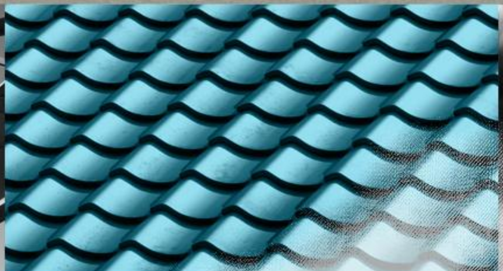
Second Quarter 2012 Earnings Call

July 31, 2012



Cautionary Statements Regarding Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

Certain statements in this press release are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and speak only as of this date. Forward-looking statements include any statement that does not directly relate to any historical or current fact and may include, but are not limited to, statements regarding U.S. Silica’s growth opportunities, strategy, future financial results, forecasts, projections, plans and capital expenditures, and the commercial silica industry. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements. Among these factors are (1) fluctuations in demand for commercial silica; (2) the cyclical nature of our customers’ businesses; (3) operating risks that are beyond our control; (4) federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing; (5) our ability to implement our capacity expansion plans within our current timetable and budget; (6) loss of, or reduction in, business from our largest customers; (7) increasing costs or a lack of dependability or availability of transportation services or infrastructure; (8) our substantial indebtedness and pension obligations; (9) our ability to attract and retain key personnel; (10) silica-related health issues and corresponding litigation; (11) seasonal and severe weather conditions; and (12) extensive and evolving environmental, mining, health and safety, licensing, reclamation and other regulation (and changes in their enforcement or interpretation). Additional information concerning these and other factors can be found in U.S. Silica’s filings with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

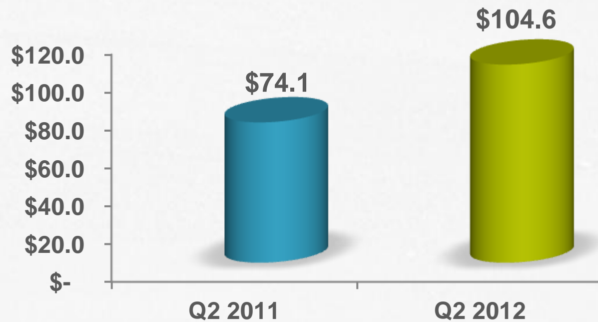
Non-GAAP Financial Measures

This presentation contains Non-GAAP financial measures, including Adjusted EBITDA and Segment Contribution Margin. Adjusted EBITDA should be considered supplemental to and not a substitute for financial information prepared in accordance with generally accepted accounting principles (GAAP) included in U.S. Silica’s filings with the Securities and Exchange Commission and may differ from similarly titled measures used by others. Please see the slides 13 and 14 to this presentation for additional information, including a definition of Segment Contribution Margin and a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP.

Second Quarter 2012 Results

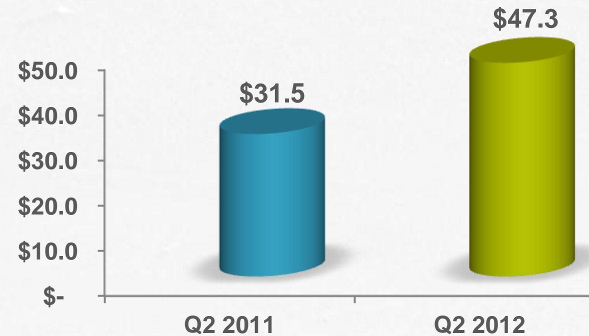
Sales Revenue
(in millions)

41.2% YOY Growth



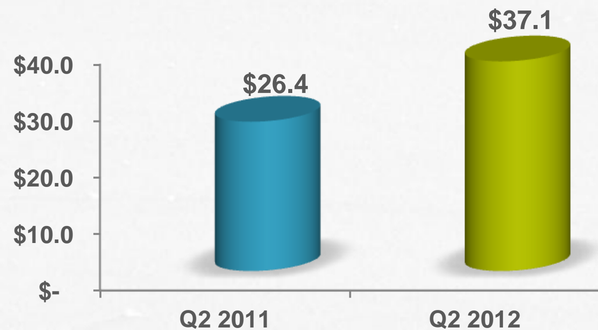
Contribution Margin
(in millions)

49.9% YOY Growth



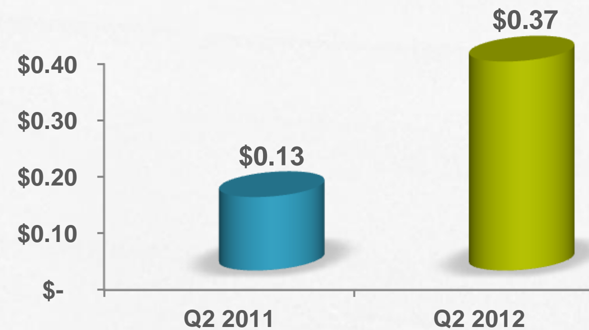
Adjusted EBITDA
(in millions)

40.4% YOY Growth



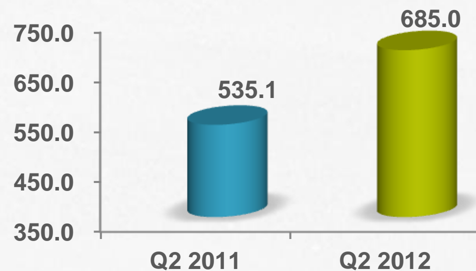
EPS
(actual dollars)

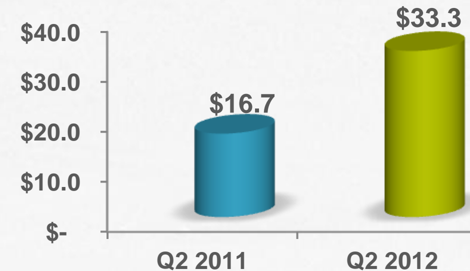
184.6% YOY Growth



** A non-GAAP financial measure. See slides 13 and 14.*

Oil & Gas Proppants





- Sales volume increased 149.9 thousand tons, or 28.0%
- O&G contribution margin increased by 99.1%, or $16.6 million, to $33.3 million
  - O&G contribution margin accounted for 70.3% of total contribution margin in the second quarter of 2012, compared to 53.0% in the second quarter of 2011

Market Update and Outlook

Slowing growth in North American oil rig count and declining gas rig count are posing short-term challenges for many companies in our space

We believe that we are extremely well positioned to thrive in a variety of market conditions and deliver strong growth in revenue and earnings over the intermediate term:

- Extensive, high quality reserves
- Low production cost structure
- Stable industrial business which generates a substantial Adjusted EBITDA
- Established, contractual relationships with major well service companies
- Robust, well-developed supply chain management system
- Line of sight capacity expansion strategy
- Strong balance sheet
- More difficult local permitting environment for new mining operations
- Experienced and capable management team

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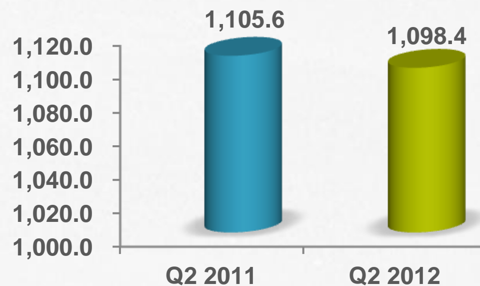
Industrial & Specialty Products

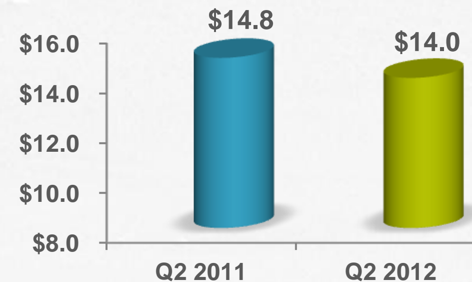
ISP Sales Volume
(in tons)

-0.7% YOY Growth



ISP Contribution Margin
(in millions)

-5.4% YOY Decline



- Sales volume decreased 7.2 thousand tons in the second quarter of 2012, or -0.7%
- ISP contribution margin decreased by 5.4%, or $0.8 million, to $14.0 million

US SILICA

Major Initiatives

Resin Coated Sand Plant – Rochelle, IL

- Expected to be operational by the first quarter of 2013
- Initial production capacity of 200,000 tons, or 400 million pounds annually
  - Ability to double capacity with limited incremental capital investment in the future
- Substrate for this facility will be provided from our Ottawa, IL production facility
  - Competitive advantage due to high quality of "Ottawa White" sand, as well as the flexibility to adjust the grade based on current market demand
- Facility is at the intersection of two Class 1 railroads, providing transportation and delivered cost advantages over competitors

Greenfield Production Facility – Sparta, WI

- Expected to be operational by the second quarter of 2013
- Initial production capacity of 750,000-850,000 tons annually
  - Facility designed with scalability to cost effectively increase capacity in the future
- Estimated 38.0 million tons of high quality ore reserves
- Class 1 railroad immediately adjacent to the facility, providing transportation efficiency and delivered cost advantages

Supply Chain Management

Best in Class Logistical Capabilities

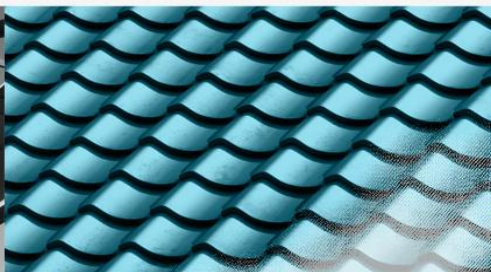
- Recently signed agreement with BNSF to create partnership to build and operate a transload facility near San Antonio, TX
  - Facility will be large enough to ship unit trains from out flagship Ottawa facility to supply the Eagle Ford shale with premium, high quality Northern White sand
- In June, we signed an agreement with the Canadian Pacific railroad to ship unit trains to the Bakken shale from our Sparta facility, upon beginning operations in the second quarter of 2013.
- These agreements and other initiatives we are currently working on continue to further enhance our ability to provide the *"right product, at the right place, at the right time"*

Second Quarter 2012 Financial Results

(unaudited; $ in millions, except statistics and per share)

	Three Months Ended June 30,	
	2012	2011
Key Operating Statistics:		
Tons Sold: (000s)		
Oil & Gas	685.0	535.1
Industrial & Specialty Products	1,098.4	1,105.6
Total	1,783.4	1,640.7
Income:		
Revenue	$ 104.6	$ 74.1
Contribution Margin [(a)]	$ 47.3	$ 31.5
% Margin	*45.2%*	*42.6%*
Adjusted EBITDA [(a)]	$ 37.1	$ 26.4
% Margin	*35.5%*	*35.7%*
Net Income	$ 19.5	$ 6.4
EPS, Basic and Diluted	$ 0.37	$ 0.13

(a) Indicates a Non-GAAP financial measure. See slides 13 and 14 to this presentation for additional information, including a definition of Segment Contribution Margin and a reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP.



Cash Flow and Liquidity

- Net cash provided by operations was $43.7 million in the second quarter of 2012, compared to use of $17.2 million for the second quarter of 2011
- Capital spending of $24.3 million in the second quarter of 2012, primarily related to the construction of our new production facilities in Rochelle, IL and Sparta, WI
- As of June 30, 2012, we had $102.6 million of cash on hand and $24.0 million available under our credit facilities
- Our total outstanding debt at June 30, 2012 was $260.6 million
- We had no off-balance sheet arrangements at June 30, 2012

Stock Repurchase Program

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Amount of Shares that May Yet Be Purchased Under the Program
June 2012	20,000	$ 10.74	20,000	$ 24,785,152
As of June 30, 2012	20,000	$ 10.74	20,000	$ 24,785,152

- On June 11, 2012, the Board of Directors authorized us to repurchase up to $25.0 million of our common stock.
- The authorization remains open for a period of 18 months, concluding on December 11, 2013.
- In June 2012, we repurchased 20,000 shares of our common stock, at an average price of $10.74. These shares are being held in Treasury.
- As of June 30, 2012, we have the authorization to repurchase up to an additional $24.8 million of our common stock under the program.

2012 Third Quarter and Full Year Guidance

- We currently estimate for the third quarter of 2012:
  - Revenue $95 – $103 million
  - Adjusted EBITDA $33 – $37 million
- We currently estimate for full year 2012 :
  - Revenue $395 – $415 million
  - Adjusted EBITDA* $142 – $150 million
  - Capital Expenditures $90 – $110 million

** We are not able to provide a reconciliation of projected Adjusted EBITDA to projected Net Income due to the unknown effect, timing and potential significance of certain income statement items. The methodology, consistently applied, to reconcile Adjusted EBITDA to Net Income is disclosed in our Quarterly Report on Form 10-Q, as filed with the SEC and included on slides 13 and 14, herein*

Non-GAAP Financial Performance Measures

Segment Contribution Margin

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

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

Adjusted EBITDA

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

Reconciliation
(Adjusted EBITDA to Net Income)

	Three Months Ended June 30,	
	2012	2011
Net income	$ 19,451	$ 6,356
Total interest expense, net of interest income	3,383	5,217
Provision for taxes (benefit)	7,287	2,474
Total depreciation, depletion and amortization expenses	5,974	5,252
EBITDA	36,095	19,299
Non-recurring expesnes (income) (1)	-	-
Transaction expenses (2)	-	6,043
Permitted management fees and expenses (3)	-	312
Non-cash incentive compensation (4)	493	54
Post-employment expenses (excluding service costs) (5)	404	628
Other adjustments allowable under our existing credit agreements (6)	120	94
Adjusted EBITDA	$ 37,112	$ 26,430

(1) Includes the gain on the sale of assets.

(2) Includes fees and expenses related to the January 27, 2012 amendment of our Term Loan and Revolver.

(3) Includes fees and expense paid to Golden Gate Capital for ongoing consulting and management services provided pursuant to an Advisory Agreement entered into in connection with Golden Gate Capital Acquisition; this Advisory Agreement was terminated in connection with our IPO.

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

(5) Includes net pension cost and net post-retirement cost relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service cost relating to benefits earned during such period.

(6) Reflects miscellaneous adjustments permitted under our existing credit agreements, including such items as expenses related to reviewing growth initiatives and potential acquisitions.