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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-35416

U.S. Silica Holdings, Inc.

(Exact name of registrant as specified in its charter)

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

24275 Katy Freeway, Suite 600
Katy, Texas 77494
(Address of Principal Executive Offices) (Zip Code)

(281) 258-2170
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	SLCA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of April 28, 2020, 73,807,128 shares of common stock, par value $0.01 per share, of the registrant were outstanding.

U.S. SILICA HOLDINGS, INC.
FORM 10-Q
For the Quarter Ended March 31, 2020

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PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; dollars in thousands)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 144,701	$ 185,740
Accounts receivable, net	232,855	182,238
Inventories, net	119,084	124,432
Prepaid expenses and other current assets	17,926	16,155
Income tax deposits	—	475
Total current assets	514,566	509,040
Property, plant and mine development, net	1,487,221	1,517,587
Operating lease right-of-use assets	48,847	53,098
Goodwill	185,649	273,524
Intangible assets, net	181,597	183,815
Other assets	15,244	16,170
Total assets	$ 2,433,124	$ 2,553,234
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 196,959	$ 248,237
Current portion of operating lease liabilities	50,402	53,587
Current portion of long-term debt	40,233	18,463
Current portion of deferred revenue	9,799	15,111
Total current liabilities	297,393	335,398
Long-term debt, net	1,212,264	1,213,985
Deferred revenue	38,310	35,523
Liability for pension and other post-retirement benefits	65,475	58,453
Deferred income taxes, net	33,940	38,585
Operating lease liabilities	108,741	117,964
Other long-term liabilities	37,407	36,746
Total liabilities	1,793,530	1,836,654
Commitments and Contingencies (Note O)		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; zero issued and outstanding at March 31, 2020 and December 31, 2019	—	—
Common stock, $0.01 par value, 500,000,000 shares authorized; 82,835,684 issued and 73,757,495 outstanding at March 31, 2020; 82,601,926 issued and 73,601,950 outstanding at December 31, 2019	824	823
Additional paid-in capital	1,187,962	1,185,116
Retained deficit	(353,862)	(279,956)
Treasury stock, at cost, 9,078,189 and 8,999,976 shares at March 31, 2020 and December 31, 2019, respectively	(181,369)	(180,912)
Accumulated other comprehensive loss	(25,060)	(19,854)
Total U.S. Silica Holdings, Inc. stockholders' equity	628,495	705,217
Non-controlling interest	11,099	11,363
Total stockholders' equity	639,594	716,580
Total liabilities and stockholders' equity	$ 2,433,124	$ 2,553,234

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2020	**2019**
Sales:		
Product	$ 222,161	$ 296,860
Service	47,438	81,890
Total sales	269,599	378,750
Cost of sales (excluding depreciation, depletion and amortization):		
Product	165,496	234,916
Service	35,821	62,622
Total cost of sales (excluding depreciation, depletion and amortization)	201,317	297,538
Operating expenses:		
Selling, general and administrative	30,052	34,656
Depreciation, depletion and amortization	38,449	44,600
Goodwill and other asset impairments	103,866	—
Total operating expenses	172,367	79,256
Operating (loss) income	(104,085)	1,956
Other (expense) income:		
Interest expense	(22,277)	(23,978)
Other income, net, including interest income	17,671	722
Total other expense	(4,606)	(23,256)
Loss before income taxes	(108,691)	(21,300)
Income tax benefit	36,086	1,972
Net loss	$ (72,605)	$ (19,328)
Less: Net loss attributable to non-controlling interest	(260)	(4)
Net loss attributable to U.S. Silica Holdings, Inc.	$ (72,345)	$ (19,324)
Loss per share attributable to U.S. Silica Holdings, Inc.:		
Basic	$ (0.98)	$ (0.26)
Diluted	$ (0.98)	$ (0.26)
Weighted average shares outstanding:		
Basic	73,467	73,040
Diluted	73,467	73,040
Dividends declared per share	$ 0.02	$ 0.06

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited; dollars in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Net loss	$ (72,605)	$ (19,328)
Other comprehensive loss:		
Unrealized gain (loss) on derivatives (net of tax of $67 and ($299) for the three months ended March 31, 2020 and 2019, respectively)	211	(940)
Foreign currency translation adjustment (net of tax of $(92) and $(60) for the three months ended March 31, 2020 and 2019, respectively)	(289)	(199)
Pension and other post-retirement benefits liability adjustment (net of tax of $(1,634) and $55 for the three months ended March 31, 2020 and 2019, respectively)	(5,128)	174
	$ (77,811)	$ (20,293)
Less: Comprehensive loss attributable to non-controlling interest	(260)	(4)
Comprehensive loss attributable to U.S. Silica Holdings, Inc.	$ (77,551)	$ (20,289)

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

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited; dollars in thousands, except per share amounts)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total U.S. Silica Holdings Inc., Stockholders' Equity	Non-controlling Interest	Total Stockholders' Equity
Balance at December 31, 2019	$ 823	$ (180,912)	$ 1,185,116	$ (279,956)	$ (19,854)	$ 705,217	$ 11,363	$ 716,580
Net loss	—	—	—	(72,345)	—	(72,345)	(260)	(72,605)
Unrealized gain on derivatives	—	—	—	—	211	211	—	211
Foreign currency translation adjustment	—	—	—	—	(289)	(289)	—	(289)
Pension and post-retirement liability	—	—	—	—	(5,128)	(5,128)	—	(5,128)
Cash dividend declared ($0.02 per share)	—	—	—	(1,561)	—	(1,561)	—	(1,561)
Distributions to non-controlling interest	—	—	—	—	—	—	(4)	(4)
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	2,847	—	—	2,847	—	2,847
Tax payments related to shares withheld for vested restricted stock and stock units	1	(457)	(1)	—	—	(457)	—	(457)
Balance at March 31, 2020	$ 824	$ (181,369)	$ 1,187,962	$ (353,862)	$ (25,060)	$ 628,495	$ 11,099	$ 639,594
Balance at December 31, 2018	$ 818	$ (178,215)	$ 1,169,383	$ 67,854	$ (15,020)	$ 1,044,820	$ 7,484	$ 1,052,304
Net loss	—	—	—	(19,324)	—	(19,324)	(4)	(19,328)
Unrealized loss on derivatives	—	—	—	—	(940)	(940)	—	(940)
Foreign currency translation adjustment	—	—	—	—	(199)	(199)	—	(199)
Pension and post-retirement liability	—	—	—	—	174	174	—	174
Cash dividend declared ($0.0625 per share)	—	—	—	(4,610)	—	(4,610)	—	(4,610)
Contributions from non-controlling interest	—	—	—	—	—	—	4,729	4,729
Common stock-based compensation plans activity:								
Equity-based compensation	—	—	4,045	—	—	4,045	—	4,045
Proceeds from options exercised	—	295	(167)	—	—	128	—	128
Tax payments related to shares withheld for vested restricted stock and stock units	2	(2,205)	(2)	—	—	(2,205)	—	(2,205)
Balance at March 31, 2019	$ 820	$ (180,125)	$ 1,173,259	$ 43,920	$ (15,985)	$ 1,021,889	$ 12,209	$ 1,034,098

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; dollars in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Operating activities:		
Net loss	$ (72,605)	$ (19,328)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation, depletion and amortization	38,449	44,600
Goodwill and other asset impairments	103,866	—
Debt issuance amortization	860	1,322
Original issue discount amortization	690	265
Deferred income taxes	(36,979)	(2,553)
Deferred revenue	(2,525)	(7,576)
(Gain) loss on disposal of property, plant and equipment	(419)	113
Equity-based compensation	2,847	4,045
Provision for credit losses, net of recoveries	902	721
Other	(16,792)	(3,872)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(13,471)	(43,583)
Inventories	2,917	18,938
Prepaid expenses and other current assets	(4,820)	3,151
Income taxes	578	812
Accounts payable and accrued expenses	(40,455)	12,970
Liability for pension and other post-retirement benefits	6,751	924
Other noncurrent assets and liabilities	(10,597)	(48)
Net cash (used in) provided by operating activities	(40,803)	10,901
Investing activities:		
Capital expenditures	(16,116)	(44,376)
Capitalized intellectual property costs	(494)	(1,307)
Proceeds from sale of property, plant and equipment	224	—
Net cash used in investing activities	(16,386)	(45,683)
Financing activities:		
Dividends paid	(4,604)	(4,690)
Proceeds from options exercised	—	128
Tax payments related to shares withheld for vested restricted stock and stock units	(457)	(2,205)
Proceeds from draw down of the Revolver	25,000	—
Payments on long-term debt	(3,782)	(4,043)
(Distributions to) contributions from non-controlling interest	(4)	4,729
Principal payments on finance lease obligations	(3)	(20)
Net cash provided by (used in) financing activities	16,150	(6,101)
Net decrease in cash and cash equivalents	(41,039)	(40,883)
Cash and cash equivalents, beginning of period	185,740	202,498
Cash and cash equivalents, end of period	$ 144,701	$ 161,615

U.S. SILICA HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited; dollars in thousands)

	Three Months Ended March 31,	
	2020	**2019**
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 20,677	$ 21,557
Taxes, net of refunds	$ 101	$ (472)
Non-cash items:		
Accrued capital expenditures	$ 20,111	$ 39,239
Net assets assumed in business acquisition	$ 10,955	$ —

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

NOTE A—ORGANIZATION AND BASIS OF PRESENTATION

Organization

U.S. Silica Holdings, Inc. (“Holdings,” and together with its subsidiaries “we,” “us” or the “Company”) is a performance materials company and one of the largest domestic producers of commercial silica used in the oil and gas industry and in a wide range of industrial applications. In addition, through our acquisition of EP Minerals, LLC ("EPM") and its affiliated companies in 2018, we are an industry leader in the production of industrial minerals, including diatomaceous earth, clay (calcium bentonite and calcium montmorillonite) and perlite. During our 120-year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver products to customers across our end markets. Our operations are organized into two reportable segments based on end markets served: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. See Note U - Segment Reporting for more information on our reportable segments.

Basis of Presentation and Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements for the quarter ended March 31, 2020 included in this Quarterly Report on Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X issued by the U.S. Securities and Exchange Commission (“SEC”). They do not contain certain information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019; therefore, the unaudited Condensed Consolidated Financial Statements should be read in conjunction with that Annual Report on Form 10-K. Operating results for the three–month period ended March 31, 2020 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2020. In the opinion of management, all adjustments necessary for a fair presentation have been included. Such adjustments are of a normal, recurring nature.

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

We follow Financial Accounting Standards Board ("FASB") Accounting Standards Codification (“ASC”) guidance for identification and reporting of entities over which control is achieved through means other than voting rights. The guidance defines such entities as Variable Interest Entities (“VIEs”). We consolidate VIEs when we have variable interests and are the primary beneficiary. We continually evaluate our involvement with VIEs to determine when these criteria are met.

During the third quarter of 2018 we finalized a shareholders' agreement with unrelated parties to form a limited liability company with the purpose of constructing and operating a water pipeline to transport and sell water. In connection with the shareholders’ agreement, we acquired a 50% equity ownership in the limited liability company for $3.2 million, with a maximum initial capital contribution of $7.0 million, and a water rights intangible asset for $0.7 million. Based on our evaluation, we determined that this limited liability company is a VIE of which we are the primary beneficiary and therefore we are required to consolidate it. As of March 31, 2020, the VIE had total assets of $17.7 million and total liabilities of $0.1 million. We made $0.1 million in capital contributions during the three months ended March 31, 2020.

Throughout this report we refer to (i) our unaudited Condensed Consolidated Balance Sheets as our “Balance Sheets,” (ii) our unaudited Condensed Consolidated Statements of Operations as our “Income Statements,” and (iii) our unaudited Condensed Consolidated Statements of Cash Flows as our “Cash Flows.”

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to the purchase price allocation for businesses acquired; mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of-production amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable minerals; estimates of allowance for doubtful accounts; estimates of fair value for certain reporting units and

asset impairments (including impairments of goodwill, intangible assets and other long-lived assets); write-downs of inventory to net realizable value; equity-based compensation expense; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; contingent considerations; reserves for contingencies and litigation and the fair value and accounting treatment of financial instruments, including derivative instruments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

New Accounting Pronouncements Recently Adopted

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The new guidance requires a customer in a cloud computing arrangement (i.e., hosting arrangement) that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets or expense as incurred. Capitalized implementation costs related to a hosting arrangement that is a service contract will be amortized over the term of the hosting arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. The update is effective for calendar-year public business entities in 2020. We adopted the new standard on January 1, 2020. The adoption of this ASU had no significant impact on our Condensed Consolidated Statements of Operations.

In November 2018, FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments-Credit Losses. The amendments in this ASU clarified issues related to Topic 326. In Issue 1, the amendment in this ASU mitigates transition complexity by requiring that for nonpublic business entities the amendments in ASU 2016-13 are effective for fiscal years after December 15, 2021, including interim periods within those fiscal years. In Issue 2, the amendment clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. Impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The ASU is effective for all entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We adopted the new standard on January 1, 2020. The adoption of the new standard did not have a significant impact on our Condensed Consolidated Financial Statements as our current process for estimating expected credit losses for trade receivables aligns with the expected credit loss model. See Note F - Accounts Receivable for more information.

New Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20). The new guidance removes certain disclosure requirements for employers which sponsor defined benefit pension or other post-retirement plans, but also adds disclosure requirements for the weighted average interest crediting rates for cash balance plans and other plans with promised crediting rates and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. The amendments also clarify disclosure requirements for the projected benefit obligation (PBO) and accumulated benefit obligation (ABO) and fair value of plan assets for plans with PBOs and ABOs in excess of plan assets. Entities should apply the amendments on a retrospective basis for all periods presented. The amendments in this ASU are effective for public entities for fiscal years ending after December 15, 2020. We are currently evaluating the effect that the guidance will have on our disclosures.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this ASU simplify the accounting for income taxes by removing several exceptions and also simplify the accounting for income taxes by requiring that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, requiring that an entity evaluate when a step up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction, specifying that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements (however, an entity may elect to do so on an entity-by-entity basis) for a legal entity that is both not subject to tax and disregarded by the taxing authority, requiring that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date, and making minor codification improvements for income taxes related to employee stock ownership plans and investments in qualified affordable housing projects accounted for using the equity method. For public business entities, the amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. We are currently evaluating the effect that the guidance will have on our financial statements and related disclosures.

NOTE C—EARNINGS PER SHARE

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is computed similarly to basic earnings per common share except that the weighted average number of common shares outstanding is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

Diluted net earnings per share assumes the conversion of contingently convertible securities and stock options under the treasury stock method, if dilutive. Contingently convertible securities and stock options are excluded from the calculation of fully diluted earnings per share if they are anti-dilutive, including when we incur a loss from continuing operations.

The following table shows the computation of basic and diluted earnings per share for the three months ended March 31, 2020 and 2019:

In thousands, except per share amounts	Three Months Ended March 31,	
	2020	**2019**
Numerator:		
Net loss attributable to U.S. Silica Holdings, Inc.	$ (72,345)	$ (19,324)
Denominator:		
Weighted average shares outstanding	73,467	73,040
Diluted effect of stock awards	—	—
Weighted average shares outstanding assuming dilution	73,467	73,040
Loss per share attributable to U.S. Silica Holdings, Inc.:		
Basic loss per share	$ (0.98)	$ (0.26)
Diluted loss per share	$ (0.98)	$ (0.26)

Potentially dilutive shares (in thousands) of 41 and 171 for the three months ended March 31, 2020 and 2019, respectively, were excluded from the calculation of diluted weighted average shares outstanding and diluted earnings per share because we were in a net loss position. Certain stock options, restricted stock awards and performance share units were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive. Stock awards (in thousands) excluded from the calculation of diluted loss per common share were as follows:

In thousands	Three Months Ended March 31,	
	2020	**2019**
Stock options excluded	827	736
Restricted stock and performance share units awards excluded	2,391	353

NOTE D—CAPITAL STRUCTURE AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Common Stock

Our Amended and Restated Certificate of Incorporation authorizes up to 500,000,000 shares of common stock, par value of $0.01. Subject to the rights of holders of any series of preferred stock, all of the voting power of the stockholders of Holdings shall be vested in the holders of the common stock. There were 82,835,684 shares issued and 73,757,495 shares outstanding at March 31, 2020. There were 82,601,926 shares issued and 73,601,950 shares outstanding at December 31, 2019.

During the three months ended March 31, 2020, our Board of Directors declared quarterly cash dividends as follows:

Dividends per Common Share	Declaration Date	Record Date	Payable Date
$ 0.02	February 10, 2020	March 13, 2020	April 3, 2020

All dividends were paid as scheduled.

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

Preferred Stock

Our Amended and Restated Certificate of Incorporation authorizes our Board of Directors to issue up to 10,000,000 shares, in the aggregate, of preferred stock, par value of $0.01 in one or more series, to fix the powers, preferences and other rights of such series, and any qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference, and to fix the number of shares to be included in any such series, without any further vote or action by our stockholders.

There were no shares of preferred stock issued or outstanding at March 31, 2020 or December 31, 2019. At present, we have no plans to issue any preferred stock.

Share Repurchase Program

In May 2018, our Board of Directors authorized the repurchase of up to $200 million of our common stock from time to time on the open market or in privately negotiated transactions. Stock repurchases, if any, will be funded using our available liquidity. The timing and amount of stock repurchases will depend on a variety of factors, including the market conditions as well as corporate and regulatory considerations. As of March 31, 2020, we have repurchased a total of 5,036,139 shares of our common stock at an average price of $14.59 and have $126.5 million of remaining availability under this program.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of fair value adjustments associated with cash flow hedges, accumulated adjustments for net experience losses and prior service costs related to employee benefit plans and foreign currency translation adjustments, net of tax. The following table presents the changes in accumulated other comprehensive loss by component (in thousands) during the three months ended March 31, 2020:

	For the Three Months Ended March 31, 2020			
	Unrealized gain on cash flow hedges	Foreign currency translation adjustments	Pension and other post-retirement benefits liability	Total
Beginning Balance	$ (3,053)	$ (808)	$ (15,993)	$ (19,854)
Other comprehensive loss before reclassifications	211	(289)	(5,823)	(5,901)
Amounts reclassified from accumulated other comprehensive loss	—	—	695	695
Ending Balance	$ (2,842)	$ (1,097)	$ (21,121)	$ (25,060)

Amounts reclassified from accumulated other comprehensive loss related to cash flow hedges are included in interest expense in our Income Statements and amounts reclassified related to pension and other post-retirement benefits are included in the computation of net periodic benefit costs at their pre-tax amounts.

NOTE E—BUSINESS COMBINATIONS

During the first quarter of 2020, we settled multiple intellectual property and contractual lawsuits involving our SandBox Logistics unit and Arrows Up, LLC. As part of the settlement, SandBox Logistics took control of Arrows Up's existing business, including all equipment and sand logistics contracts while also receiving a cash payment.

We have accounted for the acquisition of Arrows Up, LLC under the acquisition method of accounting in accordance with ASC 805, Business Combinations. Estimates of fair value included in the Condensed Consolidated Financial Statements represent our best estimates and valuations. In accordance with the acquisition method of accounting, the fair values are subject to adjustment until we complete our analysis, within a period of time not to exceed one year after the date of

acquisition, or March 7, 2021. This business combination resulted in a bargain purchase pursuant to ASC 805-30-25 because no consideration was paid for the fair value of assets acquired and liabilities assumed. The fair value of assets acquired, which included cash, accounts receivable, inventories, lease right-of-use assets, and property plant, and equipment, was $19.9 million. The fair value of liabilities assumed, which included lease liabilities and other long-term liabilities, was $2.5 million. A gain on bargain purchase of $17.4 million was recorded in "Other income, net, including interest income" in the Condensed Consolidated Statement of Operations.

NOTE F—ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of our accounts receivable, net of the allowance for credit losses, represents their estimated net realizable value. At March 31, 2020 and December 31, 2019, accounts receivable (in thousands) consisted of the following:

	March 31, 2020	December 31, 2019
Trade receivables	$ 193,372	$ 178,182
Less: Allowance for credit losses	(9,599)	(8,984)
Net trade receivables	183,773	169,198
Other receivables[1]	49,082	13,040
Total accounts receivable	$ 232,855	$ 182,238

(1) At March 31, 2020, other receivables included $16.1 million of refundable alternative minimum tax credits and $28 million of refunds attributable to the CARES Act provision for net operating loss ("NOL") carrybacks from 2014-2019. At December 31, 2019, other receivables included $8.1 million of refundable alternative minimum tax credits.

We classify our trade receivables into the following portfolio segments: Oil & Gas Proppants and Industrial & Speciality Products, which also aligns with our reporting segments. We estimate the allowance for credit losses based on historical collection trends, the age of outstanding receivables, risks attributable to specific customers, such as credit history, bankruptcy or other going concern issues, and current economic and industry conditions. If events or circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due balances are written off when we have exhausted our internal and external collection efforts and have been unsuccessful in collecting the amount due.

The following table is a rollforward of the allowance for credit losses (in thousands) for the three months ended March 31, 2020 disaggregated by portfolio segments:

	Oil & Gas Proppants	Industrial & Specialty Products	Total
Beginning balance, December 31, 2019	$ 7,640	$ 1,344	$ 8,984
Provision for credit losses	840	62	902
Write-offs	—	(287)	(287)
Ending balance, March 31, 2020	$ 8,480	$ 1,119	$ 9,599

Our ten largest customers accounted for approximately 38% and 42% of total sales for the three months ended March 31, 2020 and 2019, respectively. Sales to one of our customers accounted for 10% and 12% of our total sales for the three months ended March 31, 2020 and 2019, respectively. No other customers accounted for 10% or more of our total sales. At March 31, 2020, one of our customer's accounts receivable represented 10% of our total trade accounts receivable. At December 31, 2019, the same customer's accounts receivable represented 12% of our total trade accounts receivable. At March 31, 2020, one other customer's accounts receivable represented 10% of our total trade accounts receivable. No other customers accounted for 10% or more of our total trade accounts receivable.

NOTE G—INVENTORIES

At March 31, 2020 and December 31, 2019, inventories (in thousands) consisted of the following:

	March 31, 2020	December 31, 2019
Supplies	$ 48,300	$ 47,277
Raw materials and work in process	36,519	41,167
Finished goods	34,265	35,988
Total inventories	$ 119,084	$ 124,432

During the first quarter of 2020, there was an unprecedented drop in global demand combined with the breakdown of the Organization of the Petroleum Exporting Countries and other oil producing nations ("OPEC+") agreement to restrict oil production that led to one of the largest annual crude oil inventory builds in history. This led to sharp reductions in global crude oil prices. Containment measures and other economic, travel, and business disruptions caused by the coronavirus disease of 2019 ("COVID-19") also affected refinery activity and future demand for crude oil, and consequently, the services and products of our Oil & Gas Proppants Segment. As a result of these events, we recorded impairment charges of $5.7 million primarily related to unused inventory at idled plants. These charges relate to the Oil & Gas Proppants Segment and were recorded in "Goodwill and other asset impairments" in the Condensed Consolidated Statements of Operations.

NOTE H—PROPERTY, PLANT AND MINE DEVELOPMENT

At March 31, 2020 and December 31, 2019, property, plant and mine development (in thousands) consisted of the following:

	March 31, 2020	December 31, 2019
Mining property and mine development	$ 788,574	$ 794,899
Asset retirement cost	18,011	18,260
Land	57,494	57,082
Land improvements	74,027	73,203
Buildings	69,373	69,112
Machinery and equipment	1,177,350	1,152,898
Furniture and fixtures	4,071	4,068
Construction-in-progress	42,330	54,675
	2,231,230	2,224,197
Accumulated depletion, depreciation, amortization and impairment charges	(744,009)	(706,610)
Total property, plant and mine development, net	$ 1,487,221	$ 1,517,587

Depreciation, depletion, and amortization expense related to property, plant and mine development was $28.4 million and $34.2 million for the three months ended March 31, 2020 and 2019, respectively. At March 31, 2020 and December 31, 2019, the aggregate cost of machinery and equipment acquired under finance leases was $0.3 million and $0.3 million, respectively, reduced by accumulated depreciation of $0.2 million and $0.2 million, respectively. The amount of interest costs capitalized in property, plant and mine development was $33 thousand and $1.0 million for the three months ended March 31, 2020 and 2019, respectively.

During the first quarter of 2020, there was an unprecedented drop in global demand combined with the breakdown of the OPEC+ agreement to restrict oil production that led to one of the largest annual crude oil inventory builds in history. This led to sharp reductions in global crude oil prices. Containment measures and other economic, travel, and business disruptions caused by COVID-19 also affected refinery activity and future demand for crude oil, and consequently, the services and products of our Oil & Gas Proppants Segment. As a result of these events, we recorded impairment charges of $10.3 million related primarily to our Kosse, Texas facility, which has been idled. These impairment charges related to the Oil & Gas Proppants Segment and were recorded in "Goodwill and other asset impairments" in the Condensed Consolidated Statements of Operations.

On March 21, 2018, we completed the sale of three transload facilities located in the Permian, Eagle Ford, and Marcellus Basins to CIG Logistics (“CIG”) for total consideration of $86.1 million, including the assumption by CIG of $2.2 million of

Company obligations. Total cash consideration was $83.9 million. The consideration includes receipt of a vendor incentive from CIG to enter into master transloading service arrangements. Of the total consideration, $25.8 million was allocated to the fair value of the transload facilities, which had a net book value of $20.0 million and resulted in a gain on sale of $5.8 million. The consideration included a related asset retirement obligation of $2.1 million and an equipment note of $0.1 million assumed by CIG. In addition, $60.3 million of the consideration received in excess of the facilities' fair value was allocated to vendor incentives to be recognized as a reduction of costs using a service-level methodology over the contract lives of the transloading service arrangements. At March 31, 2020, vendor incentives of $21.1 million were classified in accounts payable and accrued expenses on our balance sheet.

NOTE I—GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying amount of goodwill (in thousands) by business segment consisted of the following:

	Oil & Gas Proppants Segment	Industrial & Specialty Products Segment	Totals
Balance at December, 2019	$ 86,100	$ 187,424	$ 273,524
Impairment loss	(86,100)	—	(86,100)
EPM acquisition adjustment[1]	—	(1,775)	(1,775)
Balance at March 31, 2020	$ —	$ 185,649	$ 185,649

[1] Adjustment was made in accordance with ASC 250 to correct an immaterial error to acquisition accounting. We reclassified $1.8 million between goodwill and deferred tax liabilities. There was no impact to the Condensed Consolidated Statements of Operations.

Goodwill and trade names are evaluated for impairment annually as of October 31, or more frequently when indicators of impairment exist. We evaluated events and circumstances since the date of our last qualitative assessment, including macroeconomic conditions, industry and market conditions, and our overall financial performance.

During the first quarter of 2020, there was an unprecedented drop in global demand combined with the breakdown of the OPEC+ agreement to restrict oil production that led to one of the largest annual crude oil inventory builds in history. This led to sharp reductions in global crude oil prices. Containment measures and other economic, travel, and business disruptions caused by COVID-19 also affected refinery activity and future demand for crude oil, and consequently, the services and products of our Oil & Gas Proppants Segment. As a result of these triggering events, we performed a quantitative analysis and determined that the goodwill of our Oil & Gas reporting unit was impaired. We recognized goodwill impairment charges of $86.1 million, which were recorded in "Goodwill and other asset impairments" in the Condensed Consolidated Statements of Operations.

The changes in the carrying amount of intangible assets (in thousands) consisted of the following:

	March 31, 2020				December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Impairments	Net	Gross Carrying Amount	Accumulated Amortization	Impairments	Net
Technology and intellectual property	$ 86,676	$ (18,591)	$ —	$ 68,085	$ 86,183	$ (17,080)	$ —	$ 69,103
Customer relationships	66,999	(19,577)	—	47,422	68,599	(18,737)	(1,240)	48,622
Total definite-lived intangible assets:	$ 153,675	$ (38,168)	$ —	$ 115,507	$ 154,782	$ (35,817)	$ (1,240)	$ 117,725
Trade names	65,390	—	—	65,390	65,390	—	—	65,390
Other	700	—	—	700	700	—	—	700
Total intangible assets:	$ 219,765	$ (38,168)	$ —	$ 181,597	$ 220,872	$ (35,817)	$ (1,240)	$ 183,815

Estimated useful life of technology and intellectual property is 15 years. Estimated useful life of customer relationships is a range of 13 - 15 years.

Amortization expense was $2.7 million and $2.7 million for the three months ended March 31, 2020 and 2019, respectively.

The estimated amortization expense related to definite-lived intangible assets (in thousands) for the five succeeding years is as follows:

2020 (remaining nine months)	$	8,138
2021		10,848
2022		10,833
2023		10,828
2024		10,830

NOTE J—DEBT

At March 31, 2020 and December 31, 2019, debt (in thousands) consisted of the following:

	March 31, 2020		December 31, 2019	
Senior secured credit facility:				
Revolver expiring May 1, 2023 (6.25% at March 31, 2020 and 7.75% at December 31, 2019)	$	25,000	$	—
Term Loan—final maturity May 1, 2025 (5.0% at March 31, 2020 and 5.81% at December 31, 2019)		1,244,400		1,247,600
Less: Unamortized original issue discount		(5,152)		(5,412)
Less: Unamortized debt issuance cost		(24,100)		(25,390)
Note payable secured by royalty interest		10,259		10,438
Insurance financing notes payable		1,998		5,055
Equipment notes payable		54		87
Finance leases		38		70
Total debt		1,252,497		1,232,448
Less: current portion		(40,233)		(18,463)
Total long-term portion of debt	$	1,212,264	$	1,213,985

Senior Secured Credit Facility

On May 1, 2018, we entered into a Third Amended and Restated Credit Agreement (the "Credit Agreement"), which increased our existing senior debt by entering into a new $1.380 billion senior secured credit facility, consisting of a $1.280 billion term loan (the "Term Loan") and a $100 million revolving credit facility (the "Revolver") (collectively the "Credit
Facility) that may also be used for swingline loans or letters of credit, and we may elect to increase the term loan in accordance with the terms of the Credit Agreement. Borrowings under the Credit Agreement will bear interest at variable rates as determined at our election, at LIBOR or a base rate, in each case, plus an applicable margin. In addition, under the Credit Agreement, we are required to pay a per annum facility fee and fees for letters of credit. The Credit Agreement is secured by substantially all of our assets and of our domestic subsidiaries' assets and a pledge of the equity interests in such entities. The Term Loan matures on May 1, 2025, and the Revolver expires May 1, 2023. We capitalized $38.7 million in debt issuance costs and original issue discount as a result of the new Credit Agreement.

The Credit Facility contains covenants that, among other things, limit our ability, and certain of our subsidiaries' abilities, to create, incur or assume indebtedness and liens, to make acquisitions or investments, to sell assets and to pay dividends. The Credit Agreement also requires us to maintain a consolidated leverage ratio of no more than 3.75:1.00 as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 30% of the Revolver commitment. These covenants are subject to a number of important exceptions and qualifications. The Credit Agreement includes events of default and other affirmative and negative covenants that are usual for facilities and transactions of this type.

As of March 31, 2020 and December 31, 2019, we are in compliance with all covenants in accordance with our senior secured Credit Facility.

Term Loan

At March 31, 2020, contractual maturities of our Term Loan (in thousands) are as follows:

2020 (remaining nine months)	$	9,600
2021		12,800
2022		12,800
2023		12,800
2024		12,800
Thereafter		1,183,600
Total	$	1,244,400

Revolving Line-of-Credit

We have a $100.0 million Revolver with $25.0 million drawn and $6.5 million allocated for letters of credit as of March 31, 2020, leaving $68.5 million available under the Revolver. We have the intent and ability to repay the amounts outstanding on the Revolver within one year, therefore, the outstanding balance as of March 31, 2020 has been classified as current.

Based on our consolidated leverage ratio of 4.71:1.00 as of March 31, 2020, we may draw up to $30.0 million without the consent of our lenders. With the consent of our lenders, we have access to the full availability of the Revolver.

Note Payable Secured by Royalty Interest

In conjunction with the acquisition of New Birmingham, Inc. in August 2016, we assumed a note payable secured by a royalty interest. The monthly royalty payment is calculated based on future tonnages and sales related to the sand shipped from our Tyler, Texas facility. The note payable is due by June 30, 2032. The note does not provide a stated interest rate. The minimum payments (in thousands) for the next five years and thereafter required by the note are as follows:

2020 (remaining nine months)	$	248
2021		380
2022		437
2023		502
2024		572
Thereafter		8,120
Total	$	10,259

Under this agreement once a certain number of tons have been shipped from the Tyler facility, the minimum payments will decrease to $0.5 million per year, subject to proration in the period this threshold is met.

The royalty note payable fair value was estimated to be $22.5 million on the acquisition date. The estimate was made using a discounted cash flow model, which calculated the present value of projected future cash payments required under the agreement using a discounted rate of 14%, which is also the effective rate as of March 31, 2020. As of March 31, 2020, the note payable had a balance of $10.3 million. Changes in fair value of the note payable amount may result if estimates of future tonnages and sales increase or decrease.

Insurance Financing Notes Payable

During September 2019, the Company renewed its insurance policies and financed the payments through notes payable with a stated interest rate of 4.5%. These payments will be made in installments throughout a 10-month period and, as such, have been classified as current debt. As of March 31, 2020, the notes payable had a balance of $2.0 million.

NOTE K—ASSET RETIREMENT OBLIGATIONS

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

As of March 31, 2020 and 2019, we had a liability of $25.3 million and $18.8 million, respectively, in other long-term liabilities related to our asset retirement obligations. Changes in the asset retirement obligations (in thousands) during the three months ended March 31, 2020 and 2019 are as follows:

	Three Months Ended March 31,	
	2020	**2019**
Beginning balance	$ 25,825	$ 18,413
Accretion	373	373
Additions and revisions of estimates	(890)	—
Ending balance	$ 25,308	$ 18,786

NOTE L—FAIR VALUE ACCOUNTING

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

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

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

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

Cash Equivalents

Due to the short-term maturity, we believe our cash equivalent instruments at March 31, 2020 and December 31, 2019, approximate their reported carrying values.

Long-Term Debt, Including Current Maturities

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

Changes in the fair value of the royalty note payable utilize Level 3 inputs, such as estimates of future tonnages sold and average sales price. See Note J - Debt for more information on the royalty note payable.

Derivative Instruments

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

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of

current credit spreads to evaluate the likelihood of default of ourselves and our counterparties. However, as of March 31, 2020, we have assessed that the impact of the credit valuation adjustments on the overall valuation of our derivative positions is not significant. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. See Note M - Derivative Instruments for more information.

NOTE M—DERIVATIVE INSTRUMENTS

Cash Flow Hedges of Interest Rate Risk

We enter into interest rate swap agreements in connection with our Term Loan to add stability to interest expense and to manage our exposure to interest rate movements. The derivative instruments are recorded on the balance sheet within other assets or liabilities at their fair values. As of March 31, 2020, the fair values of our two interest rate swaps were a liability of $2.6 million and a liability of $1.2 million and were classified within accounts payable and accrued liabilities on our balance sheets. At December 31, 2019, the fair values of our two interest rate swaps were a liability of $2.8 million and a liability of $1.3 million and were classified within accounts payable and accrued liabilities on our balance sheets. We have designated the interest rate swap agreements as qualified cash flow hedges. Accordingly, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and recognized in earnings in the same period or periods during which the hedged transaction affects earnings.

The following table summarizes the fair value of our derivative instruments (in thousands, except contract/notional amount). See Note L - Fair Value Accounting for more information regarding the estimated fair values of our derivative instruments at March 31, 2020 and December 31, 2019.

	March 31, 2020				December 31, 2019			
	Maturity Date	Contract/Notional Amount	Carrying Amount	Fair Value	Maturity Date	Contract/Notional Amount	Carrying Amount	Fair Value
LIBOR[1] interest rate swap agreement	2020	$440 million	$ (2,576)	$ (2,576)	2020	$440 million	$ (2,768)	$ (2,768)
LIBOR[1] interest rate swap agreement	2020	$200 million	$ (1,172)	$ (1,172)	2020	$200 million	$ (1,259)	$ (1,259)

[1] Agreements fix the LIBOR interest rate base to 2.74%.

During the three months ended March 31, 2020, we had no ineffectiveness for the interest rate swap derivatives.

The following table summarizes the effect of derivative instruments (in thousands) on our income statements and our consolidated statements of comprehensive income for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
Deferred losses from derivatives in OCI, beginning of period	$ (3,053)	$ (1,621)
Gain (loss) recognized in OCI from derivative instruments	211	(940)
Deferred losses from derivatives in OCI, end of period	$ (2,842)	$ (2,561)

NOTE N—EQUITY-BASED COMPENSATION

In July 2011, we adopted the U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan (the “2011 Plan”), which was amended and restated in May 2015. The 2011 Plan provides for grants of stock options, restricted stock, performance share units and other incentive-based awards. We believe our 2011 Plan aligns the interests of our employees and directors with those of our common stockholders. At March 31, 2020, we have 673,336 shares of common stock that may be issued under the 2011 Plan. We use a combination of treasury stock and new shares if necessary to satisfy option exercises or vesting of restricted awards and performance share units.

Stock Options

The following table summarizes the status of, and changes in, our stock option awards during the three months ended March 31, 2020:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term in Years
Outstanding at December 31, 2019	826,658	$ 28.97	$ 11,557	4.1 years
Granted	—	$ —	$ —	
Exercised	—	$ —	$ —	
Forfeited	—	$ —	$ —	
Expired	—	$ —	$ —	
Outstanding at March 31, 2020	826,658	$ 28.97	$ —	3.9 years
Exercisable at March 31, 2020	826,658	$ 28.97	$ —	3.9 years

There were no grants of stock options during the three months ended March 31, 2020 and 2019.

There were 0 and 10,000 stock options exercised during the three months ended March 31, 2020 and 2019, respectively. The total intrinsic value of stock options exercised was $12 thousand for the three months ended March 31, 2019. Cash received from stock options exercised during the three months ended March 31, 2019 was $128 thousand. The tax benefit realized from stock option exercises was $3 thousand for the three months ended March 31, 2019.

As of March 31, 2020 and 2019, there was no unrecognized compensation expense related to these options. We account for forfeitures as they occur.

Restricted Stock and Restricted Stock Unit Awards

The following table summarizes the status of, and changes in, our unvested restricted stock awards during the three months ended March 31, 2020:

	Number of Shares	Grant Date Weighted Average Fair Value
Unvested, December 31, 2019	1,020,248	$ 15.86
Granted	900,852	$ 5.56
Vested	(245,004)	$ 13.96
Forfeited	(96,467)	$ 14.61
Unvested, March 31, 2020	1,579,629	$ 10.35

We granted 900,852 restricted stock and restricted stock unit awards during the three months ended March 31, 2020. We granted 732,860 restricted stock and restricted stock unit awards during the three months ended March 31, 2019. The fair value of the awards was based on the market price of our stock at date of grant.

Our Board of Directors approved and amendment and restatement of the 2011 Plan, effective February 1, 2020, subject to shareholder approval at our 2020 annual meeting of shareholders (the "Annual Meeting"). The amendment increases the current share reserve by 4.025 million shares. During the three months ended March 31, 2020, we granted 834,677 restricted stock units to our executive employees, subject to stockholder approval of the amendment of the 2011 Plan at the Annual Meeting. If this proposal is not approved at the Annual Meeting, these awards will be settled in cash rather than equity.

We recognized $1.5 million of equity-based compensation expense related to restricted stock awards during the three months ended March 31, 2020. We recognized $2.3 million of equity-based compensation expense related to restricted stock awards during the three months ended March 31, 2019. As of March 31, 2020, there was $12.2 million of unrecognized compensation expense related to these restricted stock awards, which is expected to be recognized over a weighted-average period of 2.1 years.

We also granted 315,931 awards during the three months ended March 31, 2020. These awards will vest over a period of one to three years and will be settled in cash. As such, these awards have been classified as liability instruments. We recognized $39 thousand of expense related to these awards for the three months ended March 31, 2020. The liability for these

awards is included in accounts payable and other accrued expenses on our balance sheets. These awards will be remeasured at fair value each reporting period with resulting changes reflected in our income statements. Estimated unrecognized expense related to these awards is $0.5 million over a period of 2.9 years.

Performance Share Unit Awards

The following table summarizes the status of, and changes in, our performance share unit awards during the three months ended March 31, 2020:

	Number of Shares	Grant Date Weighted Average Fair Value
Unvested, December 31, 2019	838,722	$ 18.00
Granted	1,020,161	$ 9.94
Vested	—	$ —
Forfeited/Cancelled	(121,083)	$ 37.12
Unvested, March 31, 2020	1,737,800	$ 13.90

We granted 1,020,161 performance share units during the three months ended March 31, 2020. We granted 607,130 performance share units during the three months ended March 31, 2019. The grant date fair value for these awards was estimated using a Monte Carlo simulation model. The Monte Carlo simulation model requires the use of highly subjective assumptions. Our key assumptions in the model included the price and the expected volatility of our common stock and our self-determined peer group companies' stock, risk-free rate of interest, dividend yields and cross-correlations between our common stock and our self-determined peer group companies' stock.

We recognized $1.3 million of compensation expense related to performance share unit awards during the three months ended March 31, 2020. We recognized $1.7 million of compensation expense related to performance share unit awards during the three months ended March 31, 2019. As of March 31, 2020, there was $16.6 million of unrecognized compensation expense related to these performance share unit awards, which is expected to be recognized over a weighted-average period of 2.3 years.

We also granted 870,275 awards during the three months ended March 31, 2020. These awards will vest over a period of one to three years and will be settled in cash. As such, these awards have been classified as liability instruments. We recognized $0.7 million of expense related to these awards for the three months ended March 31, 2020. The liability for these awards is included in accounts payable and other accrued expenses on our balance sheets. These awards will be remeasured at fair value each reporting period with resulting changes reflected in our income statements. Estimated unrecognized expense related to these awards is $13.6 million over a period of 2.9 years.

NOTE O—COMMITMENTS AND CONTINGENCIES

Future Minimum Annual Commitments at March 31, 2020 (in thousands):

Year ending December 31,	Minimum Purchase Commitments
2020 (remaining nine months)	$ 10,327
2021	9,527
2022	7,075
2023	7,075
2024	3,767
Thereafter	2,490
Total future purchase commitments	$ 40,261

Minimum Purchase Commitments

We enter into service agreements with our transload and transportation service providers. Some of these agreements require us to purchase a minimum amount of services over a specific period of time. Any inability to meet these minimum contract requirements requires us to pay a shortfall fee, which is based on the difference between the minimum amount contracted for and the actual amount purchased.

Contingent Liability on Royalty Agreement

On May 17, 2017, we purchased reserves in Crane County, Texas, for $94.4 million cash consideration plus contingent consideration. The contingent consideration is a royalty that is based on the tonnage shipped to third-parties. Because the contingent consideration is dependent on future tonnage sold, the amounts of which are uncertain, it is not currently possible to estimate the fair value of these future payments. The contingent consideration will be capitalized at the time a payment is probable and reasonably estimable, and the related depletion expense will be adjusted prospectively.

Other Commitments and Contingencies

Our operating subsidiary, U.S. Silica Company ("U.S. Silica"), has been named as a defendant in various product liability claims alleging silica exposure causing silicosis. During the three months ended March 31, 2020, zero new claims were brought against U.S. Silica. As of March 31, 2020, there were 55 active silica-related product liability claims pending in which U.S. Silica is a defendant. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, it is not reasonably possible that the ultimate resolution of these matters will have a material adverse effect on our financial position or results of operations that exceeds the accrual amounts.

We have recorded estimated liabilities for these claims in other long-term liabilities as well as estimated recoveries under the indemnity agreement and an estimate of future recoveries under insurance in other assets on our consolidated balance sheets. As of both March 31, 2020 and December 31, 2019, other non-current assets included zero for insurance for third-party product liability claims. As of March 31, 2020 and December 31, 2019 other long-term liabilities included $1.0 million and $0.9 million, respectively, for third-party product liability claims.

One of our subsidiaries has also been named as a defendant in lawsuits regarding certain labor practices. If we are unsuccessful in defending the litigation, these cases could result in a material liability for us.

Obligations under Guarantees

We have indemnified our insurers against any loss they may incur in the event that holders of surety bonds, issued on our behalf, execute the bonds. As of March 31, 2020, there was $36.3 million in bonds outstanding, of which $30.9 million relate to reclamation requirements issued by various governmental authorities. Reclamation bonds remain outstanding until the mining area is reclaimed and the authority issues a formal release. The remaining bonds relate to licenses, permits, and tax collection.

NOTE P—PENSION AND POST-RETIREMENT BENEFITS

We maintain single-employer noncontributory defined benefit pension plans covering certain employees. There have been no new entrants to the U. S. Silica Company plan since May 2009 and to the EP Management Corporation plan since January 2007 for salaried participants and January 2010 for hourly participants when the plans were frozen to all new employees. The plans provide benefits based on each covered employee's years of qualifying service. Our funding policy is to contribute amounts within the range of the minimum required and maximum deductible contributions for the plans consistent with a goal of appropriate minