others could independently develop the same or similar technologies or otherwise obtain access to our unpatented technologies. In such case, our trade secrets would not prevent third parties from competing with us. As a result, our results of operations may be adversely affected. Furthermore, third parties or employees may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could also harm our business and results of operations. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available.

In addition, third parties may claim that our products infringe or otherwise violate their patents or other proprietary rights and seek corresponding damages or injunctive relief. Defending ourselves against such claims, with or without merit, could be time-consuming and result in costly litigation. An adverse outcome in any such litigation could subject us to significant liability to third parties (potentially including treble damages) or temporary or permanent injunctions prohibiting the manufacture or sale of our products, the use of our technologies or the conduct of our business. Any adverse outcome could also require us to seek licenses from third parties (which may not be available on acceptable

terms, or at all) or to make substantial one-time or ongoing royalty payments. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. In addition, we may not have insurance coverage in

Table of Contents

connection with such litigation and may have to bear all costs arising from any such litigation to the extent we are unable to recover them from other parties. Any of these outcomes could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may have to utilize significant cash to meet our unfunded pension obligations and post-retirement health care liabilities and these obligations are subject to increase.

Many of our employees participate in our defined benefit pension plans. In 2014, we made payments totaling $4.6 million toward reducing the unfunded liability of our defined benefit pension plans. Declines in interest rates or the market values of the securities held by the plans, or other adverse changes, could materially increase the underfunded status of our plans and affect the level and timing of required cash contributions. To the extent we use cash to reduce these unfunded liabilities, the amount of cash available for our working capital needs would be reduced. In addition, under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Pension Benefit Guaranty Corporation ("PBGC") has the authority to institute proceedings to terminate a pension plan if (1) the plan has not met the minimum funding requirements, (2) the plan cannot pay current benefits when due, (3) a lump sum payment has been made to a participant who is a substantial owner of the sponsoring company (and certain other technical conditions exist) or (4) the loss to the PBGC is reasonably expected to increase unreasonably over time if the plan is not terminated. In the event our tax-qualified pension plans are terminated by the PBGC, we could be liable to the PBGC for the underfunded amount, which could trigger default provisions in our credit facilities. As of December 31, 2014, our pension obligation was $122.3 million (with plan assets of $90.9 million). The amount of cash ultimately required to fund these obligations will vary based on a number of factors including future return on assets, mortality rates and other such actuarial assumptions. Based on current assumptions, we expect to pay $1.7 million in the year 2015, a total of $1.4 million for the two-year period from 2016 through 2017 and a total of $6.5 million for the two-year period from 2018 through 2019.

We also have a post-retirement health and life insurance plan for many of our employees. The post-retirement benefit plan is unfunded. We derive post-retirement benefit expense from an actuarial calculation based on the provisions of the plan and a number of assumptions provided by us including information about employee demographics, retirement age, future health care costs, turnover, mortality, discount rate, amount and timing of claims and a health care inflation trend rate. Our post-retirement healthcare obligations were $28.3 million as of December 31, 2014. Based on current assumptions, we expect to pay $1.4 million in the year 2015, a total of $3.0 million for the two-year period from 2016 through 2017, a total of $3.1 million for the two-year period from 2018 through 2019 and a total of $20.8 million thereafter. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations."

Failure to maintain effective quality control systems at our mining, processing and production facilities could have a material adverse effect on our business and operations.

The performance, quality and safety of our products are critical to the success of our business. These factors depend significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the design of our quality control systems, our quality-training program and our ability to ensure that our employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business, financial condition, results of operations and reputation.

Our sales and profitability fluctuate on a seasonal basis and are affected by a variety of other factors.

Our sales and profitability are affected by a variety of factors, including actions of competitors, changes in general economic conditions, weather conditions and seasonal periods. As a result, our results of operations may fluctuate on a quarterly basis and relative to corresponding periods in prior years, and any of these factors could adversely affect our business and cause our results of operations to decline. For example, we sell more of our products in the second and third quarters in the building products and recreation end markets due to the seasonal rise in construction driven by more favorable weather conditions. We sell fewer of our products in the first and fourth quarters due to reduced construction and recreational activity largely as a result of adverse weather conditions. Any unanticipated decrease in demand for our products during the second and third quarters could have a material adverse effect on our sales and

profitability.

We may be subject to interruptions or failures in our information technology systems.

We rely on our information technology systems to process transactions, summarize our operating results and manage our business. Our information technology systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events, such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our information technology systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations.

Table of Contents

The reliability and capacity of our information technology systems is critical to our operations and the implementation of our growth initiatives. Any material disruption in our information technology systems, or delays or difficulties in implementing or integrating new systems or enhancing current systems, could have an adverse effect on our business, and results of operations.

A terrorist attack or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing plants or refineries are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and natural gas, which, in turn, could also reduce the demand for our products and services. Terrorist activities and the threat of potential terrorist activities and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

Risks Related to Environmental, Mining and Other Regulation

We and our customers are subject to extensive environmental and health and safety regulations which impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

We are subject to a variety of federal, state and local regulatory environmental requirements affecting the mining and mineral processing industry, including among others, those relating to employee health and safety, environmental permitting and licensing, air and water emissions, greenhouse gas emissions, water pollution, waste management, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials and natural resources. These laws, regulations and permits have had, and will continue to have, a significant effect on our business. Some environmental laws impose substantial penalties for noncompliance, and others, such as CERCLA, impose strict, retroactive and joint and several liability for the remediation of releases of hazardous substances. Liability under CERCLA, or similar state and local laws, may be imposed as a result of conduct that was lawful at the time it occurred or for the conduct of, or conditions caused by, prior operators or other third parties. Failure to properly handle, transport, store or dispose of hazardous materials or otherwise conduct our operations in compliance with environmental laws could expose us to liability for governmental penalties, cleanup costs and civil or criminal liability associated with releases of such materials into the environment, damages to property or natural resources and other damages, as well as potentially impair our ability to conduct our operations. In addition, future environmental laws and regulations could restrict our ability to expand our facilities or extract our mineral deposits or could require us to acquire costly equipment or to incur other significant expenses in connection with our business. Future events, including changes in any environmental requirements (or their interpretation or enforcement) and the costs associated with complying with such requirements, could have a material adverse effect on us.

Any failure by us to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact our operations and financial condition, including:

- issuance of administrative, civil and criminal penalties;
- denial, modification or revocation of permits or other authorizations;
- imposition of injunctive obligations or other limitations on our operations, including cessation of operations; and
- requirements to perform site investigatory, remedial or other corrective actions.

Moreover, environmental requirements, and the interpretation and enforcement thereof, change frequently and have tended to become more stringent over time. For example, greenhouse gas emission regulation is becoming more rigorous. We expect to be required to report annual greenhouse gas emissions from our operations to the EPA, and additional greenhouse gas emission related requirements at the supranational, federal, state, regional and local levels are in various stages of development. The U.S. Congress has considered, and may adopt in the future, various legislative proposals to address climate change, including a nationwide limit on greenhouse gas emissions. In addition, the EPA has issued regulations, including the “Tailoring Rule,” that subject greenhouse gas emissions from certain stationary sources to the Prevention of Significant Deterioration and Title V provisions of the federal Clean Air Act.

Any such regulations could require us to modify existing permits or obtain new permits, implement additional pollution control technology, curtail operations or increase significantly our operating costs. Any regulation of greenhouse gas emissions, including, for example, through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, financial condition, reputation, operating performance and product demand.

Table of Contents

In addition to environmental regulation, we are subject to laws and regulations relating to human exposure to crystalline silica. Several federal and state regulatory authorities, including MSHA and OSHA, may continue to propose changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits and required controls and personal protective equipment. For instance, in August 2013, OSHA proposed regulations that would reduce permissible exposure limits to 50 micrograms of respirable crystalline silica per cubic meter of air, averaged over an 8-hour day. Both the North American Industrial Mining Association and the National Industrial Sand Association, both of which we are a member, track silicosis-related issues and aim to work with government policymakers in crafting such regulations.

We may not be able to comply with any new laws and regulations that are adopted, and any new laws and regulations could have a material adverse effect on our operating results by requiring us to modify our operations or equipment or shut down some or all of our plants. Additionally, our customers may not be able to comply with any new laws and regulations, and any new laws and regulations could have a material adverse effect on our customers by requiring them to shut down old plants or to relocate plants to locations with less stringent regulations farther away from our facilities. We cannot at this time reasonably estimate our costs of compliance or the timing of any costs associated with any new laws and regulations, or any material adverse effect that any new standards will have on our customers and, consequently, on our operations.

We are subject to various lawsuits relating to the actual or alleged exposure of persons to silica. See “Risks Related to Our Business-Silica-related health issues and litigation could have a material adverse effect on our business, reputation or results of operations.”

We are subject to the Federal Mine Safety and Health Act of 1977, which imposes stringent health and safety standards on numerous aspects of our operations.

Our operations are subject to the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, which imposes stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment and other matters. Our failure to comply with such standards, or changes in such standards or the interpretation or enforcement thereof, could have a material adverse effect on our business and financial condition or otherwise impose significant restrictions on our ability to conduct mineral extraction and processing operations.

Silica-related health issues and litigation could have a material adverse effect on our business, reputation or results of operations.

The inhalation of respirable crystalline silica is associated with the lung disease silicosis. There is recent evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the commercial silica industry. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of silica, may have the effect of discouraging our customers’ use of our silica products. The actual or perceived health risks of mining, processing and handling silica could materially and adversely affect silica producers, including us, through reduced use of silica products, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the commercial silica industry.

Since at least 1975, we and/or our predecessors have been named as a defendant, usually among many defendants, in numerous products liability lawsuits brought by or on behalf of current or former employees of our customers alleging damages caused by silica exposure. As of February 25, 2015, there were a total of 86 active silica-related products liability claims pending in which we were a defendant and 1,060 inactive claims. Almost all of the claims pending against us arise out of the alleged use of our silica products in foundries or as an abrasive blast media, involve various other defendants and have been filed in the states of Texas, Louisiana and Mississippi, although some cases have been brought in many other jurisdictions over the years.

Prior to the fourth quarter of 2012, we had insurance policies for both our predecessors that covered certain claims for alleged silica exposure for periods prior to certain dates in 1985 and 1986 (with respect to various insurance). As a result of a settlement with a former owner and its insurers in the fourth quarter of 2012, some of these policies are no longer available to us and we will not seek reimbursement for any defense costs or claim payments from these

policies. Other insurance policies, however, continue to remain available to us and will continue to make such payments on our behalf. The silica-related litigation brought against us to date and associated litigation costs, settlements and verdicts have not resulted in a material liability to us to date. However, we continue to have silica exposure claims filed against us, including claims that allege silica exposure for periods not covered by insurance, and the costs, outcome and impact to us of any pending or future claims is not certain. Any such pending or future claims or inadequacies of our insurance coverage could have a material adverse effect on our business,

Table of Contents

reputation, financial condition, results of operations, cash flows and prospects. For further information, see "Business-Legal Proceedings."

We and our customers are subject to other extensive regulations, including licensing, plant and wildlife protection and reclamation regulation, which impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

In addition to the regulatory matters described above, we and our customers are subject to extensive governmental regulation on matters such as permitting and licensing requirements, plant and wildlife protection, wetlands protection, reclamation and restoration of mining properties after mining is completed, the discharge of materials into the environment and the effects that mining and hydraulic fracturing have on groundwater quality and availability. Our future success depends, among other things, on the quantity of our commercial silica and other mineral deposits and our ability to extract these deposits profitably, and our customers being able to operate their businesses as they currently do.

In order to obtain permits and renewals of permits in the future, we may be required to prepare and present data to governmental authorities pertaining to the impact that any proposed exploration or production activities may have on the environment. Certain approval procedures may require preparation of archaeological surveys, endangered species studies and other studies to assess the environmental impact of new sites or the expansion of existing sites. Compliance with these regulatory requirements is expensive and significantly lengthens the time needed to develop a site. Finally, obtaining or renewing required permits is sometimes delayed or prevented due to community opposition and other factors beyond our control. The denial of a permit essential to our operations or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop or expand a site. Significant opposition to a permit by neighboring property owners, members of the public or other third parties or delay in the environmental review and permitting process also could impair or delay our ability to develop or expand a site. New legal requirements, including those related to the protection of the environment, could be adopted that could materially adversely affect our mining operations (including our ability to extract mineral deposits), our cost structure or our customers' ability to use our commercial silica products. Such current or future regulations could have a material adverse effect on our business and we may not be able to obtain or renew permits in the future.

Our inability to acquire, maintain or renew financial assurances related to the reclamation and restoration of mining property could have a material adverse effect on our business, financial condition and results of operations.

We are generally obligated to restore property in accordance with regulatory standards and our approved reclamation plan after it has been mined. We are required under federal, state and local laws to maintain financial assurances, such as surety bonds, to secure such obligations. The inability to acquire, maintain or renew such assurances, as required by federal, state and local laws, could subject us to fines and penalties as well as the revocation of our operating permits. Such inability could result from a variety of factors, including:

- the lack of availability, higher expense or unreasonable terms of such financial assurances;
- the ability of current and future financial assurance counterparties to increase required collateral; and
- the exercise by financial assurance counterparties of any rights to refuse to renew the financial assurance instruments.

Our inability to acquire, maintain or renew necessary financial assurances related to the reclamation and restoration of mining property could have a material adverse effect on our business, financial condition and results of operations.

Mine closures entail substantial costs, and if we close one or more of our mines sooner than anticipated, our results of operations may be adversely affected.

We base our assumptions regarding the life of our mines on detailed studies that we perform from time to time, but our studies and assumptions do not always prove to be accurate. If we close any of our mines sooner than expected, sales will decline unless we are able to increase production at any of our other mines, which may not be possible. The closure of an open pit mine also involves significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs and the costs of terminating long-term obligations, including energy contracts and equipment leases. We accrue for the costs of reclaiming open pits, stockpiles, tailings ponds, roads and other mining support areas over the estimated mining life of our property. If we

were to reduce the estimated life of any of our mines, the fixed mine closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could materially and adversely affect our results of operations and financial condition.

Table of Contents

Applicable statutes and regulations require that mining property be reclaimed following a mine closure in accordance with specified standards and an approved reclamation plan. The plan addresses matters such as removal of facilities and equipment, re-grading, prevention of erosion and other forms of water pollution, re-vegetation and post-mining land use. We may be required to post a surety bond or other form of financial assurance equal to the cost of reclamation as set forth in the approved reclamation plan. The establishment of the final mine closure reclamation liability is based on permit requirements and requires various estimates and assumptions, principally associated with reclamation costs and production levels. If our accruals for expected reclamation and other costs associated with mine closures for which we will be responsible were later determined to be insufficient, our business, results of operations and financial condition would be adversely affected.

Risks Related to the Ownership of Our Common Stock

Our stock price could be volatile, and you may not be able to resell shares of your common stock at or above the price you paid.

The stock market has and continues to experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the underlying businesses. These broad market fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

In addition to the risks described in this section, the market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- quarterly variations in our operating results compared to market expectations;
- announcements of acquisitions of or investments in other businesses and properties or dispositions;
- changes in preferences of our customers;
- announcements of new services or products or significant price reductions by us or our competitors;
- size of the public float;
- stock price performance of our competitors;
- fluctuations in stock market prices and volumes;
- default on our indebtedness or foreclosure on our properties;
- actions by competitors;
-
- changes in our management team or key personnel;
- changes in ratings and financial estimates by securities analysts;
- negative earnings or other announcements by us or other industrial companies;
- downgrades in our credit ratings or the credit ratings of our competitors;
- issuances of capital stock; and
- global economic, legal and regulatory factors unrelated to our performance.

Numerous factors affect our business and cause variations in our operating results and affect our net sales, including overall economic trends, our ability to identify and respond effectively to customer preferences, actions by competitors, pricing, the level of customer service that we provide, changes in product mix or sales channels, our ability to source and distribute products effectively and weather conditions.

Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the price at which you purchased the stock. As a result, you may suffer a loss on your investment.

Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. This litigation, if instituted against us, could result in substantial costs, reduce our profits, divert our management’s attention and resources and harm our business.

Table of Contents

Anti-takeover provisions in our charter documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our certificate of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board. These provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the Board is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Our certificate of incorporation also contains a provision that provides us with protections similar to Section 203 of the Delaware General Corporation Law (the "DGCL"), and will prevent us from engaging in a business combination with a person who acquires at least 15% of our common stock for a period of three years from the date such person acquired such common stock, unless Board or stockholder approval is obtained prior to the acquisition. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Holders of our common stock may not receive dividends on our common stock.

Holders of our common stock are entitled to receive only such dividends as our Board may declare out of funds legally available for such payments. We are incorporated in Delaware and are governed by the DGCL. The DGCL allows a corporation to pay dividends only out of a surplus, as determined under Delaware law or, if there is no surplus, out of net profits for the fiscal year in which the dividend was declared and for the preceding fiscal year. Under the DGCL, however, we cannot pay dividends out of net profits if, after we pay the dividend, our capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. While management and our Board remain committed to evaluating additional ways of creating shareholder value, any determination to pay dividends and other distributions in cash, stock or property by us in the future will be at the discretion of our Board and will be dependent on then-existing conditions, including business conditions, our financial condition, results of operations, liquidity, capital requirements, contractual restrictions including restrictive covenants contained in debt agreements and other factors. While we have declared and paid a quarterly cash dividend on our common stock as described under Part II, Item 5 of this Annual Report on Form 10-K, we are not required to declare future cash dividends on our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

Our corporate headquarters is located in Frederick, Maryland. In addition, we maintain corporate support centers and sales offices in Chicago, Illinois, Houston, Texas and Shanghai, China.

As of December 31, 2014, we operate 17 production facilities located primarily in the eastern half of the United States, with operations in Alabama, Illinois (3), Louisiana, Michigan, Missouri, New Jersey, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas(2), Virginia, West Virginia and Wisconsin. We own one undeveloped site in Arkansas. We also own two transload sites and operate additional transload sites via service contracts with our transload operating partners.

Additionally, we operate corporate laboratories located at our Berkeley Springs, West Virginia and Houston, Texas facilities that provide critical technical expertise, analytical testing resources and application development to promote product value and cost savings.

We generally own our principal production properties, although some land is leased. Substantially all of our owned assets are pledged as security under our senior secured credit facility; for additional information regarding our indebtedness, see Note J - Debt to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our credit facilities.

Corporate offices, including sales locations are leased. In general, we consider our facilities, taken as a whole, to be suitable and adequate for our current operations. However, we will continue to invest significant resources to increase production capacity through strategic initiatives, including Greenfield projects such as our new facilities in Wisconsin and Brownfield expansion projects such as the potential expansion of capacity at our existing facilities, including our Pacific, Missouri facility.

Our Production Facilities

The following is a detailed description of our 17 production facilities and our currently undeveloped site in Batesville, Arkansas.

Ottawa, Illinois

Our surface mines in Ottawa use natural gas and electricity to produce whole grain and ground silica through a variety of mining methods, including hard rock mining, mechanical mining and hydraulic mining. The reserves are part of the St. Peter Sandstone Formation that stretches north-south from Minnesota to Missouri and east-west from Illinois to Nebraska and South Dakota. The facility is located approximately 80 miles southwest of Chicago and is accessible by major highways including U.S. Interstate 80.

We acquired the Ottawa facility in 1987 by merger with the Ottawa Silica Company, which had historically used the property to produce whole grain and ground silica for customers in industrial and specialty products end markets. Since acquiring the facility we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including washing, hydraulic sizing, grinding, screening and blending. These production techniques allow the Ottawa facility to meet a wide variety of focused specifications on product composition from customers. As such, the Ottawa facility services multiple end markets, such as glass, building products, foundry, fillers and extenders, chemicals and oil and gas proppants. In November 2009, we expanded the frac sand capacity of this facility by 500,000 tons. During the fourth quarter of 2011, we completed a follow-on expansion project that added an additional 900,000 tons of frac sand capacity. Once the product is appropriately processed, it is shipped either in bulk or packaged form by rail by either the CSX Corporation or the BNSF Railway Company (via the Illinois Railway short line), truck or barge through terminals located on the plant site and at a leased site approximately three miles from the plant. In 2013, we purchased a related existing silica sand processing facility from Quality Sand Products, LLC (QSP) in Peru, Illinois.

Mill Creek, Oklahoma

Our surface mines in Mill Creek use natural gas and electricity to produce whole grain, ground and fine ground silica through a variety of mining methods, including hard rock and hydraulic mining. The reserves are part of the Oil Creek Formation in south central Oklahoma. The facility is located approximately 100 miles southeast of Oklahoma City and is accessible by major highways including U.S. Interstate 35.

We acquired the Mill Creek facility in 1987 by merger with the Pennsylvania Glass Sand Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end

markets. Since acquiring the facility we have renovated and upgraded its production capabilities to enable it to produce multiple

Table of Contents

products through various processing methods, including hydraulic sizing, fluid bed drying, grinding and scalping. These production techniques allow the Mill Creek facility to meet a wide variety of focused specifications on product composition from customers. As such, the Mill Creek facility services multiple end markets, such as glass, foundry, fillers and extenders, building products and oil and gas proppants. Once the product is appropriately processed, it is packaged in bulk and shipped either by rail by BNSF Railway Company or by truck.

Pacific, Missouri

Our surface mines at the Pacific facility use natural gas and electricity to produce whole grain, ground and fine ground silica through a variety of mining methods, including hard rock and hydraulic mining. The reserves are part of the St. Peter Sandstone Formation that stretches north-south from Minnesota to Missouri and east-west from Illinois to Nebraska and South Dakota. The facility is located approximately 50 miles southwest of St. Louis and is accessible by major highways including U.S. Interstate 44.

We acquired the Pacific facility in 1987 by merger with the Pennsylvania Glass Sand Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including hydraulic sizing, fluid bed drying, grinding, dry screening, classifying and microsizing. In August 2010, we expanded this facility's processing capabilities to include the processing of frac sand. These production techniques allow the Pacific facility to meet a wide variety of focused specifications on product composition from customers. As such, the Pacific facility services multiple end markets, such as glass, foundry, fillers and extenders and oil and gas proppants. Once the product is appropriately processed, it is packaged in bulk and shipped either by rail directly by Union Pacific Corporation and through open switching on the same line by BNSF Railway Company or by truck.

Berkeley Springs, West Virginia

Our surface mines at the Berkeley Springs facility use fuel oil and electricity to produce whole grain, ground and fine ground silica and Florisil through hard rock mining. The reserves are part of the Ridgeley Sandstone Formation along the Warm Springs Ridge in eastern West Virginia. The facility is located approximately 100 miles northwest of Baltimore and is accessible by major highways including U.S. Interstate 70.

We acquired the Berkeley Springs facility in 1987 by merger with the Pennsylvania Glass Sand Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including primary, secondary and tertiary crushing, grinding, flotation, de-watering, fluid bed drying, mechanical screening and rotary drying processing. These production techniques allow the Berkeley Springs facility to meet a wide variety of focused specifications from customers producing specialty epoxies, resins and polymers, geothermal energy equipment and fiberglass. As such, the Berkeley Springs facility services multiple end markets, such as glass, building products, foundry, chemicals and fillers and extenders. Once the product is appropriately processed, it is packaged in bulk and shipped by rail by the CSX Corporation or truck.

