

U.S. SILICA HOLDINGS, INC.
Form DEF 14A
March 22, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

U.S. Silica Holdings, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

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(3) Filing Party:

(4) Date Filed:

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CHARLES SHAVER
Chairman of the Board

*U.S. Silica Holdings, Inc.
8490 Progress Drive
Suite 300*

BRYAN A. SHINN
President and Chief Executive Officer

Frederick, Maryland 21701

March 22, 2016

Dear Shareholder:

You are invited to attend our annual meeting of shareholders to be held on Thursday, May 5, 2016 at 9:00 a.m., Eastern Daylight Time, in the Gallatin Conference Room at The Jefferson Hotel, 1200 16th Street, NW, Washington, DC 20036. Enclosed is our 2015 Annual Report for your review.

The Notice of Annual Meeting of Shareholders and the Proxy Statement describe the items of business to be considered at the meeting. Please consider the items presented and vote your shares as promptly as possible.

Again this year, we are pleased to take advantage of a Securities and Exchange Commission rule that permits us to furnish proxy materials to shareholders over the Internet. We have mailed to our shareholders a Notice of Internet Availability of Proxy Materials, which indicates how to access our proxy materials on the Internet. By furnishing this Notice in lieu of mailing our proxy materials, we are lowering the costs and reducing the environmental impact of our annual meeting. If you prefer a paper copy of the proxy materials, you may request one by following the procedure set forth in the Notice of Internet Availability of Proxy Materials.

Your vote is important. Whether or not you plan to attend the annual meeting, please vote your shares by proxy via Internet, telephone or mail to ensure that your vote is counted. If you hold your shares through an account with a broker, bank or other nominee, please follow the instructions you receive from that nominee to vote your shares.

Thank you for your continued support of U.S. Silica.

Sincerely,

Charles Shaver
Chairman of the Board

Bryan A. Shinn
President and Chief Executive Officer

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U.S. Silica Holdings, Inc.

8490 Progress Drive, Suite 300

Frederick, MD 21701

Notice of Annual Meeting of Shareholders

To the Holders of Common Stock of

U.S. Silica Holdings, Inc.:

Our annual meeting of shareholders will be held on **Thursday, May 5, 2016** at 9:00 a.m. Eastern Daylight Time, in the Gallatin Conference Room at The Jefferson Hotel, 1200 16th Street, NW, Washington, DC 20036. At the meeting, shareholders will act on the following matters:

1. Election of director nominees named in the attached Proxy Statement
2. Ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for 2016
3. Advisory vote to approve the compensation of our named executive officers as disclosed in the attached Proxy Statement

4. Transaction of any other business that properly comes before the meeting, or any adjournment thereof.

The Board of Directors (the Board) recommends a vote FOR each of the director nominees; ratification of the independent registered public accounting firm; and approval of the compensation of our named executive officers.

We discuss the above business matters in more detail in the attached Proxy Statement.

Only holders of record of our common stock at the close of business on March 7, 2016 will be entitled to vote. **If you plan to attend the annual meeting, please note the admission procedures set forth in the attached Proxy Statement.**

Christine C. Marshall
General Counsel and Corporate Secretary

March 22, 2016

Important Notice Regarding the Availability of Proxy Materials

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for the Shareholder Meeting to Be Held on May 5, 2016:

The Proxy Statement and 2015 Annual Report are available at www.proxyvote.com.

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U.S. Silica Holdings, Inc. Proxy Statement

QUESTIONS & ANSWERS ON VOTING PROCEDURES

Who is entitled to vote at the annual meeting, and how many votes do they have?

Holders of record of our common stock who owned shares as of the close of business on March 7, 2016 (the Record Date) may vote at the meeting. Each share is entitled to one vote. There were 53,432,167 shares of common stock outstanding on the Record Date.

When were the enclosed solicitation materials first given to shareholders?

The enclosed Annual Report and proxy card, together with the Notice of Annual Meeting and Proxy Statement, were first made available over the Internet to shareholders on or about March 22, 2016. A Notice of Internet Availability of Proxy Materials, indicating how to access our proxy materials over the Internet, was first sent, or given, to shareholders on or about March 22, 2016.

Why were the proxy materials made available to shareholders over the Internet?

Again this year, we are taking advantage of a rule adopted by the Securities and Exchange Commission that permits us to furnish proxy materials to shareholders over the Internet. On or about March 22, 2016, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials, which indicates how to access our proxy materials on the Internet. By furnishing this Notice in lieu of mailing our proxy materials, we are lowering the costs and reducing the environmental impact of our annual meeting. You may request to receive a paper copy of the proxy materials by following procedures set forth in the Notice of Internet Availability of Proxy Materials. If a paper copy is requested, shareholders should expect to receive it within several days.

The Notice of Internet Availability of Proxy Materials directs shareholders to the website where you will log in using your unique control number. On this website, you will be able to view our Proxy Statement and Annual Report. You may also cast your vote in a secure manner on the same website.

Who can attend the annual meeting?

All shareholders as of the Record Date may attend the annual meeting. **Please check the box on your proxy card if you plan to attend the annual meeting.**

You will need an admission ticket or proof of ownership of our common stock to enter the annual meeting. If you hold shares directly in your name as a shareholder of record, you must present any of the following in order to gain admission to the meeting:

the Notice of Internet Availability of Proxy Materials;

if you voted using a paper proxy card, the portion of your proxy card that you keep and do not submit when you vote; or

if you received an email indicating that the proxy materials are available on the Internet, you may print the email containing your control number.

If your shares are registered or held in the name of your broker or bank or other nominee, your shares are held in street name. Please note that if you hold your shares in street name, you will need to bring proof of your ownership of our common stock as of the Record Date, such as a copy of a bank or brokerage statement, and check in at the registration desk at the meeting.

Please note that you also may be asked to present valid picture identification, such as a driver's license or passport.

Because seating is limited, admission to the meeting will be on a first-come, first-served basis. For the safety of attendees, all boxes, handbags and briefcases are subject to inspection. Use of cameras (including cell phones with photographic capabilities), recording devices and other electronic devices is not permitted at the meeting.

Table of Contents***What is a quorum of shareholders?***

A quorum is the presence at the annual meeting, in person or by proxy, of holders of a majority of the shares of our common stock entitled to vote, including abstentions and broker non-votes (see below). Because there were 53,432,167 shares of our common stock outstanding on the Record Date, the presence of holders of 26,716,084 shares is a quorum. We must have a quorum to conduct the meeting.

What is a proxy?

A proxy is another person that you authorize to vote on your behalf. We ask shareholders to instruct the proxy how to vote so that all common shares may be voted at the annual meeting even if the holders do not attend the meeting.

What vote is required to approve each proposal?

Proposal	Vote Required	Board's Recommendation
Election of directors (Proposal No. 1)	Plurality of the votes cast FOR each director nominee	FOR all nominees
Ratification of Grant Thornton as our independent registered public accounting firm for 2016 (Proposal No. 2)	The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting	FOR the ratification of Grant Thornton LLP as our independent registered public accounting firm for 2016
Advisory vote to approve executive compensation (say-on-pay) (Proposal No. 3)	The affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting	FOR the compensation of our named executive officers

What are my choices for casting my vote on each matter to be voted on?

Proposal	Voting Options	Effect of Abstentions	Broker	
			Discretionary	Effect of Broker
			Voting Allowed?	Non-Votes
Election of directors (Proposal No. 1)	FOR or WITHHOLD	No effect not counted as a vote cast	No	No effect
Ratification of Grant Thornton as our independent registered public accounting firm for 2016 (Proposal No. 2)	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal	Yes	Not applicable
			No	No effect

Advisory vote to approve executive compensation (say-on-pay) (Proposal No. 3)	FOR, AGAINST or ABSTAIN	Treated as a vote AGAINST the proposal
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An abstention occurs when a shareholder affirmatively chooses not to vote on a proposal. A broker non-vote occurs when a broker, bank or other nominee who holds shares for another person has not received voting instructions from the owner of the shares, and under New York Stock Exchange (NYSE) rules, does not have discretionary authority to vote on a matter. The matter covered by Proposal No. 2 (ratification of independent registered public accounting firm) is considered a routine matter under the rules of the NYSE for which broker discretionary voting is allowed. Therefore, if you do not vote on this proposal, your broker, bank or other nominee may choose to vote for you or leave your shares unvoted on that proposal. New York Stock Exchange rules, however, do not permit brokerage firms to vote their clients' unvoted shares in certain other matters, such as the matters set forth in Proposal Nos. 1 and 3. Therefore, if you do not vote on Proposal Nos. 1 and 3, your shares will remain unvoted on those proposals.

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If your shares are held by a broker, bank or other nominee, you will receive from that nominee a Notice of Internet Availability of Proxy Materials instructing you on how to vote your shares or, if you have elected to receive the proxy materials in paper, a full meeting package including a voting instructions form to vote your shares. Your broker, bank or other nominee may permit you to provide voting instructions by telephone or by the Internet.

Unless you give other instructions when you vote, the persons named as proxies, Bryan A. Shinn and Christine C. Marshall, will vote in accordance with the Board's recommendations. We do not expect any other business to properly come before the Annual Meeting; however, if any other business should properly come before the Annual Meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

How do I vote if I am a shareholder of record?

You must be present, or represented by proxy, at the annual meeting in order to vote your shares. Since many of our shareholders are unable to attend the meeting in person, you may vote your shares in the following ways:

By Internet To access your online proxy card, please visit the website listed on your Notice of Internet Availability of Proxy Materials, or the paper proxy card if you received one, and follow the on-screen instructions. You will need the control number included on your Notice of Internet Availability of Proxy Materials or proxy card. If you vote by Internet, you do not need to mail your proxy card.

By Telephone To vote your shares by proxy by telephone, please call the phone number listed on your Notice of Internet Availability of Proxy Materials, or the paper proxy card if you received one, and follow the instructions. You will need the control number included on your Notice of Internet Availability of Proxy Materials or proxy card. If you vote by telephone, you do not need to mail your proxy card.

By Mail If you received a paper proxy card, to vote your shares by mail, please follow the instructions on the proxy card. If you vote your shares by mail, please sign and date your proxy card and mail it in the pre-addressed, postage-paid envelope. **If you do not sign your proxy card, your votes cannot be counted.**

In Person To ensure your shares are represented, we ask that you vote your proxy by telephone, Internet or mail, even if you plan to attend the meeting. **Please check the box on your proxy card if you plan to attend the annual meeting.**

If you plan to attend the annual meeting in person and need directions to the meeting site, please contact Investor Relations (phone: 301-682-0304).

Can I vote by proxy even if I plan to attend the annual meeting?

Yes. If you vote by proxy and decide to attend the annual meeting, you do not need to fill out a ballot at the meeting, unless you want to change your vote.

Why might I receive more than one Notice of Internet Availability of Proxy Materials or proxy card? Should I vote on each Notice and proxy card I receive?

First, you may have various accounts with us that are registered differently, perhaps in different names or with different social security or federal tax identification numbers. Second, you may also own shares indirectly through your broker. Your broker will send you a voting instructions form for these shares. You should vote on each Notice,

proxy card or voting instructions form you receive in accordance with the instructions set forth in those documents.

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Can I receive future proxy materials electronically?

Yes, to receive future proxy materials via the Internet please visit our transfer agent, Broadridge Corporate Issuer Solutions, Inc., at www.proxyvote.com and follow the instructions to consent to the electronic delivery of materials. If you hold your shares in street name, please check the information provided by your broker, bank or other nominee concerning the availability of this service.

How do I change my vote or revoke my proxy?

If you are a shareholder of record, you may change your vote or revoke your proxy at any time before the annual meeting by:

notifying Christine C. Marshall, Corporate Secretary, in writing at 8490 Progress Drive, Suite 300, Frederick, MD 21701 that you are changing your vote;

providing subsequent Internet or telephone voting instructions;

completing and sending in another proxy card with a later date; or

attending the annual meeting and voting in person.

If you hold your shares through a broker, bank or other nominee, you should contact your broker, bank or other nominee for instructions on how to change your vote or revoke your proxy.

Who is soliciting my proxy, how is it being solicited, and who pays the cost?

U.S. Silica, on behalf of the Board, through its directors, officers and employees, is soliciting proxies. Proxies may be solicited in person, or by mail, Internet, telephone or facsimile. We pay the cost of soliciting proxies.

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MATTERS YOU ARE VOTING ON

Proposal No. 1: Election of Directors

Five of the six current members of the Board have been nominated by the Board for election as a director at the 2016 annual meeting to serve until the 2017 annual meeting of shareholders and until his successor is elected and qualified. Daniel Avramovich has not been nominated by the Board for election as a director at the 2016 annual meeting and will cease serving as a director following the annual meeting. Each of the nominated directors has agreed to serve if elected. However, if for some reason one of them is unable to serve or for good cause will not serve, your proxy will vote for the election of another person nominated by the Board, unless the Board reduces the number of directors. Biographical information, including a discussion of specific experience, qualifications, attributes and skills for each of the nominees, and other information about them, is presented beginning on page 6. *The Board recommends a vote FOR each director nominee.*

Proposal No. 2: Ratification of Grant Thornton LLP as Independent Registered Public Accounting Firm for 2016

This proposal is to ratify our appointment of Grant Thornton LLP as our independent registered public accounting firm for 2016. See Proposal No. 2 on page 47. *The Board recommends a vote FOR this proposal.*

Proposal No. 3: Advisory Vote on Compensation of Named Executive Officers

This proposal is to approve the compensation of our named executive officers as disclosed in this Proxy Statement. See Proposal No. 3 on page 49. *The Board recommends a vote FOR this proposal.*

Other Business Matters

The Board is not aware of any other business for the annual meeting. However:

if any of the persons nominated to serve as a director is unable to serve or for good cause will not serve and the Board designates a substitute nominee, or

if any matters concerning the conduct of the meeting are properly presented for action, then shareholders present at the meeting may vote on such items. If you are represented by proxy, your proxy will vote your shares using his or her discretion.

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PROPOSAL NO. 1: ELECTION OF DIRECTORS

Vote Required; Recommendation of the Board of Directors

Directors will be elected by a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote, assuming a quorum is present. Abstentions and broker non-votes have no effect on this proposal, except they will be counted as having been present for purposes of determining the presence of a quorum.

THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE *FOR* THE ELECTION OF EACH OF THE NOMINEES. IF NOT OTHERWISE SPECIFIED, PROXIES WILL BE VOTED *FOR* EACH OF THE NOMINEES.

DIRECTOR NOMINEES

The Board believes that each director nominee possesses the experience, qualifications, attributes and skills, as described in detail in *Nominations for Director*, to enable such director nominee to make significant contributions to the Board, our company and our shareholders. In addition, the information presented below sets forth each nominee's specific experience, qualifications, attributes and skills that the Board considered in concluding that the nominee should serve as a director.

Directors

Peter Bernard, age 54, has served as a member of the Board since May 2012. Mr. Bernard has served as Executive Chairman of C&C Reservoirs, which provides services to the upstream petroleum industry, since September 2014 and as a consultant to Warburg Pincus since June 2014. In addition, he has served as Chairman of Tendeka, a global completions solutions company headquartered in the United Kingdom, since January 2011 and as managing member and owner of Pinion Energy Consulting, LLC since July 2009. From September 2010 through December 2015, he served as a consultant to Kenda Capital. From October 2010 until November 2014, Mr. Bernard served as Executive Chairman of Zeitecs, a specialized artificial lift technology company. Mr. Bernard served in various roles of increasing responsibility and seniority at Halliburton Company until his retirement in December 2008, including as a member of the Executive Committee from 2007 until December 2008 and as Senior Vice President of Business Development and Marketing from 2006 to April 2008. Additionally, Mr. Bernard served as Vice President and Global Account Executive for Royal Dutch Shell from 2003 to 2004 and President and CEO of Landmark Graphics from 2004 to 2006. Mr. Bernard received his B.S. degree in Petroleum Engineering from the University of Louisiana at Lafayette. As a result of these and other professional experiences, Mr. Bernard brings extensive breadth, depth and expertise in the oil and natural gas services sector of the energy industry that strengthens the Board's collective qualifications, skills and experience.

William J. Kacal, age 67, has served as a member of the Board since January 2012. Mr. Kacal currently serves as a director of Integrity Bancshares, Inc., located in Houston, Texas, and its wholly-owned subsidiary, Integrity Bank SSB (Integrity Bank), the National Association of Corporate Directors Texas Tri-Cities Chapter and Goodwill Industries of Houston (Goodwill Houston). Mr. Kacal serves on the Audit Committee of Integrity Bank, and previously served as the Chairman of the Audit Committee of Boy Scouts of America Sam Houston Area Council, Goodwill Industries International and Goodwill Houston. Mr. Kacal has over 40 years of accounting and management experience with Deloitte & Touche LLP (Deloitte), most recently serving as a partner from 1981 until his retirement in May 2011, and prior to that serving as a member of the audit staff from 1970 to 1981. Mr. Kacal also served as a member of the board of directors of Deloitte from 2004 to May 2011 and as a member of the executive committee from 2004 to 2008.

During his time with Deloitte, Mr. Kacal worked extensively with companies in the oil and natural gas industry. Mr. Kacal earned a B.B.A. in Accounting from Texas A&M University, is a licensed Certified Public Accountant in Texas and is a National Association of Corporate Directors (NACD) Board Leadership Fellow. As a result of these and other professional experiences, Mr. Kacal possesses particular knowledge and experience in accounting, finance and capital structure; strategic planning and leadership of complex organizations; and board practices of other entities that strengthen the Board's collective qualifications, skills and experience.

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Charles Shaver, age 57, has served as a member of the Board since July 2011 and is currently our Chairman of the Board. Mr. Shaver has served as the Chairman and Chief Executive Officer of Axalta Coating Systems, a publicly-held global coatings company, since February 2013. Mr. Shaver also has served as a member of the board of directors of Taminco Inc., a publicly-held producer of alkylamines and alkylamine derivatives, since January 2012. Prior to joining Axalta Coating Systems, Mr. Shaver was an Operating Partner of Golden Gate Capital from April 2011 until December 2012. Prior to joining Golden Gate Capital, Mr. Shaver served as the Chief Executive Officer and President of the TPC Group Inc. from 2004 to April 2011, as a Vice President and General Manager for Gentek, Inc. from 2001 to 2004 and as a Vice President and General Manager for Arch Chemicals, Inc. from 2001 to 2004. Mr. Shaver began his career with The Dow Chemical Company, where he held a series of operational and business positions from 1980 to 1996. Mr. Shaver earned a B.S. in chemical engineering from Texas A&M University. As a result of these and other professional experiences, Mr. Shaver possesses particular knowledge and experience in all aspects of corporate functions and company operations that strengthen the Board's collective qualifications, skills and experience.

Bryan A. Shinn, age 54, has served as our President since March 2011 and as our Chief Executive Officer and a member of the Board since January 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.

J. Michael Stice, Ed.D., age 56, joined our Board in October 2013. Mr. Stice has served as Dean of the Mewbourne College of Earth & Energy at the University of Oklahoma since August 2015. From September 2009 until his retirement in December 2014, he served as Chief Executive Officer of Access Midstream Partners, L.P., a midstream natural gas services provider, and served as a director of the general partner of Access Midstream Partners, L.P. from July 2012 until December 2014. Mr. Stice has served as a director of Sandridge Energy, Inc., an oil and natural gas company, since February 2015 and served as a director of Mark West Energy GP, LLC, the General Partner of Mark West Energy Partners, L.P., a midstream natural gas services provider, from May 2015 until its acquisition in December 2015. Mr. Stice was also Senior Vice President, Natural Gas Projects, of Chesapeake Energy Corporation and President and Chief Operating Officer of Chesapeake's primary midstream subsidiaries from November 2008 through July 2012. Prior to joining Chesapeake, Mr. Stice spent 27 years with ConocoPhillips and its predecessor companies, where he most recently served as President of ConocoPhillips Qatar, responsible for the development, management and construction of natural gas liquefaction and regasification (LNG) projects. While at ConocoPhillips, he also served as Vice President of Global Gas LNG, as President of Gas and Power and as President of Energy Solutions in addition to other roles in ConocoPhillips' midstream business units. Mr. Stice received a Bachelor of Science degree in Chemical Engineering from the University of Oklahoma in 1981, a Master of Science degree in Business from Stanford University in 1995 and a Doctorate of Education degree from The George Washington University in 2011. As a result of these professional and academic experiences, Mr. Stice brings extensive breadth, depth and expertise in the oil and natural gas services sector of the energy industry.

Family Relationships

There are no family relationships between any of our executive officers or directors.

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DETERMINATION OF INDEPENDENCE

The Board assesses the independence of its members under the NYSE listing standards. For a director to be considered independent, the Board must affirmatively determine that such director has no material relationship with us. When assessing the materiality of a director's relationship with us, the Board considers the issue from both the standpoint of the director and from that of persons and organizations with whom or with which the director has an affiliation. The Board reviews the standards adopted by the NYSE to assist it in determining if a director is independent. A director shall be deemed to have a material relationship with us and shall not be deemed to be an independent director if:

the director is or has been our employee or an employee of any of our affiliated entities at any time since January 1, 2013, or an immediate family member of the director is or has been an executive officer of us or any of our affiliated entities at any time since January 1, 2013; provided that employment of a director as our interim chairman of the Board or chief executive officer or other executive officer shall not disqualify such director from being considered independent following termination of that employment;

the director or an immediate family member is a current partner of a firm that is our internal or external auditor;

the director is a current employee of a firm that is our internal or external auditor;

the director has an immediate family member who is a current employee of a firm that is our internal or external auditor and personally works on our audit;

the director or an immediate family member was at any time since January 1, 2013 (but is no longer) a partner or employee of a firm that is our internal or external auditor and personally worked on our audit within that time;

the director or an immediate family member, is, or has been at any time since January 1, 2013, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee;

the director is a current executive officer or employee, or an immediate family member is a current executive officer, of another company that has made payments to, or received payments from (other than contributions to tax exempt organizations), us for property or services in an amount which, in any of the other company's last three fiscal years, exceeds the greater of \$1.0 million or 2% of such other company's consolidated gross revenues; or

the director has received, or has an immediate family member who has received, during any twelve-month period since January 1, 2013, more than \$120,000 in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service); provided, however, that (i) compensation received by a director for former service as an interim chairman or chief executive officer or other executive officer need not be considered and (ii) compensation received by an immediate family member for service as our employee (other than an executive officer) need not be considered.

The Board has determined that each of Messrs. Avramovich, Bernard, Kacal, Shaver and Stice, a majority of the members of our current Board, has no material relationship with us and is independent under NYSE listing standards. With respect to Mr. Shaver, the Board considered de minimis (less than \$20,000) product sales by us to Axalta Coating Systems, which it determined were immaterial and did not impair Mr. Shaver's independence. Mr. Shaver is the Chairman and Chief Executive Officer of Axalta Coating Systems.

There were no transactions, employment or other relationships, voting or other agreements or any other arrangements in the last three years that the Board had to consider with respect to the independence determinations for Messrs. Avramovich, Bernard, Kacal and Stice.

Mr. Shinn, who is our President and Chief Executive Officer, is not independent.

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CORPORATE GOVERNANCE

Board Composition

Our Board consisted of six members during 2015 and will consist of five members following the 2016 annual meeting. The affirmative vote of our Board is required to change the size of our Board or to fill any vacancies. The term of office for each director is until his or her successor is elected at our annual meeting or his or her death, resignation or removal, whichever is earliest to occur. Shareholders elect directors each year at our annual meeting.

The Board met seven times in 2015. Directors are expected to attend all or substantially all meetings of the Board and meetings of committees on which they serve, and each of the directors nominated for reelection attended at least 85% of the meetings of the Board and of any committees on which the director served in 2015.

The Board has adopted a policy that encourages each director to attend the annual meeting of shareholders. All of the six directors in office as of the date of the 2015 annual meeting of shareholders attended the meeting.

Committees of the Board of Directors

The Board has the committees set forth below. Each of the committees of the Board has adopted a charter, copies of which we maintain on our website, www.ussilica.com, along with a copy of our Corporate Governance Guidelines. Shareholders may also request a free copy of these documents from: U.S. Silica Holdings, Inc., Attn.: Investor Relations, 8490 Progress Drive, Suite 300, Frederick, Maryland 21701 (phone: 301-682-0304).

Executive Committee: This committee may exercise all of the powers of the Board, except that it may not amend the bylaws or approve or adopt, or recommend to shareholders, any action expressly required by the Delaware General Corporation Law to be submitted to shareholders for approval. The committee met five times in 2015. Mr. Shaver is the Chairman, and Messrs. Shinn and Stice are members.

Audit Committee: This committee is responsible for, among other matters:

appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;

evaluating the independence of our independent registered public accounting firm;

reviewing with our independent registered public accounting firm the scope and results of their audit;

approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;

overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the U.S.

Securities and Exchange Commission (SEC);

reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements;

overseeing our internal audit function;

overseeing our ethics and compliance function including establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters;

reviewing and approving related person transactions; and

overseeing our enterprise risk management program.

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The Audit Committee met seven times in 2015. Mr. Kacal is the Chairman, and Messrs. Avramovich and Bernard are members. The Audit Committee is composed entirely of independent directors as prescribed by the NYSE listing standards, SEC requirements and other applicable laws, rules and regulations. Each of the members of the Audit Committee is an audit committee financial expert as that term is defined in the applicable rules of the SEC. Following the annual meeting, the Board will appoint another independent director to replace Mr. Avramovich on the Audit Committee to ensure continued compliance with NYSE listing standards.

Compensation Committee: This committee is responsible for, among other matters:

reviewing executive officer compensation goals, policies, plans and programs;

reviewing and providing recommendations to the Board regarding the compensation of our directors, chief executive officer and other executive officers;

reviewing and approving employment agreements and other similar arrangements between us and our executive officers;

overseeing executive officer benefits programs and policies;

overseeing administration of stock plans and other incentive compensation plans;

appointing, compensating, retaining, evaluating, terminating and overseeing executive and director compensation advisers and assessing whether the work of such advisers creates conflicts of interest;

approving and periodically reviewing stock ownership guidelines and clawback policies;

reviewing and discussing with management the disclosure relating to executive compensation to be included in filings with the SEC;

reviewing and making recommendation to the Board with respect to proposals to be submitted for shareholder advisory votes relating to the compensation of our named executive officers and the frequency of the vote on such compensation; and

overseeing management succession planning.

The Compensation Committee met seven times in 2015. Mr. Stice is the Chairman, and Messrs. Avramovich and Shaver are members. The Compensation Committee is composed entirely of independent directors as prescribed by the NYSE listing standards, SEC requirements and other applicable laws, rules and regulations.

Information on the roles of executive officers and compensation consultants in determining or recommending the amount or form of executive and director compensation is provided under *Compensation Discussion and Analysis and Director Compensation* below.

Nominating and Governance Committee: This committee is responsible for, among other matters:

identifying individuals qualified to become members of the Board, consistent with criteria approved by the Board;

overseeing the organization of the Board to discharge the Board's duties and responsibilities properly and efficiently;

identifying best practices and recommending corporate governance principles;

developing and recommending to the Board a set of Corporate Governance Guidelines and principles applicable to us;

identifying and approving director continuing education programs; and

overseeing annual evaluations of the Board and its committees.

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The Nominating and Governance Committee met four times in 2015. Mr. Bernard is the Chairman, and Messrs. Kacal and Shaver are members. The Nominating and Governance Committee is composed entirely of independent directors as prescribed by the NYSE listing standards, SEC requirements and other applicable laws, rules and regulations.

Codes of Conduct

We expect our directors, officers and employees to act ethically at all times and acknowledge their adherence to the policies comprising our Codes of Conduct. Copies of the Code of Conduct for our Board and Code of Conduct and Ethics for our employees (including the chief executive officer, chief financial officer and corporate controller) can be found on our website. Any amendments or waivers to the Code of Conduct and Ethics applicable to the chief executive officer, chief financial officer and corporate controller can also be found in the Investor Relations section of our website. Shareholders may also request a free copy of these documents from: U.S. Silica Holdings, Inc., Attn.: Investor Relations, 8490 Progress Drive, Suite 300, Frederick, Maryland 21701 (phone: 301-682-0304).

Compensation Committee Interlocks and Insider Participation

No interlocking relationships exist between the members of our Compensation Committee and the board of directors or compensation committee of any other company.

Role of Board of Directors in Risk Oversight

The Board, through the Audit Committee, is responsible for risk oversight of our activities. The Audit Committee periodically discusses with management our policies governing the process by which risk assessment and risk management is undertaken and our major risk exposures and the steps management has taken to monitor and control such exposures. In addition, the Compensation Committee reviews the risks arising from our compensation policies and practices to determine whether those risks are reasonably likely to have a material adverse effect on us. The Board believes that our current Board leadership structure, as discussed below, takes into account the Board's role in risk management oversight including the appropriate delegation of risk management oversight responsibilities to the various committees of the Board.

Leadership Structure of Board of Directors

With respect to the roles of Chairman of the Board and Chief Executive Officer, our Corporate Governance Guidelines provide that the roles may be separated or combined, and the Board exercises its discretion in combining or separating these positions as it deems appropriate in light of prevailing circumstances. The Board believes that the combination or separation of these positions should continue to be considered as part of the succession planning process. Currently the roles are separated, with Mr. Shaver serving as independent Chairman. The Board believes that this structure best serves the interests of shareholders because it allows our Chief Executive Officer to focus primarily on our business strategy and operations and most effectively leverages the experience of the Chairman. It also enhances the Board's independent oversight of our senior management team and enables better communications and relations between the Board, the Chief Executive Officer and other senior management. In that regard, our independent Chairman presides over the executive sessions of the non-management and independent directors of the Board. Our Corporate Governance Guidelines provide the flexibility for our Board to modify our leadership structure in the future as appropriate. We believe that we, like many U.S. companies, are well served by this flexible leadership structure.

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NOMINATIONS FOR DIRECTOR

The Board seeks nominees with a broad diversity of experience, professions, viewpoints, skills and backgrounds that will enable them to make a significant contribution to the Board, our company and our shareholders. The Board believes that the backgrounds and qualifications of the current director nominees, considered as a group, provide a broad diversity of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. We discuss each nominee's specific experience, qualifications, attributes and skills in *Director Nominees*.

The Nominating and Governance Committee annually reviews the qualifications and backgrounds of the directors, as well as the overall composition of the Board, and recommends to the full Board the slate of director candidates to be nominated for election at the next annual meeting of shareholders. This review considers the following criteria, which are set forth in our Corporate Governance Guidelines, a copy of which is maintained on our website, www.ussilica.com:

independence;

diversity, age, skills and experience;

ability to represent all shareholders without a conflict of interest;

ability to work in and promote a productive environment;

whether the candidate has sufficient time and willingness to fulfill the substantial duties and responsibilities of a director;

whether the candidate has demonstrated the high level of character and integrity expected by us;

whether the candidate possesses the broad professional and leadership experience and skills necessary to effectively respond to the complex issues encountered by a publicly-traded company; and

ability to apply sound and independent business judgment.

As set forth in the charter of the Nominating and Governance Committee, if a shareholder were to recommend a director candidate, the Nominating and Governance Committee would consider such candidate using the same process and criteria used for candidates recommended by management or the Board. From time to time, the Nominating and Governance Committee may retain third-party search firms to assist the Board in identifying and evaluating potential nominees to serve on the Board.

COMMUNICATIONS WITH BOARD OF DIRECTORS

The Board has adopted a policy whereby any communications from our shareholders or other interested parties to the Board shall be directed to our Corporate Secretary, who will forward all such communications to Mr. Shaver as the Board's designated director. Mr. Shaver will determine whether any of such communications should be forwarded to other members of the Board. Any communication addressed to a particular director, the Chairman of a particular Board committee or the non-employee directors as a group will be forwarded directly to those individuals.

Communications that do not directly relate to the directors' duties and responsibilities will be excluded from distribution. Such excluded items may include spam, advertisements, mass mailings, form letters and email campaigns that involve unduly large numbers of similar communications, solicitations for goods, services, employment or contributions, surveys and individual product inquiries or complaints. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will be screened for omission. Any omitted or deleted communications will be made available to any director upon request.

Any shareholder or other interested party who wishes to communicate with the Board may submit such communication in writing to the Corporate Secretary, U.S. Silica Holdings, Inc., 8490 Progress Drive, Suite 300, Frederick, Maryland 21701.

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TRANSACTIONS WITH RELATED PERSONS

Policies for Approval of Related Person Transactions

We have adopted a written policy with respect to related party transactions. Under our related person transaction policy, a Related Person Transaction is any transaction, arrangement or relationship between us or any of our subsidiaries and a Related Person not including any transactions involving \$120,000 or less when aggregated with all similar transactions. A Related Person is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, any immediate family member of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is an executive officer, a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest in such entity.

Pursuant to our Related Person Transaction policy, any Related Person Transaction must be approved or ratified by a majority of the disinterested directors on the Board or a designated committee thereof consisting solely of disinterested directors. In approving any Related Person Transaction, the Board or the committee must determine that the transaction is on terms no less favorable to us in the aggregate than those generally available to an unaffiliated third party under similar circumstances.

Transactions with Related Persons, though not classified as Related Person Transactions by our policy and thus not subject to its review and approval requirements, may still need to be disclosed if required by the applicable securities laws, rules and regulations.

Other than compensation agreements and other arrangements that are described under *Executive and Director Compensation*, since January 1, 2015, there has not been, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed \$120,000 and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities or any member of the immediate family of the foregoing persons had or will have a direct or indirect material interest.

REPORT OF THE AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board in its oversight of our responsibility relating to: (i) the integrity of our financial statements; (ii) compliance with legal and regulatory requirements; (iii) the independent registered public accounting firm's qualifications and independence; and (iv) the performance of our internal auditors and independent registered public accounting firm. The Audit Committee operates pursuant to a charter, a current copy of which is available on our website at www.ussilica.com. Management is responsible for the preparation, presentation and integrity of our financial statements, accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for auditing our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and expressing an opinion as to their conformity with accounting principles generally accepted in the United States. The independent registered public accounting firm has free access to the Audit Committee to discuss any matters they deem appropriate.

In the performance of its oversight function, the Audit Committee has reviewed and discussed the audited financial statements with management and the independent registered public accounting firm. The Audit Committee also has discussed with management and the independent registered public accounting firm management's assessment of, and the independent registered public accounting firm's audit of, the effectiveness of our internal control over financial

reporting. The Audit Committee relies without independent verification on the information provided to us and on the representations made by management and the independent registered public accounting firm. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, Communication with Audit Committees, as currently in effect. Finally, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered

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public accounting firm's communications with the Audit Committee concerning independence, as currently in effect, and has considered whether the provision of non-audit services by the independent registered public accounting firm is compatible with maintaining the independent registered public accounting firm's independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence.

Based upon the reports and discussions described in this report, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the SEC.

William J. Kacal, Chairman

Daniel Avramovich

Peter Bernard

February 18, 2016

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The following table sets forth information as of the Record Date regarding the beneficial ownership of our common stock:

each person or group who is known by us to own beneficially more than 5% of our outstanding common stock;

each of our named executive officers;

each of our directors; and

all of our executive officers and directors as a group.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Common stock subject to options that are currently exercisable or exercisable within 60 days of the Record Date and restricted stock units that will vest within 60 days of the Record Date are deemed to be outstanding and beneficially owned by the person holding the options or restricted stock units. These shares, however, are not deemed outstanding when computing the percentage ownership of any other person. Percentages of beneficial ownership in the table below are based on 53,432,167 shares of common stock outstanding. Except as disclosed in the footnotes to the following table and subject to applicable community property laws, we believe that each shareholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the shareholder. Unless otherwise indicated in the following table or footnotes, the address for each beneficial owner is c/o U.S. Silica Holdings, Inc., 8490 Progress Drive, Suite 300, Frederick, Maryland 21701.

Name	Shares Beneficially Owned (#) ⁽¹⁾	Percent Stock Outstanding (%)
BlackRock, Inc. ⁽²⁾	5,555,211	10.4
First Trust Portfolios L.P. ⁽³⁾	4,696,667	8.8
The Vanguard Group ⁽⁴⁾	4,246,824	7.95
Ariel Investments, LLC ⁽⁵⁾	4,058,476	7.6
Millennium Management LLC ⁽⁶⁾	3,898,539	7.3
Named Executive Officers and Directors:		
Daniel Avramovich	16,244	*
Peter Bernard	25,056	*
Bradford B. Casper	76,347	*
William J. Kacal ⁽⁷⁾	53,555	*

Donald A. Merrill	43,342	*
Charles Shaver	21,867	*
Bryan A. Shinn	89,539	*
J. Michael Stice	17,355	*
Don D. Weinheimer	92,473	*
Michael L. Winkler	99,701	*
All Current Directors and Executive Officers as a Group (14 persons)	662,111	1.2

- (1) Includes the following shares that may be acquired upon exercise of stock options that are exercisable on or within 60 days after the Record Date or upon vesting of restricted stock units that will vest

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- within 60 days after the Record Date: Mr. Bernard, 5,000 shares; Mr. Casper, 67,868 shares; Mr. Kacal, 10,000 shares; Mr. Merrill, 37,225 shares; Mr. Shinn 34,448 shares; Mr. Weinheimer, 87,250 shares; Mr. Winkler, 83,081 shares and all current directors and executive officers as a group, 430,243 shares.
- (2) According to a Schedule 13G/A filed with the SEC on January 8, 2016 by BlackRock, Inc. and its subsidiaries BlackRock (Luxembourg) S.A., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Fund Advisors (which itself owns 5% or greater of our common stock), BlackRock Fund Managers Ltd, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd and BlackRock Investment Management, LLC (collectively, BlackRock), as of December 31, 2015, BlackRock is the beneficial owner of 5,555,211 shares, as to which it has sole voting power as to 5,438,561 shares and sole dispositive power as to 5,555,211 shares. The address for BlackRock is 55 East 52nd Street, New York, NY 10055.
- (3) According to a Schedule 13G/A filed with the SEC on January 25, 2016 by First Trust Portfolios L.P. (First Trust Portfolios), First Trust Advisors, L.P. (First Trust Advisors) and The Charger Corporation (Charger, and collectively with First Trust Portfolios and First Trust Advisors, First Trust), as of December 31, 2015, First Trust is the beneficial owner of 4,696,667 shares, as to which First Trust Advisors and Charger have shared voting power as to 57 shares and First Trust Portfolio has shared dispositive power as to 4,696,610 shares and First Trust Advisors and Charger have shared dispositive power as to 4,696,667 shares. The address for First Trust is 120 East Liberty Dr., Suite 400, Wheaton, IL 60187.
- (4) According to a Schedule 13G/A filed with the SEC on February 11, 2016, the aggregate number of shares owned beneficially by The Vanguard Group is 4,246,824, as of December 31, 2015, with sole voting power as to 117,270 shares, shared voting power as to 3,300 shares, sole dispositive power as to 4,129,454 shares, and shared dispositive power as to 117,370 shares. Vanguard Fiduciary Trust Company (VFTC), a wholly-owned subsidiary of The Vanguard Group, Inc., beneficially owns 114,070 shares. Vanguard Investments Australia, Ltd. (VIA), a wholly-owned subsidiary of The Vanguard Group, Inc., beneficially owns 6,500 shares. The address for The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (5) According to a Schedule 13G/A filed with the SEC on February 12, 2016, the aggregate number of shares owned beneficially by Ariel Investments, LLC is 4,058,476, as of December 31, 2015, with sole voting power as to 3,837,381 shares, sole dispositive power as to 4,058,476 shares, and no shared voting or dispositive power. The address for Ariel Investments, LLC is 200 E. Randolph Dr., Suite 2900, Chicago, IL 60601.
- (6) According to a Schedule 13G/A filed with the SEC on January 11, 2016 by Millennium Management LLC and its affiliates ICS Opportunities, Ltd., Integrated Assets, Ltd., Integrated Core Strategies (US) LLC, Millennium International Management LP, Millennium International Management GP, LLC and Millennium Management LLC (collectively, Millennium), as of December 31, 2015, Millennium is the beneficial owner of 3,898,539 shares, as to which it has shared voting power as to 3,398,539 shares and shared dispositive power as to 3,898,539 shares. Israel A. Englander is the managing member of Millennium Management LLC. The address for Millennium is 666 Fifth Avenue, New York, NY 10103.
- (7) Includes 2,600 shares held by Mr. Kacal's spouse.
- * Represents beneficial ownership of less than one percent (1%) of our common stock.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

In this compensation discussion and analysis, we explain our general compensation philosophy for the executives named in the *Summary Compensation Table*, our named executive officers, as well as provide an overview and analysis of the different material elements of compensation that we provide our named executive officers. We have organized our discussion and analysis as follows:

First, we provide a summary of our 2015 performance.

Second, we discuss our compensation objectives, philosophy and practices.

Then, we discuss our use of compensation consultants and our approach to benchmarking the compensation for each of the named executive officers.

Finally, we describe each material element of compensation that we pay to our named executive officers, how we selected the various elements and amounts of compensation, and how decisions we make about one element of compensation fit into our overall compensation program and affect decisions regarding other elements of compensation.

Named Executive Officers

Our named executive officers for 2015 are as follows:

Name	Title
Bryan A. Shinn	President and Chief Executive Officer
Donald A. Merril	Vice President and Chief Financial Officer
Bradford B. Casper	Vice President and Chief Commercial Officer
Don D. Weinheimer	Vice President and General Manager, Oil & Gas
Michael L. Winkler	Vice President and Chief Operating Officer

U.S. Silica 2015 Performance

Our financial performance in 2015 was significantly affected by the severe downturn in the oil and gas markets, which reduced demand for our frac sand products. In 2015:

spot prices for West Texas Intermediate (WTI) crude oil were down 53% compared to 2014;

the number of land rigs operating in oil and gas basins in the United States decreased by over 60% from its peak in 2014; and

the number of drilled but uncompleted wells increased significantly. Our frac sand products are used in the well completion process.

As a result of these adverse economic and market conditions, as compared to 2014:

revenue decreased by 27%;

Adjusted EBITDA declined by 56%;

total tons sold decreased by 8%; and

average selling price per ton of sand declined by 20%.

Nonetheless, despite the adverse conditions, we were able to accomplish the following in 2015:

increased market share in the oil and gas proppant segment by 50%;

increased contribution margin in the industrial and specialty products segment by 15% as compared to 2014 through the introduction of new, higher margin products;

enhanced our product portfolio for the oil and gas business by introducing InnoProp® Python RCS, a high-performance resin coated proppant;

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opened a unit train receiving transload facility in Odessa, Texas to support mainly the Permian basin market; and

managed cash prudently, enabling operating cash flows to exceed capital expenditures by \$7.8 million and resulting in cash on hand of \$277.1 million as of December 31, 2015.

Adjusted EBITDA and segment contribution margin are non-GAAP measures. We discuss our use of Adjusted EBITDA below in *Performance-Based Cash Incentives* and our use of both measures in *How We Evaluate Our Business* in the *Management's Discussion and Analysis of Financial Condition and Results of Operations* section of our 2015 Annual Report on Form 10-K.

In addition, in the context of these extremely difficult economic and market conditions that severely affected financial results for an overwhelming majority of companies in our industry and across the broad sector of companies whose financial results are significantly influenced by the oil and gas markets, our shareholders were not as negatively affected as were the shareholders of most of our peer companies. Specifically, the table below summarizes our total shareholder return (TSR) over three different time periods all of which culminate with December 31, 2015 relative to the peer groups against which we benchmarked our executive compensation (note that there is considerable overlap between these peer groups):

Benchmark	1-Year TSR 12/31/2014 12/31/2015	3-Year TSR 12/31/2012 12/31/2015	Since U.S. Silica IPO 2/1/2012 12/31/2015
2016 Proxy Peer Group Median ⁽¹⁾	-49.0%	-33.3%	-52.2%
2015 Proxy Peer Group Median ⁽²⁾	-55.8%	-73.5%	-74.1%
U.S. Silica Holdings, Inc.	-25.8%	+17.0%	+26.3%
<i>U.S. Silica Percentile Rank Relative to 2016 Proxy Peer Group Median</i>	<i>75th percentile</i>	<i>84th percentile</i>	<i>70th percentile</i>
<i>U.S. Silica Percentile Rank Relative to 2015 Proxy Peer Group Median</i>	<i>75th percentile</i>	<i>92nd percentile</i>	<i>80th percentile</i>

- (1) The companies included in the 2016 proxy peer group are listed in *Benchmarking*. The data shown above excludes Rosetta Resources Inc. because it was acquired by Noble Energy, Inc. in July 2015. TSR data for Fairmount Santrol Holdings Inc. is included for only the 1-year TSR period because the company began trading publicly in October 2014. TSR data for Forum Energy Technologies, Inc. is included for only the 1-year and 3-year TSR periods because the company began trading publicly in April 2012.
- (2) The companies included in the 2015 proxy peer group are listed in *Benchmarking*. The data shown above excludes Rosetta Resources Inc. because it was acquired by Noble Energy, Inc. in July 2015.

Summary of Executive Compensation Actions in 2015

In light of our overall financial performance in 2015, the Compensation Committee determined not to pay the named executive officers a performance-based cash incentive award for 2015 as discussed below in *Performance-Based Cash Incentives*.

Following the annual grant of equity awards in February 2015 under our long-term incentive program, as discussed below in *Long-Term Incentive Program*, in June 2015, the Compensation Committee approved incremental, off-cycle equity awards to certain employees, including the named executive officers. In approving these awards, the Compensation Committee considered the dramatic oil and gas market downturn and its significant impact on our existing executive compensation programs and equity awards. The incremental, off-cycle equity awards were intended as an additional incentive to promote alignment of our executives' interests with those of shareholders and to enhance the retentive aspects of our long-term incentive program through the oil and gas market downturn. These awards were conveyed as stock options and restricted stock units that vest ratably over three years. The off-cycle equity awards are discussed in more detail below in *Long-Term Incentive Program June 2015 Off-Cycle Equity Awards*.

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Executive Compensation Objectives and Philosophy

The key objectives of our executive compensation programs are (1) to attract, motivate, reward and retain superior executive officers with the skills necessary to successfully lead and manage our business, (2) to achieve accountability for performance by linking annual cash incentive compensation to the achievement of measurable performance objectives, and (3) to align the interests of the executive officers and our shareholders through short-and long-term incentive compensation programs. For our named executive officers, these short- and long-term incentives are designed to accomplish these objectives by providing a significant financial correlation between our financial results and their total compensation.

At our 2015 annual meeting, we received very strong support from our shareholders for our 2014 executive compensation program with approximately 94% of the votes cast in favor of the say-on-pay proposal. We believe the voting results demonstrated strong support for the overall design and results of our compensation program in 2014, which included strong alignment between pay and performance. For 2015, the overall design of our executive compensation program remained largely unchanged.

In 2015, as reflected in the charts on the next page, a significant portion of the compensation of our Chief Executive Officer and other named executive officers consisted of equity incentive compensation contingent upon the achievement of financial performance, business unit and/or individual performance goals. Performance-based compensation aligns the interests of our Chief Executive Officer and other named executive officers with the interests of our shareholders because the amount of compensation ultimately received will vary with our company's financial performance. Additionally, equity compensation derives its value from our equity value, which is likely to fluctuate based on our financial performance.

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2015 Compensation Mix⁽¹⁾

2015 Variable and Fixed Compensation⁽²⁾

- (1) Consists of base salary paid in 2015 (as reported in the *Salary* column of the *2015 Summary Compensation Table*), long-term incentive award granted in February 2015 (as reported in the *Stock Awards* column of the *2015 Summary Compensation Table*), restricted stock unit and stock option awards granted in June and November 2015 (as reported in the *Stock Awards* and *Option Awards* columns, respectively, of the *2015 Summary Compensation Table*) and other compensation (as reported in the *All Other Compensation* column of the *2015 Summary Compensation Table*).
- (2) Variable compensation consists of the long-term incentive award granted in February 2015 and the restricted stock unit and stock option awards granted in June and November 2015. Fixed compensation consists of base salary and other compensation.

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We seek to apply a consistent philosophy to compensation for all executive officers. Our compensation philosophy is based on the following core principles:

To Pay for Performance

Individuals in leadership roles are compensated based on a combination of total company, business unit and individual performance factors. Total company performance is evaluated in part based on the degree to which pre-established financial objectives are met. Business unit and individual performance are evaluated based upon several individualized objectives. The Chief Executive Officer assessment process is managed by the Chairman of the Compensation Committee with input from all Board members. The Chairman solicits input from other Board members on the Chief Executive Officer's performance relative to the pre-established key objectives for the year. Each Board member is invited to provide feedback on the Chief Executive Officer's performance. The Chairman gathers this feedback and synthesizes it into a clear, balanced view of actual results as compared to the objectives. With guidance from the compensation consultant, the Chairman provides a pay recommendation to the Compensation Committee consistent with the feedback he has received from the Board.

The other management team members, including our named executive officers, provide objectives to the Board at the beginning of the year. The Chief Executive Officer assesses each management team member against those objectives and reports back to the Compensation Committee at mid-year and at the beginning of the following year. With guidance from the compensation consultant, the Chief Executive Officer provides pay recommendations for the management team members to the Compensation Committee consistent with his assessment of the executives performance.

The objectives and results for 2015 for our named executive officers are discussed in more detail below in *Material Elements of Compensation*.

To Pay Competitively

We are committed to providing a total compensation program designed to retain our high-caliber performers and attract superior leaders to our company. To achieve this goal, we compare our pay practices and overall pay levels with oil and gas, industrial and mineral organizations as discussed below in *Use of Compensation Consultants and Benchmarking*.

To Pay Equitably

We believe that it is important to apply generally consistent guidelines for all executive officer compensation programs. In order to deliver equitable pay levels, the Compensation Committee considers depth and scope of accountability, complexity of responsibility, qualifications and executive performance, both individually and collectively as a team.

Executive Compensation Practices

In addition to establishing a pay-for-performance culture, we have instituted the following executive compensation practices:

What We Do

- ⌋ **Clawback Policy.** The Compensation Committee has adopted a clawback policy that applies to all executive officers with respect to short-term and long-term performance-based incentive compensation as more fully described in *Clawback Policy* below.

- ⌋ **Stock Ownership Guidelines.** Stock ownership requirements for our executive officers create alignment with shareholder interests and require a significant ownership level as described in *Stock Ownership Requirements* below.

- ⌋ **Limited Perquisites.** Perquisites provided to executives are limited and reviewed annually by the Compensation Committee.

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- **Independent Compensation Consultant.** The Compensation Committee retains its own independent compensation consultant.

What We Don't Do

- x **No Guaranteed Bonuses.** We do not provide guaranteed bonuses to any of our executive officers.

- x **No Pension Plan.** We do not provide any qualified or non-qualified pension plans or other post-employment defined benefit plans to our executive officers.

- x **No Special Tax Gross-ups.** We do not provide tax gross-ups on perquisites received by our executive officers, except for tax gross-up on relocation benefits, which is provided to all employees.

- x **No Hedging; Limited Pledging.** Our insider trading policy prohibits all employees, including the named executive officers, from using our stock in any hedging activities. Employees may not pledge our stock as collateral or hold it in a margin account without obtaining approval from the General Counsel or Chief Compliance Officer.

- x **No Option Repricing, Reloads or Buyouts.** Our Amended and Restated 2011 Incentive Compensation Plan does not allow the repricing or cash buyout of stock options or stock appreciation rights, reload provisions in stock option grants or the payment of dividends on unvested performance shares and requires all awards to have at least a one-year vesting period.

Use of Compensation Consultants and Benchmarking

Overview

We administer compensation changes for all employees, including our named executive officers, on an annual basis. Each February, after performance results for the prior year are finalized, incentive payouts for the prior performance period are determined and performance metrics for the current year's annual and long-term incentive grants are approved by the Compensation Committee. This administration schedule permits compensation decisions to be made within a reasonable time after finalizing our financial and operational results, so that an assessment of business and individual contributions to corporate performance can provide alignment of pay with performance. This schedule also facilitates the establishment of performance metrics that are consistent with our business plan objectives communicated to shareholders at the beginning of the year.

Use of Compensation Consultants

Our Compensation Committee retains a compensation consultant to assist the Committee in determining both the mix of compensation that we make available to our named executive officers and the amount of each element, taking into account the general goals of our compensation program. The compensation consultant also provides research and market data to the Compensation Committee and generally advises the Committee on matters relating to its executive compensation decision making. A representative of the compensation consultant generally attends meetings of the Compensation Committee at which executive compensation matters are discussed and also communicates directly

with the Compensation Committee Chair.

Since 2013, the Compensation Committee has retained Exequity LLP (Exequity) as the executive compensation consultant to the Compensation Committee. The Compensation Committee has determined that the work of Exequity did not raise any conflicts of interest in 2015. In making this assessment, the Compensation Committee considered the independence factors enumerated in Rule 10C-1(b) under the Exchange Act, including the fact that Exequity does not provide any other services to us, the level of fees received from us as a percentage of Exequity s total revenue, policies and procedures employed by Exequity to prevent conflicts of interest, and whether the individual Exequity advisers to the Compensation Committee own any of our stock or have any business or personal relationships with members of the Compensation Committee or our executive officers.

Table of Contents**Benchmarking**

With assistance from Exequity, in July 2014, our Compensation Committee established the following peer group for 2015 (the 2015 proxy peer group) to benchmark the components of the total direct compensation of our named executive officers:

C&J Energy Services, Inc.	Eagle Materials, Inc.	Oasis Petroleum Inc.*
CARBO Ceramics Inc.	Energy XXI Limited*	PDC Energy Inc.
Clayton Williams Energy, Inc.	GulfMark Offshore, Inc.	Pioneer Energy Services Corp.
Comstock Resources, Inc.	Intrepid Potash, Inc.	Rosetta Resources Inc.*
Dril-Quip Inc.*	Minerals Technologies Inc.*	

* New to peer group for 2015

These companies are of similar size to us in terms of revenues and market capitalization and operate in the same industries as us, namely oil and gas and minerals. Certain companies were removed from the peer group used in 2014 because they were acquired during 2014 (AMCOL International, EPL Oil & Gas and Texas Industries) or the Compensation Committee deemed them to be too small in terms of market capitalization as compared to us as a result of our growth in 2014 (ION Geophysical, Resolute Energy and TETRA Technologies). Specifically, at the time the peer group review was conducted in July 2014, our market capitalization was approximately \$3.0 billion (positioned at the 90th percentile relative to the 2014 proxy peer group, which had a median market capitalization of \$1.5 billion), while the market capitalizations for ION Geophysical, Resolute Energy, and Tetra Technologies were approximately \$690 million, \$580 million and \$890 million, respectively. The companies that replaced the six companies removed from the 2014 proxy peer group to form the 2015 proxy peer group had approximate market capitalizations as of July 2014 as follows:

Dril-Quip, Inc. (\$4.4 billion)

Energy XXI Limited (\$1.6 billion)

Minerals Technologies Inc. (\$2.3 billion)

Oasis Petroleum Inc. (\$5.8 billion)

Rosetta Resources, Inc. (\$3.3 billion)

At the time the Compensation Committee reviewed compensation data for the 2015 proxy peer group (in October 2014), the median market capitalization and most recently reported annual revenues were approximately \$1.3 billion and \$843 million, respectively. As of October 2014, our market capitalization and most recently reported fiscal year revenues were \$2.6 billion (78th percentile relative to the 2015 proxy peer group) and \$546 million (34th percentile relative to the 2015 proxy peer group), respectively.

The Compensation Committee also reviewed a group of 17 companies in the energy, construction, mining and manufacturing industries that participated in Equilar's survey of compensation for key executive positions (the 2015 survey peer group).

In August 2015, our Compensation Committee reviewed information provided by Exequity for the purposes of evaluating the ongoing appropriateness of the 2015 proxy peer group. As a result of this review, the Compensation Committee again refined the peer group, and this new peer group, the 2016 proxy peer group, was used to both provide context for executive compensation-related discussions and decision-making for late 2015, and to evaluate proposals related to establishing target total direct compensation opportunities for our named executive officers for 2016. The 2016 proxy peer group is shown on the next page.

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C&J Energy Services, Inc.	Fairmount Santrol Holdings Inc.*	Oasis Petroleum Inc.
CARBO Ceramics Inc.	Forum Energy Technologies, Inc.*	Oil States International, Inc.*
Clayton Williams Energy, Inc.	Headwaters Inc.*	PDC Energy Inc.
Dril-Quip Inc.	Intrepid Potash, Inc.	Pioneer Energy Services Corp.
Eagle Materials, Inc.	Minerals Technologies Inc.	Rosetta Resources Inc.

* New to peer group for 2016

Three companies were removed from the 2015 proxy peer group because the Compensation Committee deemed them to be too small in terms of market capitalization as compared to us (which had a market capitalization of approximately \$1.5 billion as of the time Exequity's report was generated in July 2015). The companies that were removed from the peer group and their respective market capitalizations at the time Exequity's report was generated in July 2015 were: Comstock Resources Inc. (\$188 million), Energy XXI Limited (\$296 million) and Gulfmark Offshore Inc. (\$316 million). The companies that replaced the three companies removed from the 2015 proxy peer group to form the 2016 proxy peer group had approximate market capitalizations as of July 2015 as follows:

Fairmount Santrol Holdings Inc. (\$1.4 billion)

Forum Energy Technologies, Inc. (\$1.9 billion)

Headwaters Inc. (\$1.4 billion)

Oil States International, Inc. (\$2.0 billion)

As of October 2015, when Exequity completed its study of target total direct compensation levels for the 2016 proxy peer group, the median market capitalization and most recently reported annual revenues for the 2016 proxy peer group were approximately \$1.3 billion and \$1.1 billion, respectively. Meanwhile, our market capitalization and most recently reported fiscal year revenues at the time the study was completed were \$882 million (40th percentile relative to the 2016 proxy peer group) and \$877 million (31st percentile relative to the 2016 proxy peer group), respectively.

The Compensation Committee also updated the survey peer group and reviewed a group of 31 companies in the energy, mining and logistics industries that participated in Equilar's survey of compensation for key executive positions (the 2016 survey peer group) to provide additional context for late 2015 executive compensation-related discussions.

Exequity provided market compensation data using the above-referenced peer groups established by the Compensation Committee. For the 2015 and 2016 survey peer groups, Exequity size-adjusted the compensation data using a regression analysis consistent with standard practice to reflect the pay levels the survey peer group companies were expected to pay if they were our revenue size. Exequity then analyzed the benchmark data and provided advice and insight to the Compensation Committee regarding competitive pay levels for the named executive officers. At the end of 2014 and the beginning of 2015, the Compensation Committee reviewed the benchmark data from the 2015 proxy peer group and 2015 survey peer group for the Chief Executive Officer, and the Compensation Committee and the Chief Executive Officer reviewed the benchmark data from those peer groups for the other named executive officers, at the 25th, 50th and 75th percentiles as a reference for determining the 2015 base salary, 2015 cash incentive

target awards and 2015 long-term incentive target awards for our named executive officers. As noted above, the Compensation Committee reviewed the benchmark data from the 2016 proxy peer group and 2016 survey peer group to provide context for executive compensation-related discussions and decision-making for late 2015.

It is the Compensation Committee's intent to provide target total compensation opportunities for our executives that are generally comparable to median target total compensation opportunities among relevant peer executives and are calibrated such that actual total compensation realized would (a) exceed peer median pay opportunities in the event that company and individual performance is strong, and (b) be below median pay opportunities in the event that company and individual performance is not strong.

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Material Elements of Compensation

The elements of our compensation program in 2015 were:

base salary;

performance-based cash incentives;

equity-based incentives; and

certain additional executive benefits and perquisites.

The Compensation Committee will seek to consider each of these elements of compensation at the same time to enable the Compensation Committee to consider their impact on total compensation and the extent to which the determinations made will reflect the principles of our compensation philosophy and related guidelines with respect to allocation of compensation among certain of these elements and total compensation. We strive to achieve an appropriate mix between the various elements of our compensation program to meet our compensation objectives and philosophy; however, we do not apply any rigid allocation formula in setting our executive compensation, and we may make adjustments to this approach for various positions after giving due consideration to prevailing circumstances.

Base Salary

We provide a base salary to our executive officers to compensate them for their services during the year and to provide them with a stable source of income. The base salaries for our named executive officers in 2015 were established in November 2014 by our Compensation Committee, based in large part on the salaries established for persons holding similar positions with companies in the 2015 proxy peer group and by the Committee's review of other factors, including:

the individual's performance, results, qualifications and tenure;

the job's responsibilities, pay mix (base salary, annual cash incentives and other executive benefits) and similar companies' compensation practices; and

our ability to replace the individual.

As a result of these base salary increases, our named executive officers did not receive a base salary increase in 2015 with the exception of Mr. Casper, whose base salary was increased from \$310,000 to \$350,000 in connection with his promotion to the role of Chief Commercial Officer.

In the future, we expect that salaries for executive officers will continue to be reviewed and benchmarked against the relevant peer group annually, as well as at the time of a promotion or other change in level of responsibilities, or when

competitive circumstances or business needs may require.

Performance-Based Cash Incentives: Annual Bonus Incentive Plan (ABIP)

We pay performance-based cash incentives under the ABIP in order to align the compensation of our employees, including our named executive officers, with our short-term operational and performance goals and to provide near-term rewards for employees to meet these goals. For 2015, these incentive payments were based on the attainment of pre-established objective financial goals, business unit performance objectives and individual personal performance objectives. Our short-term, performance-based cash incentive awards made to our named executive officers are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, as amended (the Code). The following table shows each named executive officer's performance-based cash incentive minimum, threshold, target and maximum payouts under the ABIP as of December 31, 2015, which were established by the Compensation Committee in February 2015.

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Name	Minimum Payout (\$)	Threshold Payout (\$)	Target Payout (\$)	Maximum Payout (\$)
Bryan A. Shinn	0	325,000	650,000	1,300,000
Donald A. Merrill	0	135,575	271,150	542,300
Bradford B. Casper ⁽¹⁾	0	116,042	232,083	464,166
Don D. Weinheimer	0	155,500	311,000	622,000
Michael L. Winkler	0	202,500	405,000	810,000

⁽¹⁾ Mr. Casper's threshold, target and maximum payout opportunities were adjusted by the Compensation Committee in May 2015 in connection with his promotion to the role of Chief Commercial Officer.

In order for the 2015 ABIP awards for employees who are covered under Code Section 162(m), which includes most of the named executive officers, to qualify as performance-based compensation, the Compensation Committee determined in January 2015 that the 2015 ABIP awards for covered employees would fund at each individual's maximum (200% of target, as shown above) award opportunity if we achieved net income after taxes, as audited and determined in accordance with U.S. generally accepted accounting principles (net income), for the year ended December 31, 2015 of at least \$25 million. Within this framework, the Compensation Committee had authority to use negative discretion to adjust downward the payout achieved under the financial performance goal based on our Adjusted EBITDA for the year ended December 31, 2015 as follows:

2015 Results (Adjusted EBITDA)	Percentage of Target Paid	
Less than \$168 million	0%	
\$168 million		Minimum threshold for any
	50%	payout
\$210 million	100%	Target
\$231 million	150%	
\$252 million or greater	200%	Maximum

Adjusted EBITDA was defined as our consolidated earnings before interest, taxes, depreciation and amortization, as audited, as adjusted by the Compensation Committee to take into consideration the following: (i) restructurings, discontinued operations, extraordinary items or events (including acquisitions and divestitures), and other unusual or non-recurring charges (including expenses incurred with acquisitions and divestitures), (ii) an event either not directly related to our operations or not within the reasonable control of our management, (iii) losses incurred as a result of any goodwill impairment, or (iv) a change in tax law or accounting standards required by U.S. generally accepted accounting principles. Adjusted EBITDA was used because it is a key metric used by management and the Board to assess our operating performance.

The Compensation Committee may also use negative discretion to adjust the annual performance-based cash incentive payout achieved under the financial performance goal based on business unit and personal performance as determined in the Committee's sole discretion; even if the threshold Adjusted EBITDA results, as set forth above, are achieved. Therefore, the actual amount of the payout is determined by reference to actual 2015 Adjusted EBITDA as well as achievement of the following business unit and personal performance objectives designed to coincide with the achievement of our overall short-term operational and performance goals:

achievement of business unit performance goals;

achievement of 2015 budget and delivering budgeted savings under our cost improvement program;

maintenance of a high quality mergers and acquisitions pipeline and execution on strategic transactions;

continued improvement in financial reporting, cash management, analysis and operating processes; and

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meeting environmental, health and safety performance goals.

If we did not achieve net income of at least \$25 million in 2015, the Compensation Committee, at its discretion, could have provided awards to executive officers that would not be tax-deductible, which could have been determined based on the degree of achievement of the metrics described above as well as other factors taken into consideration by the Compensation Committee.

At the Compensation Committee meeting in February 2016, the determination of the 2015 performance-based cash incentive award payouts to the named executive officers took into account the following material factors:

Net income after taxes, as audited and determined in accordance with U.S. generally accepted accounting principles, for the year ended December 31, 2015 was \$11.9 million, less than the \$25 million of net income needed to trigger a payout under the 2015 ABIP.

Adjusted EBITDA for the year ended December 31, 2015 as compared to threshold, target and maximum performance under the 2015 annual incentive program:

Adjusted EBITDA in millions				
Threshold		Maximum		Payout
(80% of target)	Target	(120% of target)	Actual	Achieved
\$ 168	\$ 210	\$ 252	\$ 109.5	0%

For a calculation of 2015 Adjusted EBITDA, see Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations - How We Evaluate Our Business* in our 2015 Form 10-K.

The Compensation Committee considered and agreed with the individual performance assessments that the Chief Executive Officer presented to the Committee for each other named executive officer as well as the Chief Executive Officer's self-assessment. The Compensation Committee members also discussed their own assessment of each named executive officer's performance including the Chief Executive Officer assessment managed by the Chairman of the Board.

The Compensation Committee considered the business unit and personal performance objectives listed above.

Based on the foregoing factors, the Compensation Committee determined that no payouts should be made to the named executive officers under the 2015 ABIP.

Long-Term Incentive Program**Annual Awards**

Our equity award program is the primary vehicle for offering long-term incentives to our named executive officers. In the first quarter of 2015, the Compensation Committee reviewed with Exequity the long-term incentive program for

certain of our employees, including the named executive officers, that had been developed in 2014 and decided to add stock options to the mix of equity awards made under the program. Under the program, each of our named executive officers has been provided equity grants consisting of the following performance-based component and retention-oriented, time-vested component:

55% of the total grant value in the form of performance share units that are tied to our Adjusted EBITDA over three years;

25% of the total grant value in the form of stock options with exercise prices equal to the closing price on the date of grant and a three-year vesting period; and

20% of the total grant value in the form of restricted stock units that vest ratably over three years. The ultimate number of performance share units to be earned by the named executive officers will be based on our cumulative Adjusted EBITDA over the period from January 1, 2015 through December 31, 2017. The performance share units vest at the end of the performance period and will be paid out in shares of our common stock. Performance goals have been established as follows:

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Performance Goal	Performance Share Units Earned
Threshold	50%
Target	100%
Maximum	200%

No performance share units will be earned if the threshold goal is not met. To the extent that actual cumulative Adjusted EBITDA for the performance period is between goals the number of performance share units to become vested will be determined on a pro rata basis using straight line interpolation.

For purposes of determining the number of performance share units earned, Adjusted EBITDA will be calculated as our consolidated earnings before interest, taxes, depreciation and amortization, as audited, and may be adjusted to take into consideration the following: (i) restructurings, discontinued operations, extraordinary items or events (including acquisitions and divestitures), and other unusual or non-recurring charges (including expenses incurred with acquisitions and divestitures), (ii) an event either not directly related to our operations or not within the reasonable control of our management, (iii) losses incurred as a result of any goodwill impairment, or (iv) a change in tax law or accounting standards required by U.S. generally accepted accounting principles.

Since the components of cumulative Adjusted EBITDA for the performance period contain highly sensitive data, we do not disclose specific threshold, target and maximum goals because we believe that such disclosure would result in serious competitive harm and be detrimental to our operating performance. Our performance share unit cumulative Adjusted EBITDA goals are intended to be realistic and reasonable, but challenging, in order to drive performance. The goals are expected to be consistent with any annual Adjusted EBITDA forecasts that we provide to investors publicly during the performance period based on the information available to the Board and management at the time the goals are established and the equity grant is made. Adjusted EBITDA derived from mergers and acquisitions activity during the performance period may be used in determining achievement of the goals but the Compensation Committee has the discretion to exclude such Adjusted EBITDA.

We believe our long-term incentive program aligns the interests of our named executive officers with our shareholders, provides our named executive officers with incentives linked to long-term performance and creates an ownership culture. In addition, the vesting feature of our long-term incentive program contributes to executive retention because this feature provides an incentive to our named executive officers to remain in our employ during the vesting period.

In determining individual target award opportunities under the long-term incentive program, the Board and the Compensation Committee exercised its judgment and discretion, in consultation with our Chief Executive Officer and the Committee's compensation consultant, and considered, among other things, the role and responsibility of the named executive officer, competitive factors including a review of market data as discussed in *Benchmarking*, the amount of stock-based equity compensation already held by the named executive officer, and the cash-based compensation received by the named executive officer to determine the long-term incentive program opportunity that was approved.

June 2015 Off-Cycle Equity Awards

In June 2015, the Compensation Committee approved incremental, off-cycle equity awards to certain employees, including the named executive officers. In approving these awards, the Compensation Committee considered that a confluence of broad macroeconomic factors including the dramatic oil and gas market downturn that is discussed above in *U.S. Silica 2015 Performance* affected our financial performance in such a profound manner that it became apparent that:

no variable compensation would be earned in 2015 (including no payouts under the 2015 ABIP and no payouts under the 2013-2015 performance share units);

outstanding 2014-2016 performance share units also would be highly unlikely to be earned; and

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vested and unvested equity award values were so low as to erode the degree of shareholder alignment as well as the retentive aspects of the executives' outstanding equity awards.

The incremental, off-cycle equity awards were intended as an additional incentive to promote alignment of our executives' interests with those of shareholders and to enhance the retentive aspects of our long-term incentive program through the oil and gas market downturn. These awards were conveyed as follows:

50% of the total grant value in the form of stock options with exercise prices equal to the closing price on the date of grant and a three-year vesting period; and

50% of the total grant value in the form of restricted stock units that vest ratably over three years.

In determining individual awards, the Board of Directors and the Compensation Committee exercised its judgment and discretion, in consultation with our Chief Executive Officer and the Committee's compensation consultant, and considered, among other things, the role and responsibility of the named executive officer, competitive factors, and the value of existing equity awards held by the named executive officer.

November 2015 Off-Cycle Equity Award to Brad Casper

In November 2015, Mr. Casper was granted restricted stock units with a grant date fair value of approximately \$725,000 and vesting ratably over three years. This grant was approved by the Compensation Committee to recognize superior performance since his promotion to Chief Commercial Officer in May 2015 and underscore his importance to us.

2013-2015 Performance Share Units

Performance share units were granted to each of the named executive officers with a performance period that began on July 1, 2013 and ended December 31, 2015. These grants are included in the *Outstanding Equity Awards at Fiscal Year-End* table. Based on our cumulative Adjusted EBITDA performance over the performance period, the Compensation Committee determined that no awards were payable under these grants.

The restricted stock unit, performance share unit and stock option awards approved by the Board and the Compensation Committee in 2015 are reflected in the *Grants of Plan-Based Awards Table* below.

Additional Executive Benefits and Perquisites

We provide our executive officers with executive benefits and perquisites that the Board believes are reasonable and in the best interests of our company and our shareholders. Consistent with our compensation philosophy, we intend to continue to maintain our current benefits for our executive officers, including retirement plans, health and welfare benefits and life insurance and long-term disability insurance described below. The Compensation Committee, in its discretion, may revise, amend or add to an officer's executive benefits if it deems it advisable. We believe these benefits are generally equivalent to benefits provided by comparable companies. We have no current plans to change the levels of benefits provided thereunder.

Retirement Plan Benefits. We sponsor a 401(k) plan covering substantially all eligible employees. Employee contributions to the 401(k) plan are voluntary. We contribute an amount equal to 25% of a covered employee's eligible contribution up to 8% of a participant's salary. We also may contribute from 0% to 75% of a covered employee's

eligible contribution up to 8%, if applicable, based on our profits from the previous fiscal year as an incentive to encourage our employees to participate in the 401(k) plan. The contributions based on our profits are paid during the Spring of the following fiscal year. In the case of both the matching program and the profit sharing program, our contributions vest over a period of five years. Finally, we also provide a 4% defined contribution of monthly basic income into a participant's 401(k) account if that participant does not participate in our defined pension plan. These contributions vest each year. Contributions by participants are limited to their annual tax deferred contribution limit as allowed by the Internal Revenue Service.

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None of our named executive officers participate in or have account balances in any qualified or nonqualified defined benefit plans sponsored by us. Either our Board or our Compensation Committee may elect to adopt qualified or nonqualified benefit plans in the future if it determines that doing so is in our best interest.

Health and Welfare Benefits. We offer health, dental and vision coverage for all employees, including our named executive officers, and pay a portion of the premiums for our named executive officers on the same basis as for our other salaried employees.

Life Insurance and Long-Term Disability Insurance. As of December 31, 2015, we offer life insurance up to five times each employee's annual salary up to a maximum of \$600,000. We offer long-term disability insurance equal to 66.67% of an employee's annual salary, up to a maximum of \$10,000 per month. We pay life insurance premiums on behalf of our named executive officers and all other salaried employees equal to one times annual salary. Additional amounts up to the maximum amount are paid by the employee. We pay the premium for long term disability for 60% of salary (up to the \$10,000 per month maximum) for all employees, including our named executive officers. The premium for the additional 6.67% is paid for by the employee.

Deferred Compensation. None of our named executive officers participate in or have account balances in our unfunded, deferred compensation plan.

Perquisites. Executive perquisites are discussed in the footnotes to the *Summary Compensation Table*. We believe that the executive perquisites we provide are de minimis in amount and consistent in form to those offered to executives of our peers listed in *Benchmarking*. We do not provide tax gross-up on perquisites that are provided to our executive officers, other than tax gross-ups on relocation benefits. We provide tax gross-up to all employees who receive relocation benefits, which is a prevalent market practice.

Employment and Other Agreements

Bryan A. Shinn

In March 2012, we entered into an employment agreement with Mr. Shinn, our President and Chief Executive Officer. Pursuant to the terms of the employment agreement, Mr. Shinn was entitled to an annual base salary of \$400,000, which was adjusted by the Board in 2014 to \$650,000 as discussed above. Mr. Shinn is also eligible to earn a short-term, performance-based cash incentive payment for each year under the annual bonus incentive program in which our other executive officers participate. His target annual incentive has been established by the Board at 100% of his annual base salary.

Mr. Shinn is also entitled to receive benefits