Rockwood, Michigan

Our surface mines at the Rockwood facility use natural gas and electricity to produce whole grain silica. The reserves are part of the Sylvania Formation and are notable for their low iron content, making them particularly valuable to customers producing specialty glass for architectural or alternative energy applications. The facility is located approximately 30 miles southwest of Detroit and is accessible by major highways including U.S. Interstate 75.

We acquired the Rockwood facility in 1987 by merger with the Ottawa Silica Company, which had historically used the property to produce whole grain and ground silica for customers in industrial and specialty products end markets. Since acquiring the facility we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including fluid bed drying, dry screening and classifying. These production techniques allow the Rockwood facility to meet a wide variety of focused specifications on product composition from customers. As such, the Rockwood facility services multiple end markets, such as glass, building products, oil and gas proppants and chemicals. During the fourth quarter of 2011, we completed the addition of 250,000 tons of annual frac sand capacity at the Rockwood facility by installing an entirely new processing circuit.

Once the product is appropriately processed, it is packaged in bulk and shipped by rail via the Canadian National Railway or truck.

Mapleton Depot, Pennsylvania

Table of Contents

Our surface mines in Mapleton Depot use natural gas, fuel oil and electricity to produce whole grain silica through hard rock mining. The reserves are part of the Oriskany Sandstone Formation in central Pennsylvania. The facility is located approximately 40 miles northwest of Harrisburg and is accessible by major highways including U.S. Interstates 99, 80 and 76.

We acquired the Mapleton Depot facility in 1987 by merger with the Pennsylvania Glass Sand Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including hydraulic sizing, fluid bed drying, scalping and a low iron circuit. These production techniques allow the Mapleton Depot facility to meet a wide variety of focused specifications on product composition from customers. As such, the Mapleton Depot facility services multiple end markets, such as glass, specialty glass, building products and recreation. Once the product is appropriately processed, it is packaged in bulk and shipped either by rail by Norfolk Southern Corporation or by truck.

Kosse, Texas

Our surface mines in Kosse use natural gas and electricity to produce whole grain silica and kaolin clay through scraping mining. The reserves are part of the Simsboro member of the Rockdale Formation in central Texas. The facility is located approximately 90 miles south of Dallas and is accessible by major highways including U.S. Interstates 45 and 35.

We acquired the Kosse facility in 1987 by merger with the Ottawa Silica Company, which had historically used the property to produce whole grain silica and kaolin clay for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including washing, hydraulic sizing, fluid bed drying, dry screening, centrifuging and spray drying. These production techniques allow the Kosse facility to meet a wide variety of focused specifications on product composition from customers. As such, the Kosse facility services multiple end markets, such as glass, building products, fillers and extenders and recreation. Once the product is appropriately processed, it is packaged in bag or bulk and shipped either by rail by Union Pacific Railroad or by truck.

Mauricetown, New Jersey

Our surface mines near the Mauricetown facility use natural gas, fuel oil and electricity, to produce whole grain silica through dredge mining. The reserves are mined from the Maurice River and are similar to those found in the Cohansey, Bridgeton and Cape May deposits. The facility is located approximately 50 miles south of Philadelphia and is accessible by major highways including U.S. Interstate 295 and state Highway 55.

We acquired the Mauricetown facility in 1999 from Unimin Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities, including the construction of a new wet processing plant, to enable it to produce multiple products through various processing methods, including washing, hydraulic sizing, fluid bed drying, rotary drying and scalping. These production techniques allow the Mauricetown facility to meet a wide variety of focused specifications on product composition from customers. As such, the Mauricetown facility services multiple end markets, such as foundry, filtration, building products and recreation. Once the product is appropriately processed, it is packaged in bags or bulk and shipped either by rail by Winchester & Western Railroad or by truck.

Columbia, South Carolina

Our surface mines in Columbia use natural gas, fuel oil and electricity to produce whole grain, ground and fine ground silica through dune mining. The reserves are part of the Tuscaloosa Formation near central South Carolina. The facility is located approximately 10 miles west of Columbia and is accessible by major highways including U.S. Interstates 26 and 20.

We acquired the Columbia facility in 1987 by merger with the Pennsylvania Glass Sand Corporation, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including hydraulic sizing, fluid bed drying, scalping

and grinding. These production techniques allow the Columbia facility to meet a wide variety of focused specifications on product composition from customers. As such, the Columbia facility services multiple end markets, such as glass, building products, fillers and extenders, filtration and oil and gas proppants. Once the product is appropriately processed, it is bagged or shipped in bulk either by rail by Norfolk Southern Corporation or by truck.
Montpelier, Virginia

Table of Contents

Our surface mine in Montpelier uses fuel oil and electricity to produce aplite through hard rock mining. The reserves are part of an igneous rock complex that is unique to this location. The facility is located approximately 20 miles northwest of Richmond and is accessible by major highways including U.S. Interstates 64 and 95.

We acquired the Montpelier facility in 1993 from The Feldspar Company, which had historically used the property to produce aplite for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including hydraulic crushing and sizing, washing, fluid bed drying and grinding. These production techniques allow the Montpelier facility to meet a wide variety of focused specifications on product composition from customers. As such, the Montpelier facility services multiple end markets, such as glass, building products and recreation. Once the product is appropriately processed, it is packaged in bulk and shipped either by rail by Norfolk Southern Corporation or CSX Corporation or by truck.

Jackson, Tennessee

Our surface mines in Jackson use natural gas and electricity to produce whole grain, ground and fine ground silica through dredge mining. The reserves are part of the Clairborne Formation, which is part of the Gulf Coastal Plain-Upper Mississippi Embayment. The facility is located approximately 75 miles northeast of Memphis and is accessible by major highways including U.S. Interstate 40.

We acquired the Jackson facility in 1997 from Nicks Silica Company, which had historically used the property to produce whole grain and ground silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities, turning it into one of our premier grinding facilities and enabling it to produce multiple products through various processing methods, including rotary drying, screening and grinding.

These production techniques allow the Jackson facility to meet a wide variety of focused specifications on product composition from customers. As such, the Jackson facility services multiple end markets, such as fiberglass, building products, ceramics, fillers and extenders and recreation. Once the product is appropriately processed, it is shipped in bulk by truck.

Dubberly, Louisiana

Our surface mines in Dubberly use natural gas and electricity to produce whole grain silica through dredge mining. The reserves are part of the Sparta Formation. The facility is located approximately 30 miles east of Shreveport and is accessible by major highways including U.S. Interstate 20 and state Highway 63.

We acquired the Dubberly facility in 1987 by merger with the Ottawa Silica Company, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including screening, washing, rotary drying and conditioning to remove heavy and iron bearing minerals. These production techniques allow the Dubberly facility to meet a wide variety of focused specifications on product composition from customers. As such, the Dubberly facility services multiple end markets, such as glass, foundry and building products. Once the product is appropriately processed, it is bagged or shipped in bulk by truck.

Hurtsboro, Alabama

Our surface mines in Hurtsboro use propane and electricity, to produce whole grain silica. Sand feed for processing is trucked in from surrounding mine locations. The reserves are mined from the Cusseta member of the lower Ripley Formation. The facility is located approximately 75 miles east of Montgomery and is accessible by major highways including U.S. Interstate 85 and state Highway 431.

We acquired the Hurtsboro facility in 1988 from Warrior Sand & Gravel Company, which had historically used the property to produce whole grain silica for customers in industrial and specialty products end markets. Since acquiring the facility, we have renovated and upgraded its production capabilities to enable it to produce multiple products through various processing methods, including trucking in sand from surrounding locations, hydraulic sizing, screening and fluid bed drying. These production techniques allow the Hurtsboro facility to meet a wide variety of focused specifications on product composition from customers. As such, the Hurtsboro facility services multiple end markets, such as foundry, building products and recreation. Once the product is appropriately processed, it is shipped

in bulk by truck.

Rochelle, Illinois

The Rochelle property was purchased in 2011, and we spent 2011 and 2012 planning and constructing a resin coating facility on the property.

Table of Contents

The Rochelle facility has two process lines, each with the capacity to coat 200 million pounds, or 100,000 tons, of substrate. The facility has the flexibility to coat numerous substrates using novolac or resole resin technology. Sand can be received and shipped both by truck and rail to help meet customer requirements. One of the competitive strengths of the facility is the capability to ship by the BNSF and Canadian Pacific railroads both being Class I railroads serving many key locations throughout United States.

By the end of 2012, the Rochelle facility produced and qualified resin coated sand that meets standards for the oil and gas market. The facility has the potential to add process lines and service other markets as customer demands evolve and grow. This facility became fully operational in the first quarter of 2013.

In the first quarter of 2014, we completed modifications to the Rochelle facility which enable it to function, in part, as a transload as well as being unit train capable. These changes now enable the plant to ship raw sand to multiple destinations across the country.

Sparta, Wisconsin

The Sparta property was acquired on December 30, 2011, and site development began in April 2012.

The Sparta deposit contains over 36 million tons of proven ore reserves. The geology is comprised of high purity sands of the Wonewoc Formation. The Wonewoc Sandstone Formation is known for its round, coarse grains and superior crush strength properties, which makes it an ideal substrate for oil and gas proppants. The Sparta property is located 25 miles northeast of La Crosse; approximately 120 miles northwest of Madison, WI; and is readily accessible by both Interstate 90 and the Canadian Pacific railroad. In accordance with the conditional use permit, finished products will only be shipped in bulk by rail.

Voca, Texas

Our surface mines at the Voca facility use propane and electricity to produce whole grain silica through hard rock mining. The majority of reserves in Voca are sandstones of the Middle and Lower Hickory members of the Riley Formation in central Texas. The facility is located approximately 110 miles northwest of Austin, TX in McCulloch County and is accessible by state highways.

We acquired the Voca facility upon the closing of our Cadre Services, Inc. acquisition in July 2014. The fully automated, state-of-the-art facility became operational in 2011 and features one of the industry’s largest on-site storage capacities. The plant was recently expanded in 2014 and produces a range of API/ISO certified frac sand grades. The Voca plant’s location in central Texas allows it to economically serve oil & gas customers in the Permian basin. Once product is processed, it is shipped primarily by customer truck.

Utica, Illinois

Our surface mine at the Utica facility will use natural gas and electricity to produce whole grain silica products through surface mining. The reserves are part of the St. Peter Formation sandstone that was deposited with the Illinois Basin some 450 million years ago. The facility is located approximately 80 miles southwest of Chicago and is accessible by major highways including U.S. Interstate 80.

Batesville, Arkansas

Whitebuck is a sandstone deposit with over 34 million tons of probable reserves near the town of Batesville, Arkansas. We acquired the reserves in 2010 from White Buck, LLC. There is no facility on the property and it is not currently fully permitted. We received a mine permit in March 2012. The deposit has high purity sandstone and can provide a long-term supplement to the reserves at our Mill Creek operations. The reserves are part of the St. Peter Sandstone deposit, which is part of the same formation being mined at our Ottawa and Pacific operations. The property is located approximately 85 miles northeast of Little Rock and is accessible by highways including state Highways 67 and 167.

Our Reserves

We believe we have a broad and high-quality mineral reserves base due to our strategically located mines and facilities. “Reserves” are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Industry Guide 7 divides reserves between “proven (measured) reserves” and “probable (indicated) reserves” which are defined as follows:

- Proven (measured) reserves. 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

39

Table of Contents

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.

- Probable (indicated) reserves. Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) 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 (measured) reserves, is high enough to assume continuity between points of observation.

We categorize our reserves as proven or probable in accordance with these SEC definitions. We estimate that we had a total of approximately 363 million tons of proven and probable mineable mineral reserves as of December 31, 2014. The quantity and nature of the mineral reserves at each of our properties are estimated by our internal geologist and mining engineers. Our internal geologist and mining engineers update our reserve estimates annually, making necessary adjustments for operations at each location during the year and additions or reductions due to property acquisitions and dispositions, quality adjustments and mine plan updates. Before acquiring new reserves, we perform surveying, drill core analysis and other tests to confirm the quantity and quality of the acquired reserves. In some instances, we acquire the mineral rights to reserves without actually taking ownership of the properties.

Table of Contents

Description of Deposits

The following is a description of the nature of our silica sand, clay and aplite deposits for each of our reserve locations:

Ottawa, Illinois

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron (Fe_2O_3) content and grain size distribution. Iron is concentrated near the surface, where orange iron staining is evident and also increases where the bottom contact becomes concentrated in iron pyrite. Maximum average full face iron content is 0.045%. The deposit tends to run a coarser grain size distribution in the top half of deposit.

Mill Creek, Oklahoma

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron (Fe_2O_3) content, calcium (CaO) content and grain size distribution. The sand/overburden contact is occasionally concentrated in calcium and any sand with greater than 0.30% CaO is removed during the overburden removal process. Sand with iron greater than 0.025% Fe_2O_3 is not mined.

Pacific, Missouri

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron (Fe_2O_3) and calcium (CaO) content. Calcium can be concentrated at the upper sand contact with overlying carbonate cap rock. This enriched calcium zone is known from drill sample results and is stripped during the overburden removal process. Average full mining face washed sand samples are less than 0.03% iron and 0.05% calcium.

Berkeley Springs, West Virginia

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute is iron (Fe_2O_3). Ore that is higher than 0.06% iron is not mined. Ore less than 0.06% iron is mined and blended for feed to plant.

Mapleton Depot, Pennsylvania

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute is iron (Fe_2O_3). Ore that is higher than 0.06% iron is not mined. Ore less than 0.06% iron is mined and blended for feed to plant.

Kosse, Texas

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron content (Fe_2O_3) for kaolin and sand and size distribution for sand. Up to three different pits are mined at any one time to assure consistency of ore and to smooth out variability of attributes. Maximum sand irons are 0.045% and clay irons are 1.05%.

Mauricetown, New Jersey

The deposit has a minimum silica (SiO_2) content of 99%. There is no critical attribute in the mining of this deposit other than that occasional zones high in clay are avoided in the course of dredge mining.

Columbia, South Carolina

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron content (Fe_2O_3) and percentage of clay/slimes. Clay content increases at depth and generally the pit bottom follows a marker bed at 250-foot elevation where clay content is in excess of 11%. Sand having iron values greater than 0.03% is not mined.

Montpelier, Virginia

The Montpelier anorthosite contains andesine feldspar which is mined and processed to create an alumina rich product. The general term aplite is used to denote the product. The controlling attributes are titanium (TiO_2), aluminum (AI_2O_3), iron (Fe_2O_3) and phosphorous (P_2O_5).

The Montpelier anorthosite is approximately 1,000 million years in age and intruded into the older Precambrian Sabot Gneiss. The overall dome shape of the orebody has been altered by multiple structural and metamorphic events that result in the present day foliated and folded deposit. The deposit is highly weathered and soft near the surface. Hardness and strength increase with depth.

Table of Contents

Aplite is used as a flux agent in glass making and is sold to the same glass end markets and used in the same processes and in a similar manner as our silica product.

Rockwood, Michigan

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute is iron content (Fe_2O_3). Mineable sand must have less than 0.01% Fe_2O_3.

Jackson, Tennessee

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute of iron (Fe_2O_3) content is managed through keeping clay overburden from intermixing with the sand and maintaining adequate washing of sand in the wet processing of the sand.

Dubberly, Louisiana

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are iron (Fe_2O_3) content and grain size distribution. Mining full-face average for iron is 0.045%. The grain size distribution averages greater than 25% plus 50 mesh. Fine and coarse areas are blended to meet the grain size average.

Hurtsboro, Alabama

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute is grain size distribution. Sand reserves are located on the crests of rolling hills and mining occurs from multiple pits and faces within pits to assure optimum grain size distribution is available to meet the market product mix.

Sparta, Wisconsin

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are sand grain crush strength and size distribution. A thin layer of silt overlies the 50 to 100 foot thick sand deposit. The deposit is unconsolidated and well graded with the majority of silica grains being in the 20/70 mesh size range.

Batesville, Arkansas

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attribute is iron (Fe_2O_3) content. The deposit has two horizons; a low iron horizon where sand has less than 0.009% Fe_2O_3 and a regular iron horizon where sand has greater than 0.009% Fe_2O_3.

Voca, TX

The deposit has a minimum silica (SiO_2) content of 99%. The controlling attributes are sand grain crush strength and size distribution.

The majority of the sand reserves are hosted within the Hickory Sandstone, the basal member of the Riley Formation. The Cambrian age Hickory sandstone member consists chiefly of yellow, brown, or red sandstone overlying Pre-Cambrian granites. The Hickory Sandstones occur at or near the surface throughout the western portion of the property.

Mineral Rights

The mineral rights and access to mineral reserves for the majority of our operations are secured through land that is owned in fee. There are no underlying agreements and/or royalties associated with these lands. The operations in this category include: Berkeley Springs, Dubberly, Jackson, Kosse, Mauricetown, Montpelier, Ottawa, Pacific, Batesville, Rockwood, Sparta, and Voca.

The mineral rights and access to mineral reserves at our Mill Creek operation are a combination of land owned in fee that includes a non-participating royalty payment of 7 cents to 35 cents per saleable ton that was contractually negotiated with and paid to the original sellers of the property that covers 88% of the reserves and a lease agreement on one property that involves an annual minimum payment of $50 thousand and a production royalty payment of 55 cents per saleable ton on the remaining 12% of reserves.

The Columbia operation mineral reserves and rights are secured under a long-term mineral lease. The lease expires in 2033 and includes an annual minimum payment of $175 thousand and a production royalty of 5.5% of the gross revenue.

Table of Contents

The Hurtsboro operation mineral reserves and rights are secured under two mineral leases. The majority of the reserves are under a long-term lease that expires in 2019 and includes an annual minimum payment of $8 thousand and a production royalty payment of 3% of weighted average selling price. The second mineral lease expires in 2015 and includes an annual minimum payment of $15 thousand and a production royalty of 3.35% of the weighted average selling price. The mineral leases have been renewed in the past, and it is expected that if mining is still occurring on this property we will have no problem negotiating an extension of these leases.

The Mapleton Depot operation mineral reserves and rights are secured under two long-term mineral leases that expire in 2025 but may continue thereafter on a year-to-year basis if mining is still occurring. Annual minimums are $1thousand, and production royalty payments are either 6.5% of free on board pit price or 0.255 cents per mined ton, whichever is higher.

None of our operations are on government land and, accordingly, we do not have any mineral rights or associated mining claims.

Table of Contents

Summary of Reserves

The following table provides information on our 15 production facilities that have reserves, and a currently undeveloped site in Batesville, Arkansas, as of December 31, 2014. Included is the location and area of the facility; the type, amount and ownership status of its reserves; and the primary end markets that it serves. Our facility in Rochelle, Illinois has no reserves.

Mine/Plant Location	Owned/ Leased	Area	Proven Reserves	Probable Reserves	Combined Proven and Probable Reserves	2014 Tons Mined	Primary End Markets Served
		(in acres)		(amounts in thousands of tons)			
Ottawa, IL	Owned	1,781 owned	67,566	40,468	108,034	3,937	Oil and gas proppants, glass, chemicals and foundry
Voca, TX	Owned	1,061 owned	36,500	41,900	78,400	1,300	Oil and gas proppants
Sparta, WI	Owned	520 owned	28,313	2,740	31,053	3,038	Oil and gas proppants
Mill Creek, OK	Owned/Leased	2,214 owned 10 mineral lease	—	16,417	16,417	1,581	Oil and gas proppants, glass, foundry and building products
Pacific, MO	Owned	524 owned	17,992	7,994	25,986	782	Oil gas proppants, glass, foundry and fillers and extenders
Berkeley Springs, WV	Owned	4,435 owned	1,904	—	1,904	603	Glass, building products and fillers and extenders
Mapleton Depot, PA	Owned/ Leased	1,761 owned 194 mineral lease 98 access lease	620	10,000	10,620	766	Glass and building products
Kosse, TX (1)	Owned	960 owned 118 mineral lease	11,420	—	11,420	462	Glass, building products and fillers and extenders
Mauricetown, NJ	Owned	1,279 owned	12,349	—	12,349	132	Filtration, foundry and building products
Columbia, SC	Leased	648 lease 204 owned	5,997	—	5,997	413	Glass, building products and fillers and extenders
Montpelier, VA (2)	Owned	824 owned	—	13,705	13,705	248	Glass and building products
Rockwood, MI (3)	Owned	872 owned	6,563	—	6,563	—	Glass and building products
Jackson, TN	Owned	132 owned	242	725	967	164	

							Fiberglass and building products
Dubberly, LA	Owned	356 owned 25 tailings lease	4,174	—	4,174	247	Glass, foundry and building products
Batesville, AR	Owned	477 owned 117 owned	—	34,732	34,732	—	—
Hurtsboro, AL	Leased	1,108 mineral lease	890	—	890	169	Foundry and building products
Total			194,530	168,681	363,211	13,842	

(1) Kosse's reserves are comprised of 8,003 tons of silica sand (70%) and 3,417 tons of kaolin clay (30%).

(2) Montpelier's reserves are comprised entirely of the mineral aplite.

(3) Rockwood's products were produced from ore sourced from a third party. It did not mine any of its reserves in 2014.

Table of Contents

Our Transload Facilities

In order to expand our supply chain network and leverage our logistics capabilities to meet our customers' needs in oil and gas basins, we continue to expand our transload network to ensure product is available to meet the in-basin needs of our customers. This approach allows us to provide strong customer service and puts us in a position to take advantage of opportunistic spot market sales. As of December 31, 2014, we have 34 transload facilities strategically located in or near major shale basins in the United States. All 34 transload facilities are operated by third-party transload service providers via service agreements, which generally have terms ranging from 2 to 5 years. We do not own any of these facilities, except our San Antonio, Texas and Odessa, Texas transloads. Through our storage facility in San Antonio, Texas, as well as our partnership with a number of key transload operating partners, we now have storage capacity near all of the major shale basins in the United States.

The map below shows the location of our transload facilities and our production facilities:

We will continue to make strategic investments and develop partnerships with transload operators and transportation providers that will enhance our portfolio of supply chain services that we can provide to customers.

ITEM 3. LEGAL PROCEEDINGS

In addition to the matter described below, we are subject to various legal proceedings, claims, and governmental inspections, audits or investigations arising out of our business which cover matters such as general commercial, governmental regulations, antitrust and trade regulations, product liability, environmental, intellectual property, employment and other actions. Although the outcomes of these routine claims cannot be predicted with certainty, in the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on our financial position or results of operations.

Prolonged inhalation of excessive levels of respirable crystalline silica dust can result in silicosis, a disease of the lungs. Breathing large amounts of respirable silica dust over time may injure a person's lungs by causing scar tissue to form. Crystalline silica in the form of quartz is a basic component of soil, sand, granite and most other types of rock. Cutting,

Table of Contents

breaking, crushing, drilling, grinding and abrasive blasting of or with crystalline silica containing materials can produce fine silica dust, the inhalation of which may cause silicosis, lung cancer and possibly other diseases including immune system disorders such as scleroderma. Sources of exposure to respirable crystalline silica dust include sandblasting, foundry manufacturing, crushing and drilling of rock, masonry and concrete work, mining and tunneling, and cement and asphalt pavement manufacturing.

Since at least 1975, we and/or our predecessors have been named as a defendant, usually among many defendants, in numerous lawsuits brought by or on behalf of current or former employees of our customers alleging damages caused by silica exposure. Prior to 2001, the number of silicosis lawsuits filed annually against the commercial silica industry remained relatively stable and was generally below 100, but between 2001 and 2004 the number of silicosis lawsuits filed against the commercial silica industry substantially increased. This increase led to greater scrutiny of the nature of the claims filed, and in June 2005 the U.S. District Court for the Southern District of Texas issued an opinion in the former federal silica multi-district litigation remanding almost all of the 10,000 cases then pending in the multi-district litigation back to the state courts from which they originated for further review and medical qualification, leading to a number of silicosis case dismissals across the United States. In conjunction with this and other favorable court rulings establishing “sophisticated user” and “no duty to warn” defenses for silica producers, several states, including Texas, Ohio and Florida, have passed medical criteria legislation that requires proof of actual impairment before a lawsuit can be filed.

As a result of the above developments, the filing rate of new claims against us over the past few years has decreased to below pre-2001 levels, and we were named as a defendant in two, three and one new silicosis cases filed in 2012, 2013 and 2014, respectively. As of February 25, 2015, there were a total of 86 active silica-related products liability claims pending in which we were a defendant and 1,060 inactive claims. Almost all of the claims pending against us arise out of the alleged use of our silica products in foundries or as an abrasive blast media, and involve various other defendants. Prior to the fourth quarter of 2012, we had insurance policies for both our predecessors that cover certain claims for alleged silica exposure for periods prior to certain dates in 1985 and 1986 (with respect to various insurance). As a result of a settlement with a former owner and its insurers in the fourth quarter of 2012, some of these policies are no longer available to us and we will not seek reimbursement for any defense costs or claim payments from these policies. Other insurance policies, however, continue to remain available to us and will continue to make such payments on our behalf.

The silica-related litigation brought against us to date has not resulted in material liability to us. However, we continue to have silica-related products liability claims filed against us, including claims that allege silica exposure for periods for which we do not have insurance coverage. Any such pending or future claims or inadequacies of our insurance coverage could have a material adverse effect on our business, reputation or results of operations. For more information regarding silica-related litigation, see “Risk Factors—Risks Related to Our Business—Silica-related health issues and litigation could have a material adverse effect on our business, reputation or results of operations.”

ITEM 4. MINE SAFETY DISCLOSURES

At U.S. Silica, safety is a core value and we strive for excellence in the achievement of a workplace free of injuries and occupational illnesses. Our health and safety leadership team has developed comprehensive safety policies and standards, which include detailed standards and procedures for safe production, addressing topics such as employee training, risk management, workplace inspection, emergency response, accident investigation and program auditing. We place special emphasis on the importance of continuous improvement in occupational health, personal injury avoidance and prevention, emergency preparedness, and property damage elimination. In addition to strong leadership and involvement from all levels of the organization, these programs and procedures form the cornerstone of safety at U.S. Silica, ensuring that employees are provided a safe and healthy environment and are intended as a means to reduce workplace accidents, incidents and losses, comply with all mining-related regulations and provide support for both regulators and the industry to improve mine safety. While we want to have productive operations in full regulatory compliance, we know it is equally essential that we motivate and train our people to think, practice and feel a personal responsibility for health and safety on and off the job.

All of our production facilities are classified as mines and are subject to regulation by the MSHA under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”). MSHA inspects our mines on a regular basis and issues various

citations and orders when it believes a violation has occurred under the Mine Act. Following passage of The Mine Improvement and New Emergency Response Act of 2006, MSHA significantly increased the numbers of citations and orders charged against mining operations. The dollar penalties assessed for citations issued has also increased in recent years. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer

Table of Contents

Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Annual Report filed on Form 10-K.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Shares of our common stock, traded under the symbol "SLCA," have been publicly traded since February 1, 2012, when our common stock was listed and began trading on the NYSE.

The following table sets forth for the indicated periods, the high and low sales prices, per share, for our common stock on the NYSE.

	Sales Price	
	High	Low
Fiscal 2014		
First Quarter	$38.17	$26.25
Second Quarter	$55.44	$38.36
Third Quarter	$71.95	$54.50
Fourth Quarter	$60.76	$23.69
Fiscal 2013		
First Quarter	$26.53	$16.53
Second Quarter	$23.57	$19.80
Third Quarter	$25.37	$19.63
Fourth Quarter	$35.78	$26.00

Holders of Record

On February 24, 2015, there were 53,324,845 shares of our common stock outstanding, which were held by approximately 53 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders. For additional information related to ownership of our stock by certain beneficial owners and management, refer to Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

Dividend

We pay dividends on our common stock after the Board declares them. Management and the Board remain committed to evaluating additional ways of creating shareholder value. Any determination to pay dividends and other distributions in cash, stock, or property by U.S. Silica in the future will be at the discretion of the Board and will be dependent on then-existing conditions, including our business conditions, our financial condition, results of operations, liquidity, capital requirements, contractual restrictions including restrictive covenants contained in debt agreements and other factors.

In 2013 and 2014, we declared dividends as follows:

Dividend declared	Dividends per common share
April 2013	$0.125
July 2013	$0.125
October 2013	$0.125
February 2014	$0.125
April 2014	$0.125
July 2014	$0.125
October 2014	$0.125

Table of Contents

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

From time to time, we repurchase our common stock in the open market pursuant to programs approved by the Board. We may repurchase our common stock for a variety of reasons, such as to offset dilution related to equity-based incentives and to optimize our capital structure.

In June 2012, the Board authorized us to repurchase up to $25.0 million of our common stock for a period of 18 months. The Board has extended this authorization through December 11, 2015. On December 22, 2014 the Board authorized an increase in the Company's share repurchase program from $25 million to up to $50 million. We are authorized to repurchase, from time to time, shares of our outstanding common stock on the open market or in privately negotiated transactions. Stock repurchases will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. The share repurchase program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any additional amount of our common stock under the program. We intend to make all repurchases in compliance with applicable regulatory guidelines and to administer the plan in accordance with applicable laws, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. As part of the program, as of December 31, 2014, we have repurchased 118,961 shares of our common stock at an average price of $13.21 and are authorized to repurchase up to an additional $48.4 million of our common stock.

We consider several factors in determining when to make share repurchases including, among other things, our cash needs, the availability of funding, our future business plans and the market price of our stock. We expect that cash provided by future operating activities, as well as available liquidity, will be the sources of funding for our share repurchase program. Based on the anticipated amounts to be generated from those sources of funds in relation to the remaining authorization approved by our Board under the June 2012 share repurchase program, we do not expect that future share repurchases will have a material impact on our short-term or long-term liquidity.

The following table presents the total number of shares of our common stock that we purchased during the fourth quarter of 2014, the average price paid per share, the number of shares that we purchased as part of our publicly announced repurchase program, and the approximate dollar value of shares that still could have been purchased at the end of the applicable fiscal period pursuant to our June 2012 share repurchase program:

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program[1]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program[1]
October 2014	602	[2]	$44.90	—	
November 2014	365	[2]	$43.53	—	
December 2014	18,961		$26.34	18,961	
Total	19,928		$38.26	18,961	$ 48,429,023

(1) A program covering the repurchase of up to $25.0 million of our common stock was initially announced in June 2012 and was increased to $50.0 million in December 2014. This program expires on December 11, 2015.

(2) Represents shares withheld by U.S. Silica to pay taxes due upon the vesting of employee restricted stock units.

Subsequent to December 31, 2014, we have repurchased 587,132 shares of our common stock through February 12, 2015 pursuant to a Rule 10b5-1 plan that we executed in December 2014.

Securities Authorized for Issuance under Equity Compensation Plans

The table below contains information about securities authorized for issuance under our 2011 Incentive Compensation Plan (the “2011 Plan”) as of December 31, 2014. The features of the 2011 Plan are disclosed further in Note O to our consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

	Number of securities to be issued upon exercise of outstanding options,	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans

	warrants and rights (A)		(excluding securities reflected in column A) [1] (C)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	983,054	$ 22.42	5,740,961
Total	983,054	$ 22.42	5,740,961

Table of Contents

(1) The aggregate number of shares of common stock which may be issued under the 2011 Plan is subject to automatic increase on the first day of each fiscal year beginning in 2012 and ending in 2019 by the lesser of (1) 2% of the shares of common stock outstanding on the last day of the immediately preceding fiscal year, or (2) such lesser number of shares as determined by the Compensation Committee.

U.S. Silica Holdings, Inc. Comparative Stock Performance Graph

The information contained in this U.S. Silica Holdings, Inc. Comparative Stock Performance Graph section shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.

The graph below compares the cumulative total shareholder return on our common stock, the cumulative total return on the Russell 3000 Index and the Standard and Poor's SmallCap 600 GICS Oil & Gas Equipment & Services Sub-Industry index since January 31, 2012, the first day our stock traded on the NYSE.

The graph assumes $100 was invested on January 31, 2012, the first day our stock was traded on the NYSE, in our common stock, the Russell 3000 and the Standard and Poor's SmallCap 600 GICS Oil & Gas Equipment & Services Sub-Industry Index. The cumulative total return assumes the reinvestment of all dividends.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

The following table and discussion sets forth our consolidated statement of operations data for the periods presented. The results of operations by segment are discussed in further detail following this combined overview.

	Year Ended December 31,				
	2014[4]	2013	2012[3]	2011	2010
	(amounts in thousands, excluding per share and per ton figures)				
Statement of Operations Data:					
Sales	$876,741	$545,985	$441,921	$295,596	$244,953
Operating income	176,167	111,241	118,988	60,803	45,991
Income before income taxes	158,723	96,017	109,805	37,415	13,721
Net income	121,540	75,256	79,154	30,253	11,392
Earnings per share - basic:	$2.26	$1.42	$1.50	$0.61	$0.23
Earnings per share - diluted	$2.23	$1.41	$1.50	$0.61	$0.23
Cash dividends declared per common share	$0.50	$0.38	$0.50	—	—
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	$171,411	$46,451	$100,950	$42,565	$36,738
Investing activities	(190,906)	(135,113)	(104,461)	(66,639)	(15,163)
Financing activities	$208,520	$105,896	$5,334	$18,773	$28,451
Other Financial Data:					
Capital expenditures	$92,609	$60,470	$105,719	$66,745	$15,241
Operating Data:					
Total tons sold	10,927	8,161	7,170	6,289	5,965
Average selling price (per ton)	$80.24	$66.90	$61.63	$47.00	$41.07
Segment cost of goods sold (per ton)[1]	51.20	42.04	34.62	28.81	26.49
Oil & Gas Proppants:					
Sales	662,770	347,439	243,765	107,074	69,556
Segment contribution margin[2]	256,137	145,916	140,070	67,590	43,118
Industrial & Specialty Products:					
Sales	213,971	198,546	198,156	188,522	175,397
Segment contribution margin[2]	$61,102	$56,983	$53,601	$53,013	$46,031
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$342,424	$153,236	$61,022	$59,199	$64,500
Total assets	1,238,153	863,461	686,810	605,796	508,534
Total long-term debt, including current portion	502,297	371,451	255,425	261,789	238,442
Total liabilities	834,337	554,167	455,116	483,862	410,970
Total stockholders' equity	$403,816	$309,294	$231,694	$121,934	$97,564

(1) Segment cost of goods sold (per ton) equal cost of goods sold including shipping cost, divided by total tons sold.

(2) In the second quarter of 2011 we changed our segment reporting structure to two segments 1) Oil & Gas Proppants and 2) Industrial & Specialty Products, and recast the historical financial statements presented within this report and as required by GAAP. See Note U - Segment Reporting to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

(3) 2012 financial data above include impact of our initial public offering ("IPO"), including proceeds received and additional charges incurred.

(4) We acquired Cadre on July 31, 2014, and included Cadre's financial position and results of operations in our 2014 financial information above. As a result, our 2014 financial information may not be comparable to prior years. See

Note E - Business Combinations to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for more information related to this acquisition.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with Item 6, "Selected Financial Data," the description of the business appearing in Item 1, "Business," of this report, and the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K and the related notes included elsewhere in this report. This discussion contains forward-looking statements as a result of many factors, including those set forth under Item 1, "Business—Forward-Looking Statements" and Item 1A, "Risk Factors," and elsewhere in this Annual Report on Form 10-K. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those discussed in or implied by forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this report, particularly in Item 1A, "Risk Factors."

Overview

We are one of the largest domestic producers of commercial silica, a specialized mineral that is a critical input into a variety of attractive end markets. During our 114 year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver over 260 products to customers across these markets. As of December 31, 2014, we operate 17 facilities across the United States and control 363 million tons of reserves. We own one of the largest frac sand processing plants in the United States. We control approximately 179 million tons of reserves that can be processed to meet American Petroleum Institute (API) frac sand size specifications. Our operations are organized into two segments based on end markets served: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products.

Our segments are complementary because our ability to sell to a wide range of customers across end markets allows us to maximize recovery rates in our mining operations, optimize our asset utilization and reduce the cyclicality of our earnings. We focus on building and operating facilities with low delivered cost that will allow us to be successful through the cyclicality. Our large-scale production, diverse and high-quality reserve base, geographically advantaged footprint and strong customer reputation have made us a preferred commercial silica supplier to our customers.

Acquisition

On July 31, 2014, we completed our acquisition of Cadre Services, Inc. ("Cadre"), a leading regional sand mining company based in Voca, Texas. Cadre operates a single frac sand mine and plant, with an annual demonstrated capacity of about 800,000 tons per year of Premium Hickory® sand and more than 65 years of high-quality reserves. This acquisition allows customers to ship directly to the wellheads in the Permian Basin by truck, providing a delivered cost advantage, and generated synergies and positively impacted our results of operations for the year ended December 31, 2014. See accompanying Note E - Business Combination to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for pro forma results and other details regarding this acquisition.

Recent Trends and Outlook

Oil and gas proppants end market trends

The recent increased demand for frac sand has been driven by the growth in the use of hydraulic fracturing as a means to extract hydrocarbons from shale formations. According to the 2013 Proppant Market Report, PropTester Inc., published February 2014, global frac sand demand grew at a 35.5% compound annual growth rate from 2008 to 2013. This included 29.3% growth in frac sand demand from 2012 to 2013. We significantly expanded our sales efforts to the frac sand market in 2008 and have since experienced rapid growth in our sales associated with our oil and gas activities.

According to the February 2015 "Proppant IQ" proppant market analysis report published by PacWest Consulting Partners, LLC ("PacWest"), 2015 frac sand demand is forecasted to be approximately 42.9 million tons, a 14% decrease compared to 49.8 million tons for 2014. Further, the report has forecasted a 6% decrease in the compound annual growth rate for North American frac sand in between 2014 and 2016. We also believe the industry may experience temporary fluctuations in demand and price as the market adjusts to changing supply and demand due to energy pricing fluctuations. Recent declines in oil prices have reduced oil and gas drilling activity in North America. However, we continue to expect long-term growth in oil and gas drilling in North American shale basins.

Oil and natural gas exploration and production companies' and oilfield service providers’ preferences and expectations have been evolving in recent years. A proppant vendor’s logistics capabilities have become an important differentiating factor when competing for business, on both a spot and contract basis. Many of our customers increasingly seek convenient in-basin proppant delivery capability from their proppant supplier. We believe that, over

Table of Contents

time, proppant customers will prefer to consolidate their purchases across a smaller group of suppliers with robust logistics capabilities and a broad offering of high performance proppants.

Industrial and specialty products end market trends

Demand in the Industrial & Specialty Products end markets is relatively stable and is primarily influenced by key macroeconomic drivers such as housing starts, light vehicle sales, repair and remodel activity and industrial production. The economic downturn beginning in 2008 decreased demand in the foundry, building products and glassmaking end markets, however, the recent economic recovery has significantly increased demand in these same end markets. The primary end markets served by our production used in Industrial & Specialty Products are foundry, building products, sports and recreation, glassmaking and filtration.

How We Generate Our Sales

We derive our sales by mining and processing minerals that our customers purchase for various uses. Our sales are primarily a function of the price per ton and the number of tons sold. The price invoiced reflects product, transportation and additional services as applicable, such as storage and transloading the product from railcars to trucks for delivery to the customer site. We invoice the majority of our clients on a per shipment basis, although for some larger customers, we consolidate invoices weekly or monthly. Our top 10 largest customers accounted for approximately 57% of total sales during the year ended December 31, 2014. Sales to our largest customer, Schlumberger N.V., accounted for 14% of our total revenues during the year ended December 31, 2014.

We primarily sell our products under short-term price agreements or at prevailing market rates. For a number of customers, we sell under long-term, competitively-bid take-or-pay supply contracts. As of December 31, 2014, we have 11 take-or-pay supply agreements in the Oil & Gas Proppants segment with initial terms expiring between 2015 and 2019. These agreements define, among other commitments, the volume of product that our customers must purchase, the volume of product that we must provide and the price that we will charge and our customers will pay for each product. As discussed in Part I, Item 1A, “Risk Factors—A large portion of our sales is generated by our top customers, and the loss of, or significant reduction in, purchases by our largest customers could adversely affect our operations,” these customers may not continue to purchase the same levels of product in the future due to a variety of reasons, contract requirements notwithstanding. Prices under these agreements are generally fixed but may be subject to upward adjustment in response to certain cost increases. Additionally, at the time the take-or-pay supply agreements were signed, some customers provided advance payments for future shipments. A percentage of these advance payments was recognized as revenue with each ton of applicable product shipped to the customer. Collectively, sales to customers with take-or-pay supply agreements accounted for 51% and 45% of our total company revenue during the years ended December 31, 2014 and 2013, respectively. Although sales under take-or-pay supply agreements, as opposed to short-term price agreements or at prevailing spot market rates, result in us realizing lower margins than we otherwise might during periods of high market prices, we believe such lower margins are offset by the benefits derived from the product mix and sales volume stability afforded by such supply agreements, which helps us lower market risk arising from adverse changes in spot prices and market conditions. Additionally, selling more tons under supply contracts also enables us to be more efficient from a production, supply chain and logistics standpoint.

The Costs of Conducting Our Business

The principal expenses involved in conducting our business are labor costs, electricity and drying fuel costs, maintenance and repair costs for our mining and processing equipment and facilities and transportation costs. Transportation and related costs include freight charges, fuel surcharges, transloading fees, switching fees, railcar lease costs, demurrage costs and storage fees. We believe the majority of our operating costs are relatively stable in price, but can vary significantly based on the volume of product produced. We benefit from owning the majority of the mineral deposits that we mine and having long-term mineral rights leases or supply agreements for our other primary sources of raw material, which limit royalty payments.

Additionally, we incur expenses related to our corporate operations, including costs for sales and marketing; research and development; and finance, legal, environmental, health and safety functions of our organization. These costs are principally driven by personnel expenses.

53

Table of Contents

How We Evaluate Our Business

Our management team evaluates our business using a variety of financial and operational metrics. Our business is organized into two segments, Oil & Gas Proppants and Industrial & Specialty Products. We evaluate the performance of these segments based on their tons sold, average selling price and contribution margin earned. Additionally, we consider a number of factors in evaluating the performance of the business as a whole, including total tons sold, average selling price, segment contribution margin, and Adjusted EBITDA. We view these metrics as important factors in evaluating our profitability and review these measurements frequently to analyze trends and make decisions.

Segment Contribution Margin

Segment contribution margin, a non-GAAP measure, is a key metric that management uses to evaluate our operating performance and to determine resource allocation between segments. Segment contribution margin excludes certain corporate costs not associated with the operations of the segment. These unallocated costs include costs that are related to corporate functional areas such as operations management, corporate purchasing, accounting, treasury, information technology, legal and human resources.

Segment contribution margin is not a measure of our financial performance under GAAP and should not be considered an alternative to measures derived in accordance with GAAP. For more details on the reconciliation of segment contribution margin to its most directly comparable GAAP financial measure, income (loss) before income taxes, see Note U - Segment Reporting to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP measure, is included in this report because it is a key metric used by management to assess our operating performance and by our lenders to evaluate our covenant compliance. Payouts under our incentive compensation plan are tied, in part, to our Adjusted EBITDA. In addition, our Revolver contains a consolidated total net leverage ratio that we must meet as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 25% of the Revolver commitment, which is calculated based on our Adjusted EBITDA. Noncompliance with the financial ratio covenant contained in the Revolver could result in the acceleration of our obligations to repay all amounts outstanding under the Revolver and the Term Loan. Moreover, the Revolver and the Term Loan contain covenants that restricted, subject to certain exceptions, our ability to make permitted acquisitions, incur additional indebtedness, make restricted payments (including dividends) and retain excess cash flow based, in some cases, on our ability to meet leverage ratios calculated based on our Adjusted EBITDA.

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative to net income as a measure of operating performance, cash flows from operating activities as a measure of liquidity or any other performance measure derived in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management’s discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain non-recurring charges. Management compensates for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

Table of Contents

	Year Ended December 31,		
	2014	2013	2012
	(amount in thousands)		
Net income	$121,540	$75,256	$79,154
Total interest expense, net of interest income	17,868	15,241	13,615
Provision for taxes	37,183	20,761	30,651
Total depreciation, depletion and amortization expenses	45,019	36,418	25,099
EBITDA	221,610	147,676	148,519
Non-cash deductions, losses and charges [1]	198	464	379
Loss on early extinguishment of debt [2]	—	480	—
Non-cash incentive compensation [3]	7,487	3,039	2,330
Post-employment expenses (excluding service costs) [4]	1,730	2,071	1,794
Business development related expenses[5]	11,450	1,430	1,042
Other adjustments allowable under our existing credit agreements [6]	3,738	5,531	(3,475)
Adjusted EBITDA	$246,213	$160,691	$150,589

(1) Includes non-cash deductions, losses and charges arising from adjustments to estimates of a future litigation liability and the decision by our hourly workforce at our Rockwood facility to withdraw from a pension plan administered by a third party.

(2) Includes write-offs of debt issuance costs, legal fees and a prepayment penalty related to the early extinguishment of debt.

(3) Includes vesting of incentive equity compensation issued to our employees.

(4) Includes net pension cost and net post-retirement cost relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service cost relating to benefits earned during such period. See Note R - Pension and Post-retirement Benefits to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

(5) Expenses related to business development activities related to our growth and expansion initiatives.

(6) Reflects miscellaneous adjustments permitted under our existing credit agreement, including such items as purchase accounting adjustments, one-time litigation fees, expenses related to debt refinancing, offerings of our common stock by our former controlling shareholder, employment agency fees.

Table of Contents

Results of Operations
Sales

	For the Years Ended December 31,			Percent Change	
	2014	2013	2012	'14 vs. '13	'13 vs. '12
	(amounts in thousands)				
Sales					
Oil & Gas Proppants	$662,770	$347,439	$243,765	91 %	43 %
Industrial & Specialty Products	213,971	198,546	198,156	8 %	— %
Total Sales	$876,741	$545,985	$441,921	61 %	24 %
Tons:					
Oil & Gas Proppants	6,736	4,078	2,919	65 %	40 %
Industrial & Specialty Products	4,192	4,084	4,251	3 %	(4)%
Total Tons	10,927	8,161	7,170	34 %	14 %

2014 vs. 2013

Total sales increased $330.8 million, or 61%, to $876.7 million for the year ended December 31, 2014 compared to $546.0 million for the year ended December 31, 2013. The increase was driven by a 34% increase in tons sold and a 20% increase in average selling price for the year ended December 31, 2014. For the year ended December 31, 2014, tons sold in-basin through transloads represented 38% of total company tons sold, compared to 25% for the year ended December 31, 2013. The increases were due to customer demand for our proppants at transload locations close to oil and gas customer drilling sites.

The increase in total sales was mainly driven by Oil & Gas Proppants sales, which increased $315.3 million, or 91%, to $662.8 million for the year ended December 31, 2014 compared to $347.4 million for the year ended December 31, 2013. Oil & Gas Proppants tons sold increased 65% due to year over year growth in the demand for our frac sands. The average selling price for Oil & Gas Proppants increased 15% for the year ended December 31, 2014 due to increased tons sold through transloads as a percentage of total tons sold and due to higher price driven by year over year demand.

Industrial & Specialty Products sales increased $15.4 million, or 8%, to $214.0 million for the year ended December 31, 2014, compared to $198.5 million for the year ended December 31, 2013. Tons sold grew 3% and average selling price increased 4% for the year ended December 31, 2014 compared to the year ended December 31, 2013. The increases were primarily driven by year over year growth in demand.

2013 vs. 2012

Total sales increased $104.1 million, or 24%, to $546.0 million for the year ended December 31, 2013 compared to $441.9 million for the year ended December 31, 2012. Oil & Gas Proppants sales increased by $103.7 million, accounting for nearly all of the total growth. Overall, average realized price increased 9% and volumes increased 14% from the comparable prior period.

Oil & Gas Proppant sales increased $103.7 million, or nearly 43%, to $347.4 million for the year ended December 31, 2013 compared to $243.8 million for the year ended December 31, 2012. The growth in sales revenue was due to an overall increase in tons of product sold as well as a higher proportion of sales through transloads. Volume increased 40% driven by year over year growth in the demand for our frac sands. Average product selling price increased 2% due to higher volumes sold through transloads.

Industrial & Specialty Products sales increased $0.4 million, or 0.2%, to $198.6 million for the year ended December 31, 2013 compared to $198.2 million for the year ended December 31, 2012. Increases in pricing across all of our end markets and favorable product mix drove a nearly 4% increase in average realized price. Volume decreased by 4%, primarily due to weakness in sales to the glass market.

Table of Contents

Cost of Goods Sold

2014 vs. 2013

Cost of goods sold increased by $218.0 million, or 63%, to $566.6 million for the year ended December 31, 2014 compared to $348.6 million for the year ended December 31, 2013. This increase resulted from more tons sold and from higher transportation and related costs. As a percentage of sales, costs of goods sold increased from 64% for the year ended December 31, 2013 to 65% for the year ended December 31, 2014. These changes result from the main components of cost of goods sold as discussed below.

We incurred $312.7 million of transportation and related costs for the year ended December 31, 2014 compared to $169.8 million for the year ended December 31, 2013. The increased transportation and related costs incurred were due to increased tons sold through transloads. As a percentage of sales, transportation and related costs increased to 36%, when compared to 31% for the year ended December 31, 2013 due to an increase in tons sold through transloads as a percentage of total tons sold.

We incurred $74.3 million of operating labor costs for the year ended December 31, 2014 compared to $61.1 million for the year ended December 31, 2013. The increase in labor costs incurred was due to producing and selling more tons. As a percentage of sales, operating labor costs decreased to 9% for the year ended December 31, 2014 compared to 11% for the year ended December 31, 2013, mainly due to an increase in average selling price.

We incurred $32.8 million of electricity and drying fuel (principally natural gas) costs for the year ended December 31, 2014 compared to $25.6 million for the year ended December 31, 2013. The increases in electricity and drying fuel costs incurred were due to higher production volume. As a percentage of sales, electricity and drying fuel costs decreased to 4% for the year ended December 31, 2014 compared to 5% for the year ended December 31, 2013.

We incurred $37.4 million of maintenance and repair costs for the year ended December 31, 2014 compared to $22.5 million for the year ended December 31, 2013. The increases in maintenance and repair costs incurred were due to higher production volume. As a percentage of sales, maintenance and repair costs represented 4% for the year ended December 31, 2014 compared to 3% for the year ended December 31, 2013.

2013 vs. 2012

For the year ended December 31, 2013, cost of goods sold increased $92.0 million, or 36% to 348.6 million compared to 256.5 million for the year ended December 31, 2012.

We incurred $169.8 million of transportation and related costs for the year ended December 31, 2013 compared to $90.8 million for the year ended December 31, 2012. The increased transportation and related costs incurred were due to increased tons sold through transloads. As a percentage of sales, transportation and related costs increased to 31%, when compared to 21% for the year ended December 31, 2012 due to an increase in tons sold through transloads as a percentage of total tons sold.

We incurred $61.1 million of operating labor costs for the year ended December 31, 2013 compared to $54.9 million for the year ended December 31, 2012. The increase in labor costs incurred were due to producing and selling more tons. As a percentage of sales, operating labor costs decreased to 11% for the year ended December 31, 2013 compared to 12% for the year ended December 31, 2012, mainly due to an increase in average selling price.

We incurred $25.6 million of electricity and drying fuel (principally natural gas) costs for the year ended December 31, 2013 compared to $21.3 million for the year ended December 31, 2012. The increases in electricity and drying fuel costs incurred were due to higher production volume. As a percentage of sales, electricity and drying fuel costs were 5% for both the year ended December 31, 2013 and the year ended December 31, 2012.

We incurred $22.5 million of maintenance and repair costs for the year ended December 31, 2013 compared to $22.8 million for the year ended December 31, 2012. Maintenance and repair costs stayed relatively flat year over year. As a percentage of sales, maintenance and repair costs represented 4% for the year ended December 31, 2013 compared to 5% for the year ended December 31, 2012.

Table of Contents

Segment Contribution Margin

2014 vs. 2013

Oil & Gas Proppants contribution margin increased by $110.2 million or 76%, to $256.1 million for the year ended December 31, 2014 compared to $145.9 million for the year ended December 31, 2013. Increases were driven by the following specific factors: increased sales due to an increase in tons of product sold driven by continued year over year growth in demand for our frac sands, as well as an increase in average selling price due to increased tons sold through transloads and due to higher prices driven by year over year demand, partially offset by increased cost of goods sold per ton mainly due to additional transportation and handling costs driven by increased tons sold through transloads.

Industrial & Specialty Products contribution margin increased by $4.1 million, or 7%, to $61.1 million for the year ended December 31, 2014 compared to $57.0 million for the year ended December 31, 2013, due to increased sales volume and average selling price driven by growth in demand, partially offset by increased cost of goods sold.

2013 vs. 2012

For the year ended December 31, 2013, Oil & Gas contribution margin increased by $5.8 million, or 4%, to 145.9 million compared to $140.1 million for the year ended December 31, 2012. The factors driving this increase are the same factors noted above in the December 31, 2014 versus December 31, 2013 Oil & Gas contribution margin discussion.

For the year ended December 31, 2013, Industrial & Specialty products contribution margin increased by $3.4 million, or 6% to $57.0 million for the year ended December 31, 2012. The factors driving this increase are the same factors noted above in the December 31, 2013 versus December 31, 2012 Industrial and Specialty Products contribution margin discussion.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $39.2 million, or 79%, to $89.0 million for the year ended December 31, 2014 compared to $49.8 million for the year ended December 31, 2013. The increases were mainly driven by an increase in compensation expense of $22.0 million year-over-year. Bad debt expense increased by $8.8 million to $10.2 million for the year ended December 31, 2014, compared to $1.4 million for the year ended December 31, 2013, due to an increase in our sales during 2014 and an increase in our allowance for doubtful accounts. The increase in the allowance was based on our assessment of certain customers' current ability to pay their obligations to us as of December 31, 2014. Additionally, business development expense also increased by $10.0 million to $11.5 million for the year ended December 31, 2014, compared to $1.4 million for the year ended December 31, 2013 due to our growth and expansion initiatives. In total, our selling, general and administrative costs represented approximately 10% of our sales for the year ended December 31, 2014 compared to 9% for the year ended December 31, 2013.

Selling, general and administrative expenses increased $8.5 million, or 21%, to $49.8 million for the year ended December 31, 2013 compared to $41.3 million for the year ended December 31, 2012, driven by approximately $2.4 million of non-recurring expenses related to offerings of our common stock by Golden Gate Capital and business development activities related to our growth and expansion initiatives, $1.9 million of one-time litigation fees, $1.3 million related to our refinancing, a $1.1 million increase in bad debt expense and $1.0 million of employment agency fees. Additionally, we incurred a $0.7 million increase in compensation expense related to awards of equity instruments to certain management and employees.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense increased by $8.6 million, or 24%, to $45.0 million for the year ended December 31, 2014 compared to $36.4 million for the year ended December 31, 2013. Year over year increases were driven by continued capital spending associated with our growth and capacity expansion initiatives combined with increased depletion due to additional volume of mined silica sands. We expect depreciation, depletion and amortization expense to continue to grow due to anticipated capital spending in 2015. Depreciation, depletion and amortization costs represented approximately 5% of our sales for the year ended December 31, 2014 compared to 7% for the year ended December 31, 2013.

Depreciation, depletion and amortization expense was $36.4 million and $25.1 million for the years ended December 31, 2013 and December 31, 2012, respectively. Year over year increases were primarily driven by capital spending associated company growth and capacity expansion initiatives combined with increased depletion due to additional volume of mined silica sands. Depreciation, depletion and amortization costs represented approximately 7% of our sales for the year ended December 31, 2014 compared to 6% for the year ended December 31, 2012.

Table of Contents

Operating Income

Operating income increased by $64.9 million, or 58% to $176.2 million for the year ended December 31, 2014 compared to $111.2 million for the year ended December 31, 2013. The increases were primarily due to a 61% increase in sales, partially offset by a 63% increase in cost of goods sold and a 55% increase in operating expenses for the year ended December 31, 2014.

Operating income decreased $7.8 million, or 7%, to $111.2 million for the year ended December 31, 2013 compared to $119.0 million for the year ended December 31, 2012 due to a 36% increase in cost of goods sold and a 30% increase in operating expenses, partially offset by a 24% increase in sales.

Interest Expense

Interest expense increased by $2.9 million, or 19%, to $18.2 million for the year ended December 31, 2014 when compared to $15.3 million for the year ended December 31, 2013, mainly due to interest expense related to the deferred revenue we received in the third and fourth quarter of the fiscal year.

Interest expense increased $1.5 million, or 11%, to $15.3 million for the year ended December 31, 2013 compared to $13.8 million for the year ended December 31, 2012 due to the increase in long-term debt.

Provision for Income Taxes

The provision for income taxes increased by $16.4 million, or 79%, to $37.2 million for the year ended December 31, 2014 when compared to $20.8 million for the year ended December 31, 2013. The increases were driven by a higher effective tax rate and increased pre-tax book income. The effective tax rate was 23.4% for the year ended December 31, 2014, compared to 21.6% for the year ended December 31, 2013. See Note Q - Income Tax to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related for more information.

The provision for income taxes decreased $9.9 million, or 32%, to $20.8 million for the year ended December 31, 2013, compared to $30.7 million for the year ended December 31, 2012 due to a decrease in pre-tax income of 13%. Historically, our actual effective tax rates have been lower than the statutory effective rate primarily due to the benefit received from statutory percentage depletion allowances. The deduction for statutory percentage depletion does not necessarily change proportionately to changes in income before income taxes.

Net Income/Loss

Net income was $121.5 million, $75.3 million and $79.2 million for the years ended December 31, 2014, 2013 and 2012. The year over year fluctuations were due to the factors noted above.

Liquidity and Capital Resources

Overview

Our principal liquidity requirements have historically been to service our debt, to meet our working capital, capital expenditure and mine development expenditure needs, to return cash to our stockholders, and to finance acquisitions. We have historically met our liquidity and capital investment needs with funds generated through operations. We have historically funded our acquisitions through cash on hand or borrowings under our credit facilities and equity investments. Our working capital is the amount by which current assets exceed current liabilities and is a measure of our ability to pay our liabilities as they become due. As of December 31, 2014, our working capital was $416.1 million and we had $46.8 million of availability under the Revolver. See “Credit Facilities—Revolver.”

We believe that cash generated through operations and our financing arrangements will be sufficient to meet working capital requirements, anticipated capital expenditures, scheduled debt payments for at least the next 12 months and any dividends declared.

Management and the Board remain committed to evaluating additional ways of creating shareholder value. Any determination to pay dividends and other distributions in cash, stock, or property in the future will be at the discretion of the Board and will be dependent on then-existing conditions, including our business conditions, our financial condition, results of operations, liquidity, capital requirements, contractual restrictions including restrictive covenants contained in debt agreements, and other factors. Additionally, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

Table of Contents

Cash Flow Analysis

A summary of operating, investing and financing activities is shown in the following table:

	As of December 31,			Percent Change	
	2014	2013	2012	'14 vs. '13	'13 vs. '12
	(amounts in thousands)				
Net cash provided by (used in):					
Operating activities	$171,411	$46,451	$100,950	>100%	(54)%
Investing activities	(190,906)	(135,113)	(104,461)	41%	29%
Financing activities	208,520	105,896	5,334	97%	>100%

Net Cash Provided by Operating Activities

Operating activities consist primarily of net income adjusted for non-cash items, including depreciation and amortization, deferred revenue, deferred income taxes, equity-based compensation and the effect of working capital changes.

Net cash provided by operating activities was $171.4 million for the year ended December 31, 2014 compared to $46.5 million for the year ended December 31, 2013. This $124.9 million increase in cash provided by operations was primarily the result of the following factors: a $46.3 million increase in net income; a $24.4 million decrease in inventory changes mainly due to more inventory sold than produced; a $50.0 million change in accounts payable and accrued liabilities due to increased expenses and extended payment terms; a change in income tax payable of $20.2 million, mainly due to a federal tax extension payment of $19.6 million for the 2012 tax year paid in March 2013; an $8.6 million increase in depreciation, depletion and amortization and equity-based compensation; partially offset by a change in accounts receivable of $29.9 million due to an increase in revenue.

Net cash provided by operating activities was $46.5 million for the year ended December 31, 2013 compared to $101.0 million for the year ended December 31, 2012. This $54.5 million decrease in cash provided by operations was primarily the result of a federal tax extension payment of $19.6 million for the 2012 tax year paid in March 2013, $18.1 million in 2013 federal estimated tax payments paid as of December 31, 2013, and increased working capital to support the transloads.

Net Cash Used in Investing Activities

Investing activities consist primarily of capital expenditures for growth and maintenance.

Net cash used in investing activities was $190.9 million in the year ended December 31, 2014. This use of cash was due to capital expenditures, which totaled $92.6 million, as well as $98.3 million used for the purchase of Cadre. Capital expenditures in 2014 were made primarily for the engineering, procurement and construction of our Greenfield raw sand plants near Utica, Illinois, and Fairchild, Wisconsin, our new transload facility in Odessa, Texas, our expansion project at our Pacific, Missouri facility and other maintenance capital projects.

Net cash used in investing activities was $135.1 million in the year ended December 31, 2013. This use of cash was due to capital expenditures, which totaled $60.5 million, as well as $75.0 million used for the purchase of short-term investments during the year ended December 31, 2013. Capital expenditures in 2013 were made for the engineering, procurement and construction of our two Greenfield raw sand plants in Sparta, Wisconsin, and Utica, Illinois, for the purchase of an existing silica sand processing facility from Quality Sand Products LLC ("QSP") in Peru, Illinois, for the construction of our transloads, and for maintenance capital.

Net cash used in investing activities was $104.5 million in the year ended December 31, 2012. This use of cash is due to capital expenditures which totaled $105.7 million for the year ended December 31, 2012, partially offset by proceeds of $1.3 million received from the sale of a building and various equipment. Capital expenditures in 2012 were primarily for the construction of our resin coating production facility in Rochelle, Illinois and the engineering, procurement, and construction of a Greenfield raw sand plant in Sparta, Wisconsin.

Subject to our continuing evaluation of market conditions, we anticipate that our capital expenditures in 2015 will be in a range of $100 million to $120 million , which is primarily associated with growth and maintenance capital including the construction of the mine and processing facility in Fairchild, Wisconsin. We expect to fund our capital expenditures through cash on our balance sheet, cash generated from our operations and cash generated from financing activities.

60

Table of Contents

Net Cash Provided by Financing Activities

Financing activities consist primarily of equity issuances, capital contributions, borrowings and repayments related to the Revolver and Term Loan, as well as fees and expenses paid in connection with our credit facilities and outstanding checks to our vendors.

Net cash provided by financing activities was $208.5 million in the year ended December 31, 2014, driven by cash received from an increase in borrowings under our Term Loan of $134.3 million, a $100.0 million advance deposit from a customer and $9.4 million in proceeds from options exercised and excess tax benefit from equity-based compensation partially offset by $26.9 million in dividend payments.

Net cash provided by financing activities was $105.9 million in the year ended December 31, 2013. During the period, we had an increase in borrowings under our refinanced Term Loan of $373.8 million, $7.9 million of proceeds from options exercised and $1.4 million in excess tax benefit from equity-based compensation, which was offset by a $258.0 million repayment of our existing long-term debt, $13.3 million in dividends paid and $4.1 million in financing fees. Net cash provided by financing activities was $5.3 million in the year ended December 31, 2012. During the period, dividends of $26.5 million were paid to stockholders, we paid $1.1 million to repurchase stock, we made scheduled principal payments on our Term Loan of $2.6 million, and our short-term debt of $3.9 million was paid in full.

On January 31, 2012, we completed an initial public offering of 2,941,176 shares of our common stock at an offering price of $17.00 per share for aggregate proceeds of approximately $50.0 million (the “IPO”). We received net proceeds of approximately $40.8 million, after deducting $3.5 million of underwriting discounts and commissions and offering expenses of $5.7 million.

Simultaneously with the IPO, GGC Holdings, LLC, our parent and sole stockholder prior to the IPO, contributed to us all of the stock of its wholly-owned subsidiary, GGC RCS Holdings, Inc., whose operating subsidiary was Coated Sand Solutions, LLC. Prior to this transaction, GGC RCS Holdings, Inc. had a $15.0 million note payable to GGC Holdings, which, together with accrued interest of $1.7 million, was converted to an equity contribution by GGC Holdings, simultaneously to the IPO.

Share Repurchase Program

See Note D - Capital Structure and Accumulated Comprehensive Income to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our share repurchase program. Subsequent to December 31, 2014, we have repurchased 587,132 shares of our common stock, payments for which totaled $15.0 million.

Credit Facilities

See Note J - Debt to our Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our credit facilities.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are likely to have a current or future material effect on our financial condition, changes in financial condition, sales, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

As described in Note J - Debt to our Consolidated Financial Statements, on December 5, 2014, we increased our senior secured term loan by $135.0 million utilizing the incremental borrowing feature in our credit agreement. As of December 31, 2014, debt increased by $130.8 million to $502.3 million compared to $371.5 million at December 31, 2013. The increase was primarily due to the incremental borrowing and partially offset by principal repayments of $3.8 million.

Table of Contents

As of December 31, 2014, the total of our future contractual cash commitments, including the repayment of our debt obligations under the Term Loan, is summarized as follows:

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(amounts in thousands)				
Principal payments on long-term debt obligations[1]	$504,375	$5,100	$10,200	$10,200	$478,875
Estimated interest payments on long-term debt	112,891	20,771	40,910	40,067	11,143
Retirement plans	39,590	3,247	4,645	9,785	21,913
Operating lease obligations[2]	173,404	32,178	57,391	45,313	38,522
Minimum purchase obligations[3]	105,516	30,635	39,385	19,496	16,000
Other long-term liabilities[4]	1,770	207	402	398	763
Total Contractual Cash Obligations[5][6]	$937,546	$92,138	$152,933	$125,259	$567,216

(1) As of December 31, 2014 we had $502,297, net of unamortized original issue discount, outstanding under the Term Loan. The above table excludes the unamortized original issue discount. See "—Liquidity and Capital Resources—Credit Facilities."

(2) We are obligated under certain operating leases for railroad cars, mining properties, mining and processing equipment, office space, transportation and other equipment. Certain of our operating lease arrangements include options to purchase the equipment for fair market value at the end of the original lease term. Annual operating lease commitments are presented in more detail in Note P - Commitments and Contingencies to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

(3) Minimum purchase obligations include estimated future minimum purchase obligation related to transload service agreements and transportation service agreements. During the year ended December 31, 2014, we paid $128 in shortfall fees under these service agreements.

(4) Other long-term obligations include estimated future minimum royalty payments provided for under our mineral leases.

(5) The above table excludes discounted asset retirement obligations in the amount of $11,283 at December 31, 2014, the majority of which have a settlement date beyond 2025.

(6) We have indemnified underwriters for surety bonds issued on our behalf and are a contingent guarantor on a railcar lease, both of which are excluded from this table. See Note S - Obligations Under Guarantees to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Environmental Matters

We are subject to various federal, state and local laws and regulations governing, among other things, hazardous materials, air and water emissions, environmental contamination and reclamation and the protection of the environment and natural resources. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. We may also from time to time incur fines and penalties associated with noncompliance with such laws and regulations. In particular, on September 8, 2011 we voluntarily disclosed potential violations of air emission permits at our Rockwood, Michigan facility to the EPA and the Michigan Department of Environmental Quality, and while no proceedings have been instituted at this time by either agency we could incur penalties or be subject to other requirements in the future as a result of such potential violations. As of December 31, 2014, we had $11.3 million accrued for future reclamation costs, as compared to $9.4 million as of December 31, 2013.

We discuss certain environmental matters relating to our various production and other facilities, certain regulatory requirements relating to human exposure to crystalline silica and our mining activity and how such matters may affect our business in the future under Item 1, "Business," Item 1A, "Risk Factors" and Item 3, "Legal Proceedings."

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that are

Table of Contents

believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

A summary of our significant accounting policies is included in Note B to the Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Management believes that the application of these policies on a consistent basis enables us to provide the users of the Consolidated Financial Statements with useful and reliable information about our operating results and financial condition.

Listed below are the accounting policies we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations.

Impairment of Long-Lived Assets

We periodically evaluate whether current events or circumstances indicate that the carrying value of our long-lived assets, including property, plant and mine development, goodwill, trade names and customer relationships, to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of future cash flows produced by the long-lived assets, or the appropriate grouping of assets, is compared to the carrying value to determine whether an impairment exists. If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows. A detailed determination of the fair value may be carried forward from one year to the next if certain criteria have been met. We report an asset to be disposed of at the lower of its carrying value or its estimated net realizable value.

Factors we generally consider important in our evaluation and that could trigger an impairment review of the carrying value of long-lived assets include significant underperformance relative to expected operating trends, significant changes in the way assets are used, underutilization of our tangible assets, discontinuance of certain products by us or by our customers, a decrease in estimated mineral reserves, and significant negative industry or economic trends.

The recoverability of the carrying value of our mineral properties is dependent upon the successful development, start-up and commercial production of our mineral deposit and the related processing facilities. Our evaluation of mineral properties for potential impairment primarily includes assessing the existence or availability of required permits and evaluating changes in our mineral reserves, or the underlying estimates and assumptions, including estimated production costs. Assessing the economic feasibility requires certain estimates, including the prices of products to be produced and processing recovery rates, as well as operating and capital costs.

Although we believe the carrying values of our long-lived assets were realizable as of the relevant balance sheet date, future events could cause us to conclude otherwise.

Mine Reclamation Costs and Asset Retirement Obligations

We recognize the fair value of any liability for conditional asset retirement obligations, including environmental remediation liabilities when incurred, which is generally upon acquisition, construction or development and/or through the normal operation of the asset, if sufficient information exists to reasonably estimate the fair value of the liability. These obligations generally include the estimated net future costs of dismantling, restoring and reclaiming operating mines and related mine sites, in accordance with federal, state, local regulatory and land lease agreement requirements. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset’s carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and abandonment costs. The reclamation obligation is based on when spending for an existing environmental disturbance will occur. If the asset retirement obligation is settled for other than the carrying amount of the liability, a gain or loss is recognized on settlement. We review, on an annual basis, unless otherwise deemed necessary, the reclamation obligation at each mine site in accordance with ASC guidance for accounting reclamation obligations.

Future remediation costs for inactive mines are accrued based on management’s best estimate at the end of each period of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is

revised.

63

Table of Contents

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recognized at their invoiced amounts and do not bear interest. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the payment terms are considered past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, our previous loss history, the customer's current ability to pay its obligation to us, and the condition of the general economy and the industry as a whole. Ongoing credit evaluations are performed. We write-off accounts receivable when they are deemed uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Self-Insurance and Product Liability Claim Reserves

We are self-insured for various levels of employee health insurance coverage, workers' compensation and third party product liability claims alleging occupational disease. We purchase insurance coverage for claim amounts which exceed our self-insured retentions. Depending on the type of insurance, these self-insured retentions range from $100,000 to $500,000 per occurrence.

Our insurance reserves are accrued based on estimates of the ultimate cost of claims expected to occur during the covered period. These estimates are prepared with the assistance of outside actuaries and consultants. Our actuaries periodically review the volume and amount of claims activity, and based upon their findings, we adjust our insurance reserves accordingly. The ultimate cost of claims for a covered period may differ from our original estimates.

Employee Benefit Plans

We provide a range of benefits to our employees and retired employees, including pensions and post-retirement healthcare and life insurance benefits. We record annual amounts relating to these plans based on calculations specified by generally accepted accounting principles, which include various actuarial assumptions, including discount rates, assumed rates of returns, compensation increases, turnover rates, mortality table, and healthcare cost trend rates. We review the actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. As required by U.S. generally accepted accounting principles, the effect of the modifications is generally recorded or amortized over future periods. We believe that the assumptions utilized in recording our obligations under the plans, which are presented in Note R to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, are reasonable based on advice from our actuaries and information as to assumptions used by other employers.

Stock Option Awards

We recognize stock option-based compensation expense in our consolidated statements of income using a fair value based method. Fair value methods use a valuation model for shorter-term, market-traded financial instruments to theoretically value stock option grants even though they are not available for trading and are of longer duration. The Black-Scholes option-pricing model that we use includes the input of certain variables that are dependent on future expectations, including the expected lives of our options from grant date to exercise date, the volatility of our underlying common shares in the market over that time period, and the rate of dividends that we will pay during that time. Our estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. Unlike most of our expenses, the resulting charge to earnings using a fair value based method is a non-cash charge that is never measured by, or adjusted based on, a cash outflow.

Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. This approach requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based upon the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the expenses are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not

that some or all of the deferred tax assets will not be realized.

We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that it judges to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with

Table of Contents

unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. At the adoption date, we applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open. The adoption of this guidance did not have a material impact on our consolidated financial condition or results of operations.

We evaluate quarterly the realizability of our deferred tax assets by assessing the need for a valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. Factors that may affect our ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: a decline in sales or margins, increased competition or loss of market share. In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended time to resolve. We believe that adequate provisions for income taxes have been made for all years.

The largest permanent item in computing both our effective tax rate and taxable income is the deduction allowed for statutory depletion. The impact of statutory depletion on the effective tax rate is presented in Note Q to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. The deduction for statutory depletion does not necessarily change proportionately to changes in income before income taxes.

Recent Accounting Pronouncements

New accounting guidance that we have recently adopted, as well as accounting guidance that has been recently issued but not yet adopted by us, are included in Note B - Summary of Significant Accounting Policies to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks, which exist as a part of our ongoing business operations. We use derivative financial and commodity instruments, where appropriate, to manage these risks. As a matter of policy, we do not engage in trading or speculative transactions. Refer to Note N - Derivative Instruments to our Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for further information on our derivative financial instruments.

Interest Rate Risk

We may use interest rate derivatives in the normal course of our business to manage both our interest cost and the risks associated with changing interest rates. These hedge agreements are used to exchange the difference between fixed and variable-rate interest amounts to an agreed-upon notional principal amount. We do not use derivative financial instruments for trading or speculative purposes. By their nature, all such instruments involve risk, including the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract (credit risk) or the possibility that future changes in market price may make a financial instrument less valuable or more onerous (market risk). As is customary for these types of instruments, we do not require collateral or other security from other parties to these instruments. In management’s opinion, there is no significant risk of loss in the event of nonperformance of the counterparties to these financial instruments.

The estimated fair value of our derivative assets (interest rate caps) are recorded at each reporting period and are based upon widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative contract. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We also incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk as well as that of the respective counterparty in the fair value measurements.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of

December 31, 2014, we have assessed that the impact of the credit valuation adjustments on the overall valuation of our derivative positions is not significant. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Table of Contents

		December 31, 2014			December 31, 2013		
	Maturity Date	Contract/Notional Amount	Carrying Amount	Fair Value	Contract/Notional Amount	Carrying Amount	Fair Value
Interest rate cap agreement[(1)]	2016	$188 million	$5	$5	$188 million	$109	$109

(1) Agreements limit the LIBOR floating interest rate base to 4%.

We have designated these contracts as qualified cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings. We had no ineffective contracts as of December 31, 2014.

Assuming that LIBOR is greater than the 1.0% minimum base rate on the Term Loan, a hypothetical increase or decrease in interest rates by 1.0% would have changed our interest expense by $1.3 million $0.9 million, $0.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk related to interest rates is the potential loss arising from adverse changes in interest rates. We do not believe that inflation has a material impact on our financial position or results of operations during periods covered by the financial statements included in this prospectus.

Credit Risk

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We examine the creditworthiness of third-party customers to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees, although collateral is generally not required.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K:

U.S. SILICA HOLDINGS, INC.

Report of Independent Registered Public Accounting Firm	68
Consolidated Balance Sheets as of December 31, 2014 and 2013	69
Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013 and 2012	70
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013 and 2012	71
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013 and 2012	72
Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012	73
Notes to the Consolidated Financial Statements	74

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

U.S. Silica Holdings, Inc.

We have audited the accompanying consolidated balance sheets of U.S. Silica Holdings, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Silica Holdings, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 25, 2015 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Baltimore, Maryland

February 25, 2015

Table of Contents

U.S. SILICA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	2013
	(in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$267,281	$78,256
Short-term investments	75,143	74,980
Accounts receivable, net	120,881	75,207
Inventories, net	66,712	64,212
Prepaid expenses and other current assets	9,267	7,140
Deferred income taxes, net	22,295	17,737
Income tax deposits	746	—
Total current assets	562,325	317,532
Property, plant and mine development, net	565,755	442,116
Debt issuance costs, net	7,211	5,255
Goodwill	68,647	68,403
Trade names	14,914	10,436
Customer relationships, net	6,984	6,120
Other assets	12,317	13,599
Total assets	$1,238,153	$863,461
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Book overdraft	$4,215	$4,659
Accounts payable	85,781	37,376
Dividends payable	6,805	6,709
Accrued liabilities	17,911	10,823
Accrued interest	60	41
Current portion of long-term debt	4,718	3,488
Income tax payable	—	1,037
Current portion of deferred revenue	26,771	—
Total current liabilities	146,261	64,133
Long-term debt	497,579	367,963
Liability for pension and other post-retirement benefits	59,932	36,802
Deferred revenue	64,722	—
Deferred income taxes, net	49,749	71,318
Other long-term obligations	16,094	13,951
Total liabilities	834,337	554,167
Stockholders' Equity:		
Preferred stock	—	—
Common stock	539	534
Additional paid-in capital	191,086	174,799
Retained earnings	232,551	137,978
Treasury stock, at cost	(542)	—
Accumulated other comprehensive loss	(19,818)	(4,017)
Total stockholders' equity	403,816	309,294
Total liabilities and stockholders' equity	$1,238,153	$863,461

The accompanying notes are an integral part of these financial statements.

69

Table of Contents

U.S. SILICA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2014	2013	2012
	(in thousands, except per share amounts)		
Sales	$876,741	$545,985	$441,921
Cost of goods sold (excluding depreciation, depletion and amortization)	566,584	348,567	256,535
Operating expenses			
Selling, general and administrative	88,971	49,759	41,299
Depreciation, depletion and amortization	45,019	36,418	25,099
	133,990	86,177	66,398
Operating income	176,167	111,241	118,988
Other (expense) income			
Interest expense	(18,202)	(15,341)	(13,795)
Early extinguishment of debt	—	(480)	—
Other income, net, including interest income	758	597	4,612
	(17,444)	(15,224)	(9,183)
Income before income taxes	158,723	96,017	109,805
Income tax expense	(37,183)	(20,761)	(30,651)
Net income	$121,540	$75,256	$79,154
Earnings per share:			
Basic	$2.26	$1.42	$1.50
Diluted	$2.23	$1.41	$1.50

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. SILICA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Net income	$121,540	$75,256	$79,154
Other comprehensive income:			
Unrealized gain (loss) on derivatives (net of tax of $(32), $66 and $144 for 2014, 2013, and 2012, respectively)	(55)	103	227
Unrealized loss on investments (net of tax of $(8), $(17) and $0 for the years ended December 31 2014, 2013, and 2012, respectively)	(14)	(27)	—
Pension and other post-retirement benefits liability adjustment (net of tax of $(9,678), $6,419 and $(1,299) for the years ended December 31 2014, 2013, and 2012, respectively)	(15,732)	10,082	(2,041)
Comprehensive income	$105,739	$85,414	$77,340

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. SILICA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at January 1, 2012	$500	$—	103,757	$30,038	$ (12,361)	$121,934
Net income	—	—	—	79,154	—	79,154
Unrealized gain on derivatives	—	—	—	—	227	227
Pension and postretirement liability	—	—	—	—	(2,041)	(2,041)
Cash dividend declared ($0.50 per share)	—	—	—	(26,461)	—	(26,461)
Equity-based compensation	—	—	2,330	—	—	2,330
Issuance of common stock (January 2012 IPO at $17.00 per share, net of issuance costs of $9,171)	29	—	40,800	—	—	40,829
Issuance of treasury stock	—	102	—	—	—	102
Repurchase of common stock	—	(1,072)	—	—	—	(1,072)
Capital contributed by parent	—	—	16,692	—	—	16,692
Balance at December 31, 2012	529	(970)	163,579	82,731	(14,175)	231,694
Net income	—	—	—	75,256	—	75,256
Unrealized gain on derivatives	—	—	—	—	103	103
Unrealized loss on short-term investments	—	—	—	—	(27)	(27)
Pension and postretirement liability	—	—	—	—	10,082	10,082
Cash dividend declared ($0.375 per share)	—	—	—	(20,009)	—	(20,009)
Common stock-based compensation plans activity:						
Equity-based compensation	—	—	3,039	—	—	3,039
Excess tax benefit from equity compensation	—	—	1,380	—	—	1,380
Proceeds from options exercised	5	1,136	6,801	—	—	7,942
Shares withheld for employee taxes related to vested restricted stock and stock units	—	(166)	—	—	—	(166)
Balance at December 31, 2013	534	—	174,799	137,978	(4,017)	309,294
Net income	—	—	—	121,540	—	121,540
Unrealized loss on derivatives	—	—	—	—	(55)	(55)
Unrealized loss on short-term investments	—	—	—	—	(14)	(14)
Pension and postretirement liability	—	—	—	—	(15,732)	(15,732)
Cash dividend declared ($0.5 per share)	—	—	—	(26,967)		(26,967)
Common stock-based compensation plans activity:						
Equity-based compensation	—	—	7,487	—	—	7,487
Excess tax benefit from equity compensation	—	—	3,813	—	—	3,813
Proceeds from options exercised	4	572	4,987	—	—	5,563
Shares withheld for employee taxes related to vested restricted stock and stock units	1	(615)	—	—	—	(614)

Repurchase of common stock	—	(499)	—	—	—	(499)
Balance at December 31, 2014	$539	$(542)	$191,086	$232,551	$ (19,818)	$403,816

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. SILICA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2014	2013	2012
	(in thousands)		
Operating activities:			
Net income	$121,540	$75,256	$79,154
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	45,019	36,418	25,099
Debt issuance amortization	912	680	515
Original issue discount amortization	272	209	168
Early extinguishment of debt	—	480	—
Deferred income taxes	(2,442)	(1,889)	2,249
Gain on disposal of property, plant and equipment	222	(162)	(472)
Deferred revenue	(8,508)	(4,855)	(7,666)
Equity-based compensation	7,487	3,039	2,330
Excess tax benefit from equity-based compensation	(3,813)	(1,380)	—
Other	8,420	(863)	(1,297)
Changes in assets and liabilities:			
Accounts receivable	(46,829)	(16,965)	(13,239)
Inventories	34	(24,377)	(10,528)
Prepaid expenses and other current assets	(2,158)	(2,959)	4,114
Income taxes	2,063	(18,179)	24,491
Accounts payable and accrued liabilities	51,357	1,385	8,458
Accrued interest	15	39	(1,657)
Liability for pension and other post-retirement benefits	(2,180)	574	(2,769)
Advisory services termination fee to Golden Gate Capital	—	—	(8,000)
Net cash provided by operating activities	171,411	46,451	100,950
Investing activities:			
Capital expenditures	(92,609)	(60,470)	(105,719)
Purchase of short-term investments	—	(75,000)	—
Acquisition of business, net of cash acquired	(98,317)	—	—
Proceeds from sale of property, plant and equipment	20	357	1,258
Net cash used in investing activities	(190,906)	(135,113)	(104,461)
Financing activities:			
Proceeds from issuance of common stock in initial public offering	—	—	50,000
Dividends paid	(26,871)	(13,300)	(26,461)
Repurchase of common stock	(499)	—	(1,072)
Issuance of treasury stock	—	—	102
Proceeds from options exercised	5,563	7,942	—
Excess tax benefit from equity-based compensation	3,813	1,380	—
Tax payments related to shares withheld for vested restricted stock and stock units	(614)	(166)	—
Advances from customers	100,000	—	—
Issuance of long-term debt	134,325	373,792	—
Repayment of long-term debt	(3,750)	(257,976)	(2,600)
Repayment of short-term debt	—	—	(3,932)
Change in book overdraft	(444)	(731)	(198)

Prepayment penalties	—	(250)	—
Principal payments on capital lease obligations	(132)	(744)	—
Financing fees	(2,871)	(4,051)	(1,334)
Common stock issuance costs	—	—	(9,171)
Net cash provided by financing activities	208,520	105,896	5,334
Net increase in cash and cash equivalents	189,025	17,234	1,823
Cash and cash equivalents, beginning of period	78,256	61,022	59,199
Cash and cash equivalents, end of period	$267,281	$78,256	$61,022
Non-cash financing activities:			
Contribution of note from parent and related accrued interest	$—	$—	$16,692
Capital lease obligations incurred to acquire assets	$—	$744	$—
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$15,920	$14,716	$12,436
Taxes	$37,637	$40,760	$3,883

The accompanying notes are an integral part of these financial statements.

Table of Contents

U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

NOTE A—ORGANIZATION

U.S. Silica Holdings, Inc. ("Holdings," and together with its subsidiaries "we," "us" or the "Company") is a domestic producer of commercial silica, a specialized mineral that is a critical input into a variety of end markets. During our 114 year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver products to customers across these markets. We manufacture frac sand used to stimulate and maintain the flow of hydrocarbons in oil and natural gas wells. Our silica is also used as a raw material in a wide range of industrial applications, including glassmaking and chemical manufacturing. We operate in two business segments: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products (see Note U - Segment Reporting for additional details).

We completed our initial public offering of common stock (the "IPO") through a Registration Statement on Form S-1 (File No. 333-175636) on January 31, 2012. As a result of the offering, we received net proceeds of approximately $40.8 million after deducting $3.5 million of underwriting discounts and commissions and offering expenses of $5.7 million.

On July 31, 2014, we completed our acquisition of Cadre Services, Inc. ("Cadre"), a regional sand mining company based in Voca, Texas, for approximately $98.3 million in cash. (See Note E - Business Combinations)

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying Consolidated Financial Statements (the "Financial Statements") have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). In the opinion of management, all adjustments necessary for a fair presentation of the Financial Statements have been included. Such adjustments are of a normal, recurring nature. We have reclassified certain immaterial amounts in the prior years' assets section of the consolidated balance sheets and operating activities section of the consolidated statement of cash flows to conform to the current year presentation. These reclassifications had no effect on previously reported total assets and net cash flows from operations.

In order to make this report easier to read, we refer throughout to (i) our Consolidated Balance Sheets as our "Balance Sheets," (ii) our Consolidated Statements of Operations as our "Income Statements," and (iii) our Consolidated Statements of Cash Flows as our "Cash Flows."

Consolidation

The Financial Statements include the accounts of Holdings and its direct and indirect wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

We follow FASB Accounting Standards Codification ("ASC") guidance for identification and reporting of entities over which control is achieved through means other than voting rights. The guidance defines such entities as Variable Interest Entities ("VIEs"). For the periods presented herein, we have identified no entities over which we maintain any level of control that would qualify for consolidation under ASC guidance.

Use of Estimates and Assumptions

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

Revenue Recognition

We derive our sales by mining and processing minerals that our customers purchase for various uses. Our sales are primarily a function of the price per ton and the number of tons sold. The price invoiced reflects product, transportation and additional services as applicable, such as storage and transloading the product from railcars to trucks for delivery to the customer site.

Revenue is recognized from a sale when persuasive evidence of an arrangement exists, the price is determinable, the product has been delivered or legal title has been transferred to the customer and collection of the sales is reasonably assured. Amounts received from customers in advance of revenue recognition are deferred as liabilities.

74

We primarily sell our products under short-term price agreements or at prevailing market rates. For a limited number of customers, we sell under long-term, competitively-bid take-or-pay supply agreements. During the course of the year ended December 31, 2014, we were party to take-or-pay supply agreements with ten of our customers in the Oil & Gas Proppants segment with initial terms expiring between 2014 and 2019. These agreements define, among other commitments, the volume of product that our customers must purchase, the volume of product that we must provide and the price that we will charge that our customers will pay for each product. Prices under these agreements are generally fixed and subject to upward adjustment in response to certain cost increases.

We invoice the majority of our clients on a per shipment basis, although for some larger customers, we consolidate invoices weekly or monthly. Standard terms are net 30 days, although extended terms are offered in competitive situations.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased. Because of the short maturity of these investments, the carrying amounts approximate their fair value. Cash and cash equivalents are invested primarily in money market securities with high quality institutions. Accounts at each institution are insured by Federal Deposit Insurance Corporation. Cash balances at times may exceed federally-insured limits. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risk on cash.

Accounts Receivable

The majority of our accounts receivable are due from companies in the glass, oil and natural gas drilling, building products, filler and extenders, foundries and other major industries. Credit is extended based on evaluation of a customer’s financial condition and, generally, collateral is not required. Accounts receivable are generally due within 30 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the payment terms are considered past due. We determine our allowance by considering a number of factors, including the length of time trade accounts receivable are past due, our previous loss history, the customer’s current ability to pay its obligation to us, and the condition of the general economy and the industry as a whole. Ongoing credit evaluations are performed. We write-off accounts receivable when they are deemed uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Our ten largest customers accounted for approximately 57%, 52%, and 37% of sales in the years ended December 31, 2014, 2013 and 2012, respectively.

Inventories

Inventories include raw stockpiles and silica and other industrial sand available for shipment, as well as spare parts and supplies for routine facilities maintenance. We value inventory at the lower of cost or market. Cost is determined using the first-in, first-out and average cost methods. Costs of our raw stockpiles and silica and other industrial sand inventories include production costs and transportation and additional service costs as applicable.

Property, Plant and Mine Development

Property and equipment

Property and equipment is recorded at cost and depreciated over their estimated useful lives. Interest incurred during construction of facilities is capitalized and depreciated over the life of the asset. Depreciable properties, mining properties, and mineral deposits acquired in connection with business acquisitions are recorded at fair market value as of the date of acquisition.

Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

Depreciation is recorded using the straight-line method over the assets’ estimated useful life as follows: buildings (15 years); land improvements (10 years); machinery & equipment, including computer equipment and software (3-10

years); furniture & fixtures (8 years). Leasehold improvements are depreciated over the shorter of the asset life or lease term. Construction-in-progress is primarily comprised of machinery and equipment, which has not yet been placed in service.

Gains on the sale of assets are included in income when the assets are disposed of provided there is more than reasonable certainty of the collectability of the sales price and any future activities required to be performed by us relating to the disposal of the assets are complete or insignificant. Upon retirement or disposal of assets, all costs and related accumulated depreciation or amortization are written-off.

Depletion and amortization of mineral deposits are recorded as the minerals are extracted, based on units of production and engineering estimates of mineable reserves. The impact of revisions to reserve estimates is recognized on a prospective basis.

We periodically evaluate whether current events or circumstances indicate that the carrying value of our property, plant and equipment assets may not be recoverable. If circumstances indicate that the carrying value may not be recoverable, we estimate future undiscounted net cash flows using estimates of proven and probable sand reserves, estimated future sales prices (considering historical and current prices, price trends and related factors) and operating costs and anticipated capital expenditures. If the undiscounted cash flows are less than the carrying value of the assets, we recognize an impairment loss equal to the amount by which the carrying value exceeds the fair value of the assets.

Mine exploration and development

Mine exploration and development costs include engineering and mineral studies, drilling and other related costs to delineate an ore body, and the removal of overburden to initially expose an ore body for production. Costs incurred before mineralization are classified as proven and probable reserves are expensed and classified as exploration or advanced projects, research and development expense. Capitalization of mine development project costs, that meet the definition of an asset, begins once mineralization is classified as proven and probable reserves.

Drilling and related costs are capitalized for an ore body where proven and probable reserves exist and the activities are directed at obtaining additional information on the ore body or converting non-reserve mineralization to proven and probable reserves and the benefit is expected to be realized over a period beyond one year. All other drilling and related costs are expensed as incurred. Drilling costs incurred during the production phase for operational ore control are allocated to inventory costs and then included as a component of costs applicable to sales.

The cost of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as “pre-stripping costs.” Pre-stripping costs are capitalized during the development of an open pit mine. Where multiple open pits exist at a mining complex utilizing common processing facilities, pre-stripping costs are capitalized at each pit. The removal, production, and sale of de minimis saleable materials may occur during development and are recorded as other income, net of incremental mining and processing costs.

The production phase of an open pit mine commences when saleable minerals, beyond a de minimis amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory.

Mine development costs are amortized using the units-of-production method based on estimated recoverable tons in proven and probable reserves. To the extent that these costs benefit an entire ore body, they are amortized over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortized over the estimated life of that specific ore block or area.

Mine reclamation costs and asset retirement obligations

We recognize the fair value of any liability for conditional asset retirement obligations, including environmental remediation liabilities when incurred, which is generally upon acquisition, construction or development and/or through the normal operation of the asset, if sufficient information exists to reasonably estimate the fair value of the liability. These obligations generally include the estimated net future costs of dismantling, restoring and reclaiming operating mines and related mine sites, in accordance with federal, state, local regulatory and land lease agreement requirements. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset’s carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and

revisions to the estimates of either the timing or amount of the reclamation and abandonment costs. The reclamation obligation is based on when spending for an existing environmental disturbance will occur. If the asset retirement obligation is settled for other than the carrying amount of the liability, a gain or

(dollars in thousands, except per share amounts)

loss is recognized on settlement. We review, on an annual basis, unless otherwise deemed necessary, the reclamation obligation at each mine site in accordance with ASC guidance for accounting reclamation obligations.

Future remediation costs for inactive mines are accrued based on management's best estimate at the end of each period of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised.

In connection with our annual review of our reclamation obligations, we have determined that some of our estimates required revision due primarily to the additions of new plant and transload facilities and other changes in cost estimates and settlement dates at numerous sites. These additions and changes in estimates resulted in an additional $2.0 million and $2.3 million of asset retirement obligations in 2014 and 2013, respectively.

Our asset retirement obligations are reported in other long-term obligations. The changes in these obligations during the year ending December 31, 2014 and 2013 are as follows:

	2014	2013
Beginning balance	$9,378	$6,659
Payments	(782)	—
Accretion	676	456
Additions and revisions of prior estimates	2,011	2,263
Ending balance	$11,283	$9,378

Goodwill and Other Intangible Assets and Related Impairment

Our intangible assets consist of goodwill, which is not being amortized; indefinite lived intangibles, which consist of certain trade names that are not subject to amortization; and customer relationships, which are being amortized on a straight-line basis over their useful life of 20 years. Goodwill represents the excess of purchase price over the fair value of net assets from business acquisitions including the Cadre acquisition in 2014.

Goodwill and other intangible assets with indefinite lives are reviewed for impairment annually as of October 31 or more frequently whenever events or circumstances change that would more likely than not reduce the fair value of those assets. Prior to conducting a formal impairment test, we assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that is more likely than not (more than 50%) that the fair value of a reporting unit is less than its carrying amount. Such qualitative factors may include the following: macroeconomic conditions; industry and market considerations; cost factors; overall financial performance; and other relevant entity-specific events.

If the qualitative assessment determines that an impairment is more likely than not, then the impairment test for goodwill, or other intangible assets with indefinite lives, requires a comparison of the fair value with the carrying amount, including goodwill. If this comparison reflects impairment, then the loss would be measured as the excess of recorded goodwill, or other intangible assets with indefinite lives, over its implied fair value. Implied fair value is the excess of our fair value over the fair value of all recognized and unrecognized assets and liabilities.

The evaluation of goodwill, or other intangible assets with indefinite lives, for possible impairment includes estimating our fair value using discounted cash flows and multiples of cash earnings valuation techniques, plus valuation comparisons to similar businesses. These valuations require us to make estimates and assumptions regarding future operating results, cash flows, changes in working capital and capital expenditures, selling prices, profitability, and the cost of capital. Although we believe that the estimates and assumptions used were reasonable, actual results could differ from those estimates and assumptions. As of December 31, 2014 our qualitative assessment did not indicate that it was more likely than not that an impairment had occurred.

As of December 31, 2014, the gross carrying amount of the customer relationships intangible asset was $9.5 million with accumulated amortization of $2.5 million. We review all finite-lived intangible assets for impairment when circumstances indicate that their carrying amounts may not be recoverable. We evaluate the carrying value of all finite-lived intangible assets for impairment by comparing the expected undiscounted future cash flows of the asset to

the net book value of the asset. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is recorded in our consolidated statements of operations as impairment loss. Fair value is generally estimated using valuation techniques that consider the discounted cash flows of the asset at rates deemed reasonable for the type

of asset and prevailing market conditions, replacement cost, appraisals, including recent similar transactions in the market and if appropriate, current estimated net sales proceeds from pending offers. As of December 31, 2014, the weighted average remaining useful life of our customer relationships was 13.9 years. The estimated annual amortization in each of the next five years is $496.

Debt Issuance Costs

Debt issuance costs consist of loan origination costs, which are being amortized using the effective interest method over the term of the related debt principal. Amortization included in interest expense was $912, $680 and $515 for the years ended December 31, 2014, 2013 and 2012, respectively.

Environmental Costs

Environmental costs, other than qualifying capital expenditures, are accrued at the time the exposure becomes known and costs can be reasonably estimated. Costs are accrued based upon management's estimates of all direct costs, after taking into account expected reimbursement by third parties (primarily the sellers of acquired businesses), and are reviewed by outside consultants. Environmental costs are charged to expense unless a settlement with an indemnifying party has been reached.

Self-Insurance

We are self-insured for various levels of employee health insurance coverage, workers' compensation and third party product liability claims alleging occupational disease. We purchase insurance coverage for claim amounts which exceed our self-insured retentions. Depending on the type of insurance, these self-insured retentions range from $100,000 to $500,000 per occurrence.

Our insurance reserves are accrued based on estimates of the ultimate cost of claims expected to occur during the covered period. These estimates are prepared with the assistance of outside actuaries and consultants. Our actuaries periodically review the volume and amount of claims activity, and based upon their findings, we adjust our insurance reserves accordingly. The ultimate cost of claims for a covered period may differ from our original estimates.

The current portion of our self-insurance reserves is included in accrued liabilities and the non-current portion is included in other long-term obligations in our consolidated balance sheets. Our self-insurance reserves totaled $5.7 million and $5.4 million at December 31, 2014 and 2013, respectively. Of these amounts, $1.8 million and $1.7 million, respectively, were classified as current.

Equity-based Compensation

We recognize the cost of employee services rendered in exchange for awards of equity instruments, such as stock options and restricted stock, based on the fair value of those awards at the date of the grant.

Vesting of restricted stock and restricted stock units is based on the individual continuing to render service over a three year vesting schedule. Additionally, we grant performance share units to certain employees in which the number of shares of common stock ultimately received is determined based on achievement of certain performance thresholds or a specified performance period in accordance with the stock award agreement. Cash dividend equivalents are accrued and paid to the holders of time based restricted stock units and restricted stock only after the performance period has lapsed. Cash dividend equivalents are not accrued or paid on performance share units.

The restricted award related compensation expense is recognized, on a straight-line basis, over the vesting period of each separately vesting portion. The fair value of the restricted stock awards is equal to the market price of our stock at date of grant.

The options vest on a vesting schedule and the related compensation expense is recognized over the vesting period of each separately vesting portion, usually over four years. In calculating the compensation expense for options granted, we estimate the fair value of each grant using the Black-Scholes option-pricing model. The weighted-average fair value per share of options granted during the years ended December 31, 2014, 2013 and 2012 was $19.37, $10.03 and $5.68 respectively. The fair value of stock options granted have been calculated based on the exercise price of the option and the following assumptions, which are evaluated and revised, as necessary, to reflect market conditions and experience.

78

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

	Weighted-average Year ended December 31,		
	2014	2013	2012
Risk-free interest rate	1.81%	1.03 – 1.31%	0.83 - 1.05%
Expected volatility	45 %	45 %	45 %
Expected term	6.25 years	6.25 years	6.25 years
Expected dividend yield	1 %	0 %	0 %
Expected forfeiture yield	0 %	0 %	0 %

Since January 31, 2012, the date of our initial public offering, we declared a special dividend of $0.50 per share on December 10, 2012, three quarterly dividends of $0.125 per share during 2013, and four quarterly dividends of $0.125 during 2014. Options issued in 2013 all occurred early in the year before dividends were consistently declared. As a result, the dividend yield assumptions for those and all prior options issued was 0%. For grants during 2014, we believe a dividend yield of 1% is appropriate.

Our expected forfeiture rate is the estimated percentage of options granted that are expected to be forfeited or canceled on an annual basis before becoming fully vested. We have assumed that there will be no forfeitures due to the fact that we do not have adequate historical forfeiture data on which to base the assumption.

Our expected term is the period of time over which the options are expected to remain outstanding. An increase in the expected term will increase compensation expense. The computation of the expected term is based on the simplified method as our stock options are standard options and we have little recent history of exercise data. Under the simplified method, the expected term is presumed to be the mid-point between the average vesting date and the end of the contractual term.

The assumptions for expected volatility are based on historical experience for the same periods as our expected lives. Risk-free interest rates are set using grant-date U.S. Treasury yield curves for the same periods as our expected lives.

Income Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. This approach requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based upon the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the expenses are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We recognize a tax benefit associated with an uncertain tax position when, in management’s judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that it judges to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management.

The largest permanent item in computing both our effective tax rate and taxable income is the deduction allowed for statutory depletion. The impact of statutory depletion on the effective tax rate is presented in Note Q - Income Taxes. The deduction for statutory depletion does not necessarily change proportionately to changes in income before income taxes.

Earnings per Share

Basic and diluted earnings per share is presented for net income. Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of outstanding common shares for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts that may require the issuance of common shares in the future were converted. Diluted earnings per share is computed by increasing the weighted-average number of outstanding common shares to include the additional common shares that would be outstanding after

conversion and adjusting net income for changes that would result from the conversion. Only those securities or other contracts that result in a reduction in earnings per share are included in the calculation.

Comprehensive Income

In addition to net income, comprehensive income (loss) includes all changes in equity during a period, such as adjustments to minimum pension liabilities, unrealized gain or loss on our short term investments and the effective portion of changes in fair value of derivative instruments that qualify as cash flow hedges.

Short-Term Investments

Our short-term investments consist of fixed income securities that have been classified and accounted for as available-for-sale. We determine the appropriate classification of our investments at the time of purchase and reevaluate the designations at each balance sheet date. We classify these securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Fixed income securities with maturities of 12 months or less are classified as short-term and fixed income securities with maturities greater than 12 months are classified as long-term. These investments are carried at fair value, with the unrealized gains and losses, net of taxes, reported as a separate component of accumulated other comprehensive income. The cost of securities sold is based upon the specific identification method.

We typically invest in highly-rated securities, and our investment policy generally limits the amount of credit exposure to any one issuer. The policy requires investments generally to be investment grade, with the primary objective of minimizing the potential risk of principal loss. Fair values were determined for each individual security in the investment portfolio. When evaluating an investment for other-than-temporary impairment, we review factors such as the length of time and extent to which fair value has been below its cost basis, the financial condition of the issuer and any changes thereto, changes in market interest rates, and our intent to sell, or whether it is more likely than not we will be required to sell, the investment before recovery of the investment's cost basis. As of December 31, 2014, and 2013, we considered any losses in our short-term investment portfolio to be temporary in nature and did not consider any of our investments other-than-temporarily impaired.

Financial Instruments

We currently use interest rate hedge agreements and have historically utilized natural gas hedge agreements to manage interest and energy costs and the risk associated with changing interest rates and natural gas prices. Amounts to be paid or received under these hedge agreements are accrued as interest rates or natural gas prices change and are recognized over the life of the hedge agreements as an adjustment to interest expense or, in the case of natural gas, cost of goods sold. Our policy is to not hold or issue derivative financial instruments for trading or speculative purposes. When entered into, these financial instruments are designated as hedges of underlying exposures, associated with our long-term debt and energy costs, and are monitored to determine if they remain effective hedges. Gains and losses on derivatives designated as cash flow hedges are recorded in other comprehensive income net of tax and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. The ineffective portion of all hedges, if any, is recognized currently in income. Additional disclosures for derivative instruments are presented in Note N to these financial statements.

Recently Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an ASU 2014-08, Revenue from Contracts with Customers, which supersedes previous revenue recognition guidance. The new standard requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Companies will need to use more judgment and estimates than under the guidance currently in effect, including estimating the amount of variable revenue to recognize over each identified performance obligation. Additional disclosures will be required to help users of financial statements understand the nature, amount and timing of revenue and cash flows arising from contracts. The new standard will become effective beginning with the first quarter 2017 and can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption.

We are currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

NOTE C—EARNINGS PER SHARE

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is computed similarly to

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

basic earnings per common share except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. In accordance with the applicable accounting guidance for calculating earnings per share, we did not include in our calculation of diluted earnings per share for the applicable periods stock options where the exercise prices were greater than the average market prices.

	For the Year Ended December 31,		
	2014	2013	2012
Net income	$121,540	$75,256	$79,154
Less: net income allocated to outstanding restricted stockholders	(230)	(175)	(105)
Net income allocated to common stockholders	$121,310	$75,081	$79,049
Weighted-average common stock			
Outstanding	53,719	53,035	52,592
Outstanding assuming dilution	54,296	53,409	52,641

The weighted-average stock options (in thousands) that are antidilutive and are therefore excluded from the calculation of diluted earnings per common share are:

	For the Year Ended December 31,		
	2014	2013	2012
Weighted-average outstanding stock options excluded	33	175	1,070

NOTE D—CAPITAL STRUCTURE AND ACCUMULATED COMPREHENSIVE INCOME

Common Stock

Our Amended and Restated Certificate of Incorporation, authorizes up to 500,000,000 shares of common stock, par value of $0.01. Subject to the rights of holders of any series of preferred stock, all of the voting power of the stockholders of Holdings shall be vested in the holders of the common stock. There were 53,902,475 shares of common stock issued and outstanding at December 31, 2014. As of December 31, 2013, there were 53,492,278 shares issued and outstanding.

In 2014, our Board of Directors declared quarterly cash dividends as follows:

Dividends per Common Share	Declaration Date	Record Date	Payable Date
$0.125	February 6, 2014	March 14, 2014	April 1, 2014
$0.125	April 25, 2014	June 13, 2014	July 3, 2014
$0.125	July 25, 2014	September 15, 2014	October 3, 2014
$0.125	October 24, 2014	December 15, 2014	January 5, 2015

All dividends were paid as scheduled.

Any determination to pay dividends and other distributions in cash, stock, or property by Holdings in the future will be at the discretion of our Board of Directors and will be dependent on then-existing conditions, including our business conditions, our financial condition, results of operations, liquidity, capital requirements, contractual restrictions including restrictive covenants contained in our debt agreements, and other factors. Additionally, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

Preferred Stock

Our Amended and Restated Certificate of Incorporation authorizes our Board of Directors to issue up to 10,000,000 shares, in the aggregate, of preferred stock, par value of $0.01 in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference and to fix

the number of shares to be included in any such series without any further vote or action by our stockholders.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

There are no shares of preferred stock issued or outstanding at December 31, 2014 and 2013. At present, we have no plans to issue any preferred stock.

Share Repurchase Program

We are authorized by our Board of Directors to repurchase shares of our outstanding common stock on the open market or in privately negotiated transactions. As of December 31, 2014, we are authorized to repurchase up to $50 million of our common stock through December 11, 2015. Stock repurchases will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. Under our share repurchase program, as of December 31, 2014, we have repurchased 118,961 shares of our common stock at an average price of $13.21 and are authorized to repurchase up to an additional $48.4 million of our common stock.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) consists of fair value adjustments associated with cash flow hedges and accumulated adjustments for net experience losses and prior service cost related to employee benefit plans. The following table presents the changes in accumulated other comprehensive income by component during the year ended December 31, 2014:

	For the Year Ended December 31, 2014			
	Unrealized gain/(loss) on cash flow hedges	Unrealized gain/(loss) on short-term investments	Pension and other post-retirement benefits liability	Total
Beginning Balance	$(79)	$(27)	$(3,911)	$(4,017)
Other comprehensive income (loss) before reclassifications	(65)	(14)	(16,388)	(16,467)
Amounts reclassed from accumulated other comprehensive income	10	—	656	666
Ending Balance	$(134)	$(41)	$(19,643)	$(19,818)

Amounts reclassed from accumulated other comprehensive income (loss) related to cash flow hedges are included in interest expense in our Income Statements and amounts reclassed related to the pension and other post-retirement benefits liability are included in the computation of net periodic pension costs, at their before tax amounts.

NOTE E—BUSINESS COMBINATIONS

On July 31, 2014, we completed our acquisition of Cadre, a regional sand mining company based in Voca, Texas, for approximately $98.3 million in cash.

The acquisition of Cadre resulted in goodwill of approximately $0.2 million, none of which is deductible for tax purposes. This amount represents the residual amount of the total purchase price after allocation to the assets acquired and liabilities assumed.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The table below represents the tangible and identifiable intangible assets and liabilities based on management's assessment of the acquisition date fair value of the assets acquired and liabilities assumed:

Accounts receivable	$6,898
Inventory	2,534
Other current assets	174
Fixed assets (net)	73,138
Deferred tax assets (net)	13,966
Accounts payable, accrued expenses and other liabilities	(4,389)
Net tangible assets acquired	92,321
Customer relationships	1,274
Trade name	4,478
Goodwill	244
Preliminary purchase price, net of cash acquired	$98,317

The following table summarizes the allocation of identifiable intangible assets resulting from the acquisition:

	Useful Lives	Value
Customer relationships	15 years	$1,274
Trade name	Indefinite	4,478
Total intangible assets		$5,752

Pro Forma Adjusted Summary

The results of Cadre's operations have been included in the consolidated financial statements subsequent to the acquisition date.

The following unaudited pro forma consolidated financial information reflects the combined results of operations as if the Cadre acquisition had occurred on January 1, 2012, after giving effect to certain purchase accounting adjustments. This information does not purport to be indicative of the actual results that would have occurred if the acquisition had actually been completed on the date indicated, nor is it necessarily indicative of the future operating results or the financial position of the combined company (in thousands, except per share amounts):

	For the Year Ended December 31,		
	2014	2013	2012
Sales	$901,916	$578,453	$481,100
Net income	$126,960	$76,942	$82,782
Basic earnings per share	$2.36	$1.45	$1.57
Diluted earnings per share	$2.33	$1.44	$1.57

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

NOTE F—ACCOUNTS RECEIVABLE

At December 31, 2014 and 2013, accounts receivable consisted of the following:

	At December 31,	
	2014	2013
Trade receivables	$128,498	$76,223
Less: Allowance for doubtful accounts	(10,429)	(2,376)
Net trade receivables	118,069	73,847
Other receivables	2,812	1,360
Total accounts receivable	$120,881	$75,207

The increase of $44.2 million in trade receivables is mainly driven by the sales increase for the year ended December 31, 2014.

Changes in our allowance for doubtful accounts during the years ended December 31, 2014 and 2013 are as follows:

	Allowance for Doubtful Accounts	
	2014	2013
Balance at January 1,	$2,376	$1,053
Bad debt provision	10,200	1,330
Write-offs	(2,147)	(7)
Balance at December 31,	$10,429	$2,376

NOTE G—INVENTORIES

At December 31, 2014 and 2013, inventories consisted of the following:

	At December 31,	
	2014	2013
Supplies	$17,528	$15,576
Raw materials and work in process	12,562	11,728
Finished goods	36,622	36,908
Total inventories	$66,712	$64,212

NOTE H—PROPERTY, PLANT AND MINE DEVELOPMENT

At December 31, 2014 and 2013, property, plant and mine development consisted of the following:

	At December 31,	
	2014	2013
Mining property and mine development	$197,824	$164,609
Asset retirement cost	9,559	7,275
Land	28,443	25,738
Land improvements	35,322	31,093
Buildings	47,149	36,311
Machinery and equipment	323,618	263,304
Furniture and fixtures	1,599	1,131
Construction-in-progress	78,997	25,974
	722,511	555,435
Accumulated depletion, depreciation and amortization	(156,756)	(113,319)
Total property, plant and mine development, net	$565,755	$442,116

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The property, plant and mine development balances for December 31, 2014 include additions from the Cadre acquisition described in Note E - Business Combinations.

The amount of interest costs capitalized in property, plant and equipment was $1,376, $533 and $934 for the year ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, we hold no assets under a capital lease obligation.

NOTE I—ACCRUED LIABILITIES

At December 31, 2014 and 2013, accrued liabilities consisted of the following:

	At December 31,	
	2014	2013
Accrued salaries and wages	$3,144	$2,411
Accrued vacation liability	2,616	2,396
Current portion of liability for pension and post-retirement benefits	1,530	1,428
Accrued healthcare liability	1,745	1,662
Accrued property taxes and sales taxes	2,737	1,421
Other accrued liabilities	6,139	1,505
Total accrued liabilities	$17,911	$10,823

Other accrued liabilities consist of accrued transportation and related costs, customer rebates, royalties payable, and other items.

NOTE J—DEBT

At December 31, 2014 and 2013, debt consisted of the following:

	December 31, 2014	December 31, 2013
Senior secured credit facility:		
Revolver expiring July 23, 2018 (4.75% at December 31, 2014 and December 31, 2013)	$—	$—
Term loan facility—final maturity July 23, 2020 (4% - 5.25% at December 31, 2014 and 4% at December 31, 2013), net of unamortized original issue discount of $2,078 and $1,674, respectively	502,297	371,451
Total debt	502,297	371,451
Less: current portion	(4,718)	(3,488)
Total long-term portion of debt	$497,579	$367,963

Revolving Line-of-Credit

We have a $50 million revolving line-of-credit (the "Revolver"), with zero drawn and $3.2 million allocated for letters of credit as of December 31, 2014, leaving $46.8 million available for general corporate use under the Revolver.

Debt Maturities

At December 31, 2014, contractual maturities of long-term debt are as follows:

2015	$4,718
2016	4,722
2017	4,725
2018	4,729
2019	4,733
Thereafter	478,670
	$502,297

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

On January 31, 2012, we amended our senior secured term loan facility (the "Term Loan"). The primary revisions to the Term Loan were to eliminate a requirement to provide monthly financial reports, to remove financial covenant restrictions related to capital expenditures, to provide flexibility to make investments and acquisitions and to incur indebtedness, and to provide a new subsidiary guarantee from Coated Sand Solutions, LLC.

On December 31, 2012, we amended our then existing revolving line-of-credit. The primary revisions were to include an increase of the commitment under the revolving line-of-credit from $35 million to $50 million, and the letter of credit sublimit from $15 million to $20 million; provided, however, that the aggregate principal amount of the loans and letters of credit obligations outstanding at any one time shall not exceed the borrowing base as calculated pursuant to the agreement. The amendment also extended the termination date of the revolving line-of-credit from October 31, 2015 to October 31, 2016, reduced prices and fees on borrowings, letters of credit and unused commitments and added an additional subsidiary, Coated Sand Solutions, LLC, as a co-borrower.

On July 23, 2013, we refinanced our existing senior secured debt by amending our Term Loan and replacing our existing revolving line-of-credit. The Term Loan amendment refinanced our existing senior debt by entering into a new $425 million senior secured credit facility, consisting of a $375 million Term Loan and the $50 million Revolver that may also be used for swingline loans (up to $5 million) or letters of credit (up to $20 million). The Term Loan amendment also, among other things, removed and amended certain financial and other covenants to provide additional operating flexibility, and lowered interest rates on borrowed amounts. The existing revolving line-of-credit was terminated. The Term Loan will expire on July 23, 2020 and the Revolver will expire on July 23, 2018. As a result of refinancing our Term Loan and replacing our revolving line-of-credit, we expensed $1.8 million of costs, consisting of $1.3 million related to third party fees in selling, general, and administrative expenses and $0.5 million related to early extinguishment of debt.

On December 5, 2014, we further increased our Term Loan by an additional $135 million to a total of approximately $502 million in accordance with the incremental borrowing feature in our senior secured credit facility.

Our senior secured credit facility is secured by substantially all of our assets and a pledge of the equity interests in certain of our subsidiaries. The facility contains covenants that, among other things, govern our ability to create, incur or assume indebtedness and liens, to make acquisitions or investments, to pay dividends and to sell assets. The facility also requires us to maintain a consolidated total net leverage ratio of no more than 3.75:1.00 as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 25% of the Revolver commitment. As of December 31, 2014 and December 31, 2013, we are in compliance with all covenants in accordance with our senior secured credit facility.

NOTE K —DEFERRED REVENUE

On July 3, 2014, we received an advance of $100 million from a customer under a supply agreement which gives the customer the right to purchase certain products for a fixed price at certain volumes. The customer has an unsecured promissory note related to this deposit, which has been recorded as deferred revenue in the Balance Sheets. The unused portion of the deposit has a stated interest rate of 4.9% compounded quarterly. The deposit obligation and related interest are reduced as shipments occur with a portion of the sales price being received in cash and a smaller noncash portion reducing first any accrued interest and then, to the extent available, any outstanding deposit. We can, through December 31, 2019, repay the unused deposit obligation at any time without penalty.

NOTE L—FAIR VALUE ACCOUNTING

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quote prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Cash equivalents

Due to the short-term maturity, we believe our cash equivalent instruments at December 31, 2014 and 2013 approximate their reported carrying values.

Short-Term Investments

In general, the fair value of our short-term investments is based on quoted prices for similar assets in active markets, or for identical assets or similar assets in markets in which there were fewer transactions (Level 2). Money market mutual funds are based on calculated net asset value and are reported in Level 1. Variable rate demand obligations underwritten and remarketed by a financial institution are priced at par value.

Long-Term Debt, including current maturities

We believe that the fair values of our long-term debt, including current maturities, approximates their carrying values and based on their effective interest rates compared to current market rates.

Derivative Instruments

The estimated fair value of our derivative assets (interest rate caps) are recorded at each reporting period and are based upon widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative contract. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. We also incorporate credit valuation adjustments to appropriately reflect both our nonperformance risk as well as that of the respective counterparty in the fair value measurements.

Although we have determined that the majority of the inputs used to value our derivatives fall with Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default of ourselves and our counterparties. However, as of December 31, 2014, we have assessed that the impact of the credit valuation adjustments on the overall valuation of our derivative positions is not significant. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

In accordance with the fair value hierarchy, the following table presents the fair value as of December 31, 2014 and 2013, respectively, of those assets that we measure at fair value on a recurring basis:

	December 31, 2014			December 31, 2013		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Short-term investments	$666	$74,477	$75,143	$622	$74,358	$74,980
Interest rate derivatives	—	5	5	—	109	109
Net asset	$666	$74,482	$75,148	$622	$74,467	$75,089

NOTE M—SHORT-TERM INVESTMENTS

We have segregated funds into designated accounts with investment brokers who manage our short-term investment portfolio. Those funds are held on an available-for-sale basis and are therefore reported at fair value on the balance sheet.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The following table summarizes our available-for-sale short-term investments:

	Aggregate Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2013				
Money market mutual funds	$622	$—	$—	$622
Fixed income securities:				
Certificates of deposit	25,218	—	(34)	25,184
Commercial paper	15,168	4	(1)	15,171
Corporate notes and bonds	9,495	—	(9)	9,486
Government agencies	13,979	6	—	13,985
U.S. Treasuries	4,828	—	(10)	4,818
Variable Rate Demand Obligations	5,714	—	—	5,714
Total available-for-sale investments	$75,024	$10	$(54)	$74,980
December 31, 2014				
Money market mutual funds	$666	$—	$—	$666
Fixed income securities:				
Certificates of deposit	29,233	—	(23)	29,210
Commercial paper	10,187	7	(2)	10,192
Corporate notes and bonds	12,076	—	(29)	12,047
Government agencies	16,681	4	(17)	16,668
U.S. Treasuries	2,151	—	(4)	2,147
Variable Rate Demand Obligations	4,213	—	—	4,213
Total available-for-sale investments	$75,207	$11	$(75)	$75,143

NOTE N—DERIVATIVE INSTRUMENTS

Cash Flow Hedges of Interest Rate Risk

We enter into interest rate cap agreements in connection with the Term Loan to add stability to interest expense and to manage our exposure to interest rate movements. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium.

The following table summarizes the fair value of our derivative instruments. See Note L - Fair Value Accounting for additional disclosures regarding the estimated fair values of our derivative instruments at December 31, 2014, and 2013.

		December 31, 2014			December 31, 2013		
	Maturity Date	Contract/Notional Amount	Carrying Amount	Fair Value	Contract/Notional Amount	Carrying Amount	Fair Value
Interest rate cap agreement(1)	2016	$188 million	$5	$5	$188 million	$109	$109

(1) Agreements limit the LIBOR floating interest rate base to 4%.

We have designated these contracts as qualified cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings. During the year ended December 31, 2014 and 2013, we had no ineffectiveness for such contracts.

The following table summarizes the effect of derivatives instruments on our income statements and our consolidated statements of comprehensive income for the years ended December 31, 2014, 2013 and 2012.

88

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

	2014	2013	2012
Deferred losses from derivatives in OCI, beginning of period	$(79)	$(182)	$(409)
Loss recognized in OCI from derivative instruments	(65)	(82)	—
Loss reclassified from Accumulated OCI	10	185	227
Deferred losses from derivatives in OCI, end of period	$(134)	$(79)	$(182)

NOTE O—EQUITY-BASED COMPENSATION

During 2009, the board of directors of our then parent company, GGC USS Holdings, LLC, approved, and the parent company implemented, a management equity program (the "Equity Program"). The Equity Program granted Class C and Class D member units in the then parent company, GGC USS Holdings, LLC, to three members of executive management. As of December 31, 2014, all Class C and Class D equity units were fully vested.

The Class C units vested ratably over five years. These units have no exercise price and as such the fair value of the incentive units is equal to the fair value of the underlying equity units. The Class D units were fully vested upon grant in 2009. During 2013, the vesting of 210,333 Class C equity units was accelerated, resulting in a total vesting for the year of 420,667. Even though the equity was granted at the former parent company level, we recognized compensation expense related to Class C equity incentive units of $91 and $109 in the years ended December 31, 2014 and 2013 respectively. All Class C units were vested by December 31, 2013. There was no activity related to the Class C units and no expenses incurred during the year ended December 31, 2014.

In July 2011, we adopted the U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan (the "2011 Plan"), which provides for grants of stock options, stock appreciation rights, restricted stock and other incentive-based awards. We believe our 2011 Plan aligns the interests of our employees and directors with those of our common stockholders. At December 31, 2014, we have 5,740,961 shares of common stock which may be issued under the 2011 Plan.

Stock Options

The following table summarizes the status of and changes in our stock option grants during the year ended December 31, 2014:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Outstanding at December 31, 2013	1,231,540	$15.01	
Granted	206,400	49.39	
Exercised	(389,264)	14.29	
Forfeited	(65,622)	16.46	
Outstanding at December 31, 2014	983,054	22.42	7.78
Exercisable at December 31, 2014	273,752	$15.25	7.09

The total intrinsic value of stock options exercised was $10.9 million, $5.9 million and $0.1 million for the years ended December 31, 2014, 2013 and 2012 respectively. Cash received from options exercised in 2014 was $5.6 million. The actual tax benefit realized for the tax deductions from option exercises totaled $4.2 million, $2.3 million, and $0.02 million for the years ended December 31, 2014, 2013 and 2012, respectively.

We recognized $1.9 million, $2.0 million , and $2.2 million of equity-based compensation expense related to these options during the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, there was $5.9 million of total unrecognized compensation expense related to these options, which is expected to be recognized over a weighted-average period of approximately 3.1 years.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Restricted Awards
The following table summarizes the status of and changes in our unvested restricted stock awards during the year ended December 31, 2014:

	Number of Shares	Grant Date Weighted Average Fair Value
Unvested, December 31, 2013	228,403	$20.95
Granted	204,786	31.31
Vested	(51,866)	20.62
Forfeited	(573)	35.26
Unvested, December 31, 2014	380,750	$26.55

We recognized $5.5 million, $1.0 million and $0.1 million of equity-based compensation expense related to these restricted stock awards during the years ended December 31, 2014, 2013 and 2012 respectively. As of December 31, 2014, there was $7.0 million of total unrecognized compensation expense related to these restricted stock awards, which is expected to be recognized over a period of 1.7 years.

NOTE P—COMMITMENTS AND CONTINGENCIES
Future Minimum Annual Commitments at December 31, 2014:

Year ending December 31,	Operating Leases	Minimum Purchase Commitments
2015	$32,178	$30,635
2016	29,895	22,373
2017	27,496	17,012
2018	26,001	12,895
2019	19,312	6,601
Thereafter	38,522	16,000
Total future lease commitments	$173,404	$105,516

Operating Leases
We are obligated under certain operating leases for railroad cars, office space, mining property, mining/processing equipment and transportation and other equipment. Certain operating lease agreements include options to purchase the equipment for fair market value at the end of the original lease term. In general, the above leases include renewal options and provide that we pay for all utilities, insurance, taxes and maintenance. Expense related to operating leases and rental agreements for the years ended December 31, 2014, 2013 and 2012 totaled approximately $32.6 million, $16.3 million and $11.9 million, respectively. As of December 31, 2014, we have no obligations under a capital lease.
Minimum Purchase Commitments
We enter into service agreements with our transload service providers and transportation service providers. Some of these agreements require us to purchase a minimum amount of services over a specific period of time. Any inability to meet these minimum contract requirements requires us to pay a shortfall fee, which is based on the difference between the minimum amount contracted for and the actual amount purchased.
Other Commitments and Contingencies
Our operating subsidiary, U.S. Silica Company (“U.S. Silica”), has been named as a defendant in various product liability claims alleging silica exposure causing silicosis. U.S. Silica was named as a defendant in one claim filed during the year ended December 31, 2014, three filed in 2013 and two filed in 2012. U.S. Silica has been named as a defendant in similar suits since

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

1975. As of December 31, 2014, there were 86 active silica-related products liability claims pending in which U.S. Silica is a defendant. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, it is not reasonably possible that the ultimate resolution of these matters will have a material adverse effect on our financial position or results of operations that exceeds the accrual amounts.

For periods prior to 1986, U.S. Silica had numerous insurance policies and an indemnity from a former owner that covered silicosis claims. In the fourth quarter of 2012, U.S. Silica settled all rights under the indemnity and its underlying insurance policies receiving $5.1 million from the parties involved. As a result of the settlement, the indemnity and related policies are no longer available to U.S. Silica and U.S. Silica will not seek reimbursement for any defense costs or claim payments. Other insurance policies, however, continue to remain available to U.S. Silica. We have recorded estimated liabilities for these claims in other long-term obligations as well as estimated recoveries under the indemnity agreement and an estimate of future recoveries under insurance in other assets on our consolidated balance sheets. As of December 31, 2014 and 2013, other non-current assets included $311 and $313, respectively, for insurance for third-party products liability claims and other long-term obligations included $1.6 million and $1.6 million, respectively, in third-party products claims liability. Based on decreases in the actual claims filed during the periods along with decreases in the estimated future product liability claims and their related costs, as well as the aforementioned settlement, we recorded pre-tax adjustments to selling, general and administrative expenses related to silica claims (including a $0.2 million loss in 2014, $0.5 million loss in 2013, and a $3.4 million gain in 2012).

NOTE Q—INCOME TAXES

We evaluate our deferred tax assets periodically to determine if valuation allowances are required. Ultimately, the realization of deferred tax assets is dependent upon generation of future taxable income during those periods in which temporary differences become deductible and/or credits can be utilized. To this end, management considers the level of historical taxable income, the scheduled reversal of deferred tax liabilities, tax-planning strategies and projected future taxable income. Based on these considerations, and the carry-forward availability of a portion of the deferred tax assets, management believes it is more likely than not that we will realize the benefit of the deferred tax assets.

The (expense) benefit for income taxes consisted of the following for the years ended December 31, 2014, 2013 and 2012:

	Years Ended December 31,		
	2014	2013	2012
Current:			
Federal	$(34,790)	$(20,819)	$(22,165)
State	(4,835)	(1,831)	(6,237)
	(39,625)	(22,650)	(28,402)
Deferred:			
Federal	(308)	1,453	(3,645)
State	2,750	436	1,396
	2,442	1,889	(2,249)
Income tax expense	$(37,183)	$(20,761)	$(30,651)

Deferred tax assets and liabilities are recognized for the estimated future tax effects, based on enacted tax laws, of temporary differences between the values of assets and liabilities recorded for financial reporting and for tax purposes and of net operating loss and other carry forwards.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The tax effects of the types of temporary differences and carry forwards that gave rise to deferred tax assets and liabilities at December 31, 2014 and 2013 consisted of the following:

	At December 31, 2014	2013
Gross deferred tax assets:		
State tax credits and net operating loss carry forward	$25,042	$1,007
Pension and post-retirement benefit costs	24,788	15,579
Alternative minimum tax credit carry forward	18,819	22,528
Property, plant and equipment	6,580	6,109
Accrued expenses	8,237	3,818
Inventories	5,366	5,863
Third-party products liability	636	674
Stock-based compensation expense	3,019	1,306
Other	8,457	5,502
Total deferred tax assets	$100,944	$62,386
Gross deferred tax liabilities:		
Land and mineral property basis difference	$(65,217)	$(61,366)
Fixed assets and depreciation	(53,383)	(47,016)
Intangible assets	(8,587)	(6,788)
Other	(1,211)	(797)
Total deferred tax liabilities	(128,398)	(115,967)
Net deferred tax liabilities	(27,454)	(53,581)
Less: Net current deferred tax assets	22,295	17,737
Net long-term deferred tax liabilities	$(49,749)	$(71,318)

As a result of the Cadre acquisition, we have federal net operating loss carry forwards of approximately $69.0 million at December 31, 2014. The losses will expire in years 2027 through 2033. The losses are subject to an annual limitation under Internal Revenue Code Section 382, but are expected to be fully realized.

December 31, 2014 and 2013, we have an alternative minimum tax credit carry forward of approximately $18.8 million and $22.5 million, respectively. The credit carry forward may be carried forward indefinitely to offset any excess of regular tax liability over alternative minimum tax liability subject to certain limitations.

Ultimately, the realization of deferred tax assets is dependent upon generation of future taxable income during those periods in which temporary differences become deductible and/or credits can be utilized. To this end, management considers the level of historical taxable income, the scheduled reversal of deferred tax liabilities, tax-planning strategies and projected future taxable income. Based on these considerations, and the carry-forward availability of a portion of the deferred tax assets, management believes it is more likely than not that we will realize the benefit of the deferred tax assets.

At the end of each reporting period as presented, there were no material amounts of interest and penalties recognized in the statement of operations or balance sheets. We have no material unrecognized tax benefits or any known material tax contingencies at December 31, 2014 or December 31, 2013 and does not expect this to change significantly within the next twelve months. Tax returns filed with the IRS for the years 2011 through 2013 along with tax returns filed with numerous state entities remain subject to examination.

Excess tax benefits from equity-based compensation are credited to stockholders' equity. The excess tax benefits credited to stockholders' equity were $3.8 million and $1.4 million for the years ended December 31, 2014 and December 31, 2013, respectively. There were no excess tax benefits for the year ended December 31, 2012.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The effective income tax rate on pretax earnings differed from the U.S. federal statutory rate for the years ended December 31, 2014, 2013 and 2012 for the following reasons:

	Years Ended December 31,		
	2014	2013	2012
(Expense) benefit computed at U.S. federal statutory rate	(35.0)%	(35.0)%	(35.0)%
Decrease (increase) resulting from:			
Statutory depletion	9.8	11.0	9.9
Prior year tax return reconciliation	0.6	1.9	(0.5)
State income taxes, net of federal benefit	(2.1)	(2.4)	(2.7)
Domestic production deduction	2.5	2.4	0.7
Equity-based compensation	—	—	(0.1)
Other, net	0.8	0.5	(0.2)
Income tax (expense) benefit	(23.4)%	(21.6)%	(27.9)%

The largest permanent item in computing both our effective tax rate and taxable income is the deduction allowed for statutory depletion. The deduction for statutory depletion does not necessarily change proportionately to changes in income before income taxes.

NOTE R—PENSION AND POST-RETIREMENT BENEFITS

We maintain a single-employer noncontributory defined benefit pension plan covering certain employees. There have been no new entrants to the plan since May 2009 when the plan was frozen to all new employees. The plan provides benefits based on each covered employee's years of qualifying service. Our funding policy is to contribute amounts within the range of the minimum required and maximum deductible contributions for the plan consistent with a goal of appropriate minimization of the unfunded projected benefit obligation. The pension plan uses a benefit level per year of service for covered hourly employees and a final average pay method for covered salaried employees. The plan uses the projected unit credit cost method to determine the actuarial valuation.

We employ a total rate of return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value and small and large capitalizations. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

We employ a building block approach in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed-income are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

In addition, we provide defined benefit post-retirement healthcare and life insurance benefits to some employees. Covered employees become eligible for these benefits at retirement after meeting minimum age and service requirements. The projected future cost of providing post-retirement benefits, such as healthcare and life insurance, is recognized as an expense as employees render services.

We contribute to a Voluntary Employees' Beneficiary Association trust that will be used to partially fund health care benefits for future retirees. Benefits are funded to the extent contributions are tax deductible, which under current legislation is limited. In general, retiree health benefits are paid as covered expenses are incurred.

93

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Net pension benefit cost consisted of the following for the years ended December 31, 2014, 2013 and 2012:

	Years Ended December 31,		
	2014	2013	2012
Service cost—benefits earned during the period	$1,080	$1,280	$1,118
Interest cost	4,811	4,198	4,734
Expected return on plan assets	(5,146)	(5,061)	(5,381)
Net amortization and deferral	1,037	1,904	1,105
Net pension benefit costs	$1,782	$2,321	$1,576

Net post-retirement cost consisted of the following for the years ended December 31, 2014, 2013 and 2012:

	Years Ended December 31,		
	2014	2013	2012
Service cost—benefits earned during the period	$151	$193	$197
Interest cost	1,030	947	1,163
Expected return on plan assets	(4)	(4)	(4)
Net amortization and deferral	—	87	177
Net post-retirement costs	$1,177	$1,223	$1,533

The changes in benefit obligations and plan assets, as well as the funded status of our pension and post-retirement plans at December 31, 2014 and 2013 are as follows:

	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
Benefit obligation at January 1,	$99,828	$107,619	$22,261	$25,717
Service cost	1,080	1,280	151	193
Interest cost	4,811	4,198	1,030	947
Actuarial gain (loss)	22,163	(8,071)	5,340	(3,933)
Benefits paid	(6,017)	(5,749)	(996)	(1,102)
Amendments	471	551	—	—
Other	—	—	503	439
Benefit obligation at December 31,	$122,336	$99,828	$28,289	$22,261
Fair value of plan assets at January 1,	$85,367	$80,850	$51	$54
Actual return on plan assets	6,937	7,986	3	8
Employer contributions	4,610	2,280	492	652
Benefits paid	(6,017)	(5,749)	(996)	(1,102)
Other	—	—	469	439
Fair value of plan assets at December 31,	$90,897	$85,367	$19	$51
Plan assets less than benefit obligations at December 31 recognized as liability for pension and other post-retirement benefits	$(31,439)	$(14,461)	$(28,270)	$(22,210)

The accumulated benefit obligation for the defined benefit pension plans, which excludes the assumption of future salary increases, totaled $122.0 million and $99.4 million at December 31, 2014 and 2013, respectively.

The amendments in 2014 reflect plan changes including increases in the benefit multiplier for certain participants.

We also sponsor unfunded, nonqualified pension plans. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for these plans were $1.7 million, $1.7 million and $0 million at December 31, 2014 and $1.6 million, $1.6 million and $0 million at December 31, 2013.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Future estimated annual benefit payments for pension and post-retirement benefit obligations at December 31, 2014 are as follows:

	Benefits		
	Pension	Post-retirement Before Medicare Subsidy	After Medicare Subsidy
2015	$6,569	$1,587	$1,426
2016	6,756	1,640	1,472
2017	7,048	1,716	1,540
2018	7,187	1,710	1,527
2019	7,370	1,747	1,557
2020-2024	38,348	9,545	8,522

Our best estimate of expected contributions to the pension and post-retirement medical benefit plans for the 2015 fiscal year are $2.8 million and $1.4 million , respectively.

The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost during the year ended December 31, 2015 are as follows:

	Benefits		
	Pension	Post-retirement	Total
Net actuarial loss	$2,310	$392	$2,702
Prior service cost	274	—	274
	$2,584	$392	$2,976

The total amounts in accumulated other comprehensive income related to net actuarial loss, net of tax, for both plans was $17.7 million and $2.3 million as of December 31, 2014 and 2013, respectively. The total amounts in accumulated other comprehensive income related to prior service cost, net of tax, for both plans, net of tax, was $1.6 million and $1.4 million as of December 31, 2014 and 2013, respectively.

The following weighted-average assumptions were used to determine our obligations under the plans:

	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
Discount rate	4.1 %	4.8 %	4.1 %	4.8 %
Long-term rate of compensation increase	3.5 %	3.5 %	N/A	N/A
Long-term rate of return on plan assets	7.0 %	7.5 %	7.0 %	7.5 %
Health care cost trend rate:				
Pre-65 initial rate/ultimate rate	N/A	N/A	7.5%/5.0%	8.0%/5.0%
Pre-65 ultimate year	N/A	N/A	—	—
Post-65 initial rate/ultimate rate	N/A	N/A	7.0%/5.0%	7.3%/5.0%
Post-65 ultimate year	N/A	N/A	2022	2021

The discount rate reflects the expected long-term rates of return with maturities comparable to payments for the plan obligations utilizing Aon Hewitt’s AA Only Above Medium Curve, rounded down to the next 0.05%.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

Mortality table used for pension benefits and post-retirement benefits plans are the following:

	Pension Benefits and Post-retirement Benefits	
	2014	2013
Healthy lives	RP-2014 Employee and Healthy Annuitant Mortality Table with generational mortality improvements using Scale MP-2014	2014 IRS Static Mortality Table for Annuitants and Non-Annuitants per §1.430(h)(3)-1(e)
Disabled lives	RP-2014 Disabled Retiree Mortality Table with generational mortality improvements using Scale MP-2014	RP-2000 Disabled Retiree Mortality Table

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost	$136	$(115)
Effect on post-retirement benefit obligation	3,879	(3,217)

The major investment categories and their relative percentage of the fair value of total plan assets as invested at December 31, 2014, and 2013 are as follows:

	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
Equity securities	57.4%	57.4%	45.3%	59.0%
Debt securities	40.5%	36.6%	30.1%	29.5%
Cash	2.1%	6.0%	24.6%	11.5%

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The fair values of the pension plan assets at December 31, 2014, by asset category, are as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$1,897	$—	$—	$1,897
Mutual funds:				
Diversified emerging markets	8,136	—	—	8,136
Foreign large blend	13,216	—	—	13,216
Large-cap blend	19,662	—	—	19,662
Long-term bonds	36,782	—	—	36,782
Mid-cap blend	6,293	—	—	6,293
Real estate	4,844	—	—	4,844
Insurance policies	—	—	65	65
Net asset	$90,832	$—	$65	$90,897

The fair values of the pension plan assets at December 31, 2013, by asset category, are as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$5,067	$—	$—	$5,067
Mutual funds:				
Diversified emerging markets	7,753	—	—	7,753
Foreign large blend	13,851	—	—	13,851
Large-cap blend	17,804	—	—	17,804
Long-term bonds	31,230	—	—	31,230
Mid-cap blend	5,807	—	—	5,807
Real estate	3,776	—	—	3,776
Insurance policies	—	—	79	79
Net asset	$85,288	$—	$79	$85,367

We contribute to three multiemployer defined benefit pension plans under the terms of collective-bargaining agreements for union-represented employees. A multiemployer plan is subject to collective bargaining for employees of two or more unrelated companies. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan. Multiemployer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions. However, in most cases, management is not directly represented.

The risks of participating in multiemployer plans differ from single employer plans as follows: 1) assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, 2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and 3) if we cease to have an obligation to contribute to one or more of the multiemployer plans to which we contribute, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

A summary of each multiemployer pension plan for which we participate is presented below:

Pension Fund	EIN/ Pension Plan No.	Pension Protection Act Zone Status[1]		FIP/RP Status Pending/ Implemented	Company Contributions			Surcharge Imposed	Expiration Date of CBA
		2014	2013		2014	2013	2012		
LIUNA	52-6074345/001	Red	Red	Yes	$149	$124	$123	Yes	5/31/2017
IUOE	36-6052390/001	Green	Green	No	28	22	19	No	7/31/2015
CSSS[2]	36-6044243/001	Red	Red	Yes	51	51	51	NA	NA

(1) The Pension Protection Act of 2006 defines the zone status as follows: green—healthy, yellow—endangered, orange—seriously endangered and red—critical.

(2) In 2011, we withdrew from the Central States, Southeast and Southwest Areas Pension Plan. The withdrawal liability of $1.0 million will be paid in monthly installments of $4 until 2031.

Our contributions to individual multiemployer pension funds did not exceed 5% of the fund's total contributions in any of the three years ended December 31, 2014. Additionally, our contributions to multiemployer postretirement benefit plans were immaterial for all periods presented in the accompanying consolidated financial statements.

We also sponsor a defined contribution plan covering certain employees. We contribute to the plan in two ways. For certain employees not covered by the defined benefit plan, we make a contribution equal to 4% of their salary. We also contribute an employee match of 25 cents, based on financial performance, for each dollar contributed by an employee, up to 8% of their earnings. For certain employees, we make a profit sharing match up to 75 cents, based on financial performance, for each dollar contributed up to 8% of their earnings. Finally, for some employees, we make a catch-up match of 25 cents for each dollar of catch-up contributions. Contributions were $2.1 million, $1.7 million and $1.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

NOTE S—OBLIGATIONS UNDER GUARANTEES

We have indemnified Travelers Casualty and Surety Company of America ("Travelers") against any loss Travelers may incur in the event that holders of surety bonds, issued on behalf of us by Travelers, execute the bonds. As of December 31, 2014, Travelers had $8.5 million in bonds outstanding for us. The majority of these bonds ($8.2 million) relate to reclamation requirements issued by various governmental authorities. Reclamation bonds remain outstanding until the mining area is reclaimed and the authority issues a formal release. The remaining bonds relate to such indefinite purposes as licenses, permits, and tax collection.

U.S. Silica is the contingent guarantor of Kanawha Rail Corporation's ("KRC") obligations as lessee of 199 covered hopper railroad cars, which are used by U.S. Silica to ship sand to its customers. KRC's obligation as lessee includes paying monthly rent of $66 until June 30, 2015, maintaining the cars, paying for any cars damaged or destroyed, and indemnifying all other parties to the lease transaction against liabilities including any loss of certain tax benefits. By separate agreement between U.S. Silica and KRC, KRC may, upon the occurrence of certain events, assign the lease obligations to U.S. Silica, but none of these events have occurred.

NOTE T—RELATED PARTY TRANSACTIONS

Advisory Agreement

In connection with our acquisition by Golden Gate Capital in 2008, we entered into an Advisory Agreement with Golden Gate Capital whereby Golden Gate Capital agreed to provide business and organizational strategy and financial and advisory services. Such services included support and assistance to management with respect to negotiating and analyzing acquisitions and divestitures, negotiating and analyzing financing alternatives, preparing financial projections, monitoring compliance with financing agreements, marketing functions and searching for and hiring management personnel.

As compensation for these services, we agreed to pay Golden Gate Capital (1) an annual advisory fee in the aggregate amount equal to $1.25 million, payable quarterly in arrears, and (2) a transaction fee of 1.25% of the aggregate value

of each transaction resulting in a change in control of GGC Holdings or its subsidiaries, along with each acquisition, divestiture, recapitalization and financing. In addition to the fees described above, we also reimbursed Golden Gate Capital for all out-of-pocket costs incurred by Golden Gate Capital in connection with its activities under the Advisory Agreement, and indemnified

Golden Gate Capital from and against all losses, claims, damages and liabilities related to the performance of its duties under the Advisory Agreement.

On February 6, 2012, we paid $8.0 million to Golden Gate Capital to terminate the Advisory Agreement. The $8.0 million termination fee was accrued for at December 31, 2011 and no additional expense has been recognized during the year ended December 31, 2012. Advisory fees paid to Golden Gate Capital under the Advisory Agreement in 2011 were $1.3 million. These expenses are included in other operating expenses and presented as advisory fees to parent within our income statements.

Promissory Note

On December 22, 2010, we entered into a $15.0 million promissory note with our former parent, GGC USS Holdings, LLC. The note provided working capital for a new subsidiary and was scheduled to mature on December 22, 2015. The note bore interest at 10%. Outstanding principal and interest under the note were payable upon demand, but no later than the maturity date. Upon sole election by GGC Holdings, any unpaid interest could be paid in cash on each December 22 of each year until the maturity date. As of and for the year ended December 31, 2011, interest on the note is recorded in interest expense in the Income Statements and any unpaid interest is included in accrued interest on the Balance Sheet. On January 31, 2012, simultaneously with the IPO, GGC Holdings contributed to us all of the stock of GGC RCS Holdings, Inc. and converted the $15.0 million promissory note, including $1.7 million of accrued interest, to equity.

GGC USS Holdings, LLC held no interest in U.S. Silica after divesting its ownership interest in U.S. Silica during 2013.

NOTE U—SEGMENT REPORTING

Our business is organized into two reportable segments, Oil & Gas Proppants and Industrial & Specialty Products, based on end markets. The reportable segments are consistent with how management views the markets that we serve and the financial information reviewed by the chief operating decision maker. We manage our Oil & Gas Proppants and Industrial & Specialty Products businesses as components of an enterprise for which separate information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance.

An operating segment’s performance is primarily evaluated based on segment contribution margin, which excludes certain corporate costs not associated with the operations of the segment. These corporate costs are separately stated below and include costs that are related to functional areas such as operations management, corporate purchasing, accounting, treasury, information technology, legal and human resources. We believe that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of its segments. However, this measure should be considered in addition to, not a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with generally accepted accounting principles. The other accounting policies of each of the two reporting segments are the same as those in the summary of significant accounting policies included in Note B.

In the Oil & Gas Proppants segment, we serve the oil and gas recovery market providing fracturing sand, or “frac sand,” which is pumped down oil and natural gas wells to prop open rock fissures and increase the flow rate of natural gas and oil from the wells.

The Industrial & Specialty Products segment consists of over 250 products and materials used in a variety of industries including, container glass, fiberglass, specialty glass, flat glass, building products, fillers and extenders, foundry products, chemicals, recreation products and filtration products.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

The following table presents sales and segment contribution margin for the reporting segments and other operating results not allocated to the reported segments for the years ended December 31, 2014, 2013 and 2012:

	Years Ended December 31,		
	2014	2013	2012
Sales:			
Oil & Gas Proppants	$662,770	$347,439	$243,765
Industrial & Specialty Products	213,971	198,546	198,156
Total sales	876,741	545,985	441,921
Segment contribution margin:			
Oil & Gas Proppants	256,137	145,916	140,070
Industrial & Specialty Products	61,102	56,983	53,601
Total segment contribution margin	317,239	202,899	193,671
Operating activities excluded from segment cost of goods sold	(7,082)	(5,481)	(8,285)
Selling, general and administrative	(88,971)	(49,759)	(41,299)
Depreciation, depletion and amortization	(45,019)	(36,418)	(25,099)
Interest expense	(18,202)	(15,341)	(13,795)
Early extinguishment of debt	—	(480)	—
Other income, net, including interest income	758	597	4,612
Income before income taxes	$158,723	$96,017	$109,805

Asset information, including capital expenditures and depreciation, depletion, and amortization, by segment is not included in reports used by management in its monitoring of performance and, therefore, is not reported by segment. Goodwill of $68.4 million has been allocated to these segments with $47.7 million assigned to Oil & Gas Proppants and $20.7 million to Industrial & Specialty Products.

NOTE V—UNAUDITED SUPPLEMENTARY DATA

The following table sets forth our unaudited quarterly consolidated statements of operations for each of the last four quarters in the years ended December 31, 2014 and 2013. This unaudited quarterly information has been prepared on the same basis as our annual audited financial statements and includes all adjustments, consisting only of normal recurring adjustments that are necessary to present fairly the financial information for the fiscal quarters presented.

Table of Contents

U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

2014	First Quarter (Unaudited)	Second Quarter	Third Quarter	Fourth Quarter
Sales	$180,095	$205,801	$241,256	$249,589
Costs of goods sold	126,770	132,417	149,697	157,700
Operating expenses				—
Selling, general and administrative	15,445	19,267	18,600	35,659
Depreciation, depletion and amortization	9,589	10,341	12,425	12,664
	25,034	29,608	31,025	48,323
Operating income	28,291	43,776	60,534	43,566
Other (expense) income				
Interest expense	(3,808)	(4,013)	(4,950)	(5,431)
Other income, net, including interest income	38	221	120	379
	(3,770)	(3,792)	(4,830)	(5,052)
Income before income taxes	24,521	39,984	55,704	38,514
Income tax expense	(6,150)	(11,330)	(14,427)	(5,276)
Net income	$18,371	$28,654	$41,277	$33,238
Earnings per share, basic	$0.34	$0.53	$0.77	$0.62
Earnings per share, diluted	$0.34	$0.53	$0.76	$0.61
Weighted average common shares outstanding (in thousands), basic	53,505	53,733	53,801	53,838
Weighted average common shares outstanding (in thousands), diluted	54,054	54,262	54,393	54,340

2013	First Quarter (Unaudited)	Second Quarter	Third Quarter	Fourth Quarter
Sales	$122,311	$129,828	$144,372	$149,474
Costs of goods sold	74,412	80,297	90,983	102,875
Operating expenses				
Selling, general and administrative	12,404	10,099	12,800	14,456
Depreciation, depletion and amortization	8,278	8,890	9,152	10,098
	20,682	18,989	21,952	24,554
Operating income	27,217	30,542	31,437	22,045
Other (expense) income				
Interest expense	(3,576)	(3,535)	(4,144)	(4,086)
Early extinguishment of debt	—	—	(480)	—
Other income, net, including interest income	122	63	260	152
	(3,454)	(3,472)	(4,364)	(3,934)
Income before income taxes	23,763	27,070	27,073	18,111
Income tax (expense) benefit	(6,486)	(6,878)	(5,739)	(1,658)
Net income	$17,277	$20,192	$21,334	$16,453
Earnings per share, basic	$0.33	$0.38	$0.40	$0.31
Earnings per share, diluted	$0.32	$0.38	$0.40	$0.31
Weighted average common shares outstanding (in thousands), basic	52,946	52,948	53,103	53,035

Weighted average common shares outstanding (in thousands), diluted	52,211	53,227	53,429	53,409

NOTE W—SUBSEQUENT EVENTS

On January 5, 2015, we paid a cash dividend of $0.125 per share to common stockholders of record on December 15, 2014, as had been declared by our Board of Directors on October 23, 2014.

Table of Contents
U.S. SILICA HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)

On February 12, 2015, our Board of Directors declared a quarterly cash dividend of $0.125 per share to common stockholders of record at the close of business on March 16, 2015, payable on April 3, 2015.
Subsequent to December 31, 2014, we have repurchased 587,132 shares of our common stock, payments for which totaled $15.0 million.

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of December 31, 2014, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management’s Annual Report on Internal Control over Financial Reporting

Our management, under the direction of our chief executive officer and chief financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f).

Our system of internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting using the framework in 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As noted in the COSO framework, an internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance to management and the Board of Directors regarding achievement of an entity's financial reporting objectives. Based upon the evaluation under this framework, management concluded that our internal control over financial reporting was effective as of December 31, 2014.

Our independent registered public accounting firm has audited the effectiveness of our internal control over financial reporting as of December 31, 2014, as stated in their report below.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended December 31, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

U.S. Silica Holdings, Inc.

We have audited the internal control over financial reporting of U.S. Silica Holdings, Inc. a Delaware corporation and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended December 31, 2014, and our report dated February 25, 2015 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Baltimore, Maryland

February 25, 2015

Table of Contents

ITEM 9B. OTHER INFORMATION

Not applicable.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item with respect to directors and corporate governance will be set forth under "Proposal No. 1: Election of Directors" in the 2015 Proxy Statement and incorporated herein by reference.

The information required by this item with respect to executive officers of U.S. Silica, pursuant to instruction 3 of paragraph (b) of Item 401 of Regulation S-K, is set forth following Part I, Item 1 of this Annual Report on Form 10-K under "Executive Officers of the Registrant".

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth under "Executive and Director Compensation" and "Report of Compensation Committee" in the 2015 Proxy Statement and incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 403 of Regulation S-K regarding security ownership of certain beneficial owners and management will be set forth under "Stock Ownership" in the 2015 Proxy Statement and incorporated herein by reference.

The information required by Item 201(d) of Regulation S-K regarding securities authorized for issuance under equity compensation plans is furnished as a separate item captioned "Securities Authorized for Issuance Under Equity Compensation Plans" included in Part II, Item 5 of this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be set forth under "Transactions with Related Persons" and "Determination of Independence" in the 2015 Proxy Statement and incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item will be set forth under "Ratification of Grant Thornton LLP as Independent Registered Public Accounting Firm for 2015" in the 2015 Proxy Statement and incorporated herein by reference.

Table of Contents

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

a) Consolidated Financial Statements

The Consolidated Financial Statements, together with the report thereon of Grant Thornton LLP, dated February 25, 2015, are included as part of Item 8, “Financial Statements and Supplementary Data.”

	Page
Report of Independent Registered Public Accounting Firm	68
Consolidated Balance Sheets as of December 31, 2014 and 2013	69
Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013 and 2012	70
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013 and 2012	71
Consolidated Statements of Stockholders’ Equity for the Years Ended December 31, 2014, 2013 and 2012	72
Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012	73
Notes to the Consolidated Financial Statements	74

b) Consolidated Financial Statement Schedule

All financial statement schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or the notes thereto and included in this Annual Report on Form 10-K.

c) Exhibits required to be filed by Item 601 of Regulation S-K

The information called for by this Item is incorporated herein by reference from the Exhibit Index included in this Annual Report.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, this 25th day of February, 2015.

U.S. Silica Holdings, Inc.

/s/ BRYAN A. SHINN
Name: Bryan A. Shinn
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/S/ BRYAN A. SHINN Bryan A. Shinn	President, Chief Executive Officer and Director (Principal Executive Officer)	February 25, 2015
/S/ DONALD A. MERRIL Donald A. Merril	Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2015
/S/ CHARLES SHAVER Charles Shaver	Chairman of the Board	February 25, 2015
/S/ DANIEL AVRAMOVICH Daniel Avramovich	Director	February 25, 2015
/S/ PETER BERNARD Peter Bernard	Director	February 25, 2015
/S/ WILLIAM J. KACAL William J. Kacal	Director	February 25, 2015
/S/ J. MICHAEL STICE J. Michael Stice	Director	February 25, 2015

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Second Amended and Restated Certificate of Incorporation of U.S. Silica Holdings, Inc., effective January 31, 2012.	8-K	001-35416	3.1	February 6, 2012
3.2	Second Amended and Restated Bylaws of U.S. Silica Holdings, Inc., effective January 31, 2012.	8-K	001-35416	3.2	February 6, 2012
4.1	Specimen Common Stock Certificate.	S-1/A	333-175636	4.1	December 7, 2011
10.1	Amendment No. 3 to Second Amended and Restated Credit Agreement, dated as of July 23, 2013, by and among USS Holdings, Inc. as Parent, U.S. Silica Company as Company, the Subsidiary Guarantors listed therein as Subsidiary Guarantors, the Lenders listed therein as Lenders and BNP Paribas as Administrative Agent.	8-K	001-35416	10.1	July 29, 2013
10.2+	Employment Agreement, dated as of March 22, 2012, by and between U.S. Silica Company and Bryan A. Shinn.	8-K	001-35416	10.11	March 22, 2012
10.3+	Employment Agreement, dated as of June 1, 2011, by and between U.S. Silica Company and Brian Slobodow.	S-1	333-175636	10.13	July 18, 2011
10.4+	Separation and Transition Agreement, dated October 1, 2012, by and among U.S. Silica Holdings, Inc., U.S. Silica Company and Brian Slobodow.	8-K	001-35416	10.2	October 1, 2012
10.5+	Separation, Option Extension and Post-Separation Covenant Agreement, dated December 20, 2013, by and among U.S. Silica Holdings, Inc., U.S. Silica Company and Brian Slobodow.	10-K	001-35416	10.5	February 26, 2014
10.6+	2011 Incentive Compensation Plan.	S-1/A	333-175636	10.14	August 29, 2011
10.7+	Form of Incentive Stock Option Agreement.	S-1/A	333-175636	10.15	August 29, 2011
10.8+	Form of Restricted Stock Agreement.	S-1/A	333-175636	10.16	August 29, 2011
10.9+	Form of Nonqualified Stock Option Agreement.	S-1/A	333-175636	10.17	August 29, 2011
10.10+	Form of Stock Appreciation Rights Agreement.	S-1/A	333-175636	10.18	August 29, 2011
10.11+	Form of Restricted Stock Unit Agreement.	S-1/A	333-175636	10.19	August 29, 2011
10.12+	Form of Performance Share Unit Agreement.	10-K	001-35416	10.12	February 26, 2014
10.13	Form of Indemnification Agreement.	S-1/A	333-175636	10.20	December 29, 2011
10.14+	Letter Agreement, dated as of December 27, 2011, by and between William J. Kacal and U.S. Silica Holdings, Inc.	S-1/A	333-175636	10.24	December 29, 2011
10.15+	Letter Agreement, dated April 27, 2012, by and between Peter Bernard and U.S. Silica Holdings, Inc.	8-K	001-35416	10.10	May 1, 2012
10.16+	Letter Agreement, dated October 8, 2013, by and between J. Michael Stice and U.S. Silica Holdings, Inc.	8-K	001-35416	10.10	October 11, 2013
10.17+	Letter Agreement, dated March 20, 2014, by and between Daniel Avramovich and U.S. Silica Holdings, Inc.	8-K	001-35416	10.1	March 21, 2014
10.18+	Amendment No. 1 dated July 25, 2014 to Restricted Stock Agreement dated November 6, 2012 with Bryan A.	8-K	001-35416	10.1	July 30, 2014

	Shinn.				
10.19+	Omnibus Amendment dated July 25, 2014 to Award Agreements with Bryan A. Shinn.	8-K	001-35416	10.2	July 30, 2014
10.20	Joinder Agreement to Second Amended and Restated Credit Agreement, dated as of December 5, 2014.	8-K	001-35416	10.1	December 11, 2014
10.21*+	Form of Nonqualified Stock Option Agreement.				
21.1*	List of subsidiaries of U.S. Silica Holdings, Inc.				
23.1*	Consent of Independent Registered Public Accounting Firm.				
31.1 *	Rule 13a-14(a)/15(d)-14(a) Certification by Bryan A. Shinn, Chief Executive Officer.				

Table of Contents

31.2*	Rule 13a-14(a)/15(d)-14(a) Certification by Donald A. Merril, Chief Financial Officer.
32.1*	Section 1350 Certification by Bryan A. Shinn, Chief Executive Officer.
32.2*	Section 1350 Certification by Donald A. Merril, Chief Financial Officer.
95.1*	Mine Safety Disclosure
99.1*	Consent of PacWest Consulting Partners, LLC
99.2*	Consent of PropTester, Inc.
101*	101.INS XBRL Instance 101.SCH XBRL Taxonomy Extension Schema 101.CAL XBRL Taxonomy Extension Calculation 101.LAB XBRL Taxonomy Extension Labels 101.PRE XBRL Taxonomy Extension Presentation 101.DEF XBRL Taxonomy Extension Definition

\+ Management contract or compensatory plan/arrangement

* Filed herewith

We will furnish any of our shareowners a copy of any of the above Exhibits not included herein upon the written request of such shareowner and the payment to U.S. Silica Holdings, Inc. of the reasonable expenses incurred in furnishing such copy or copies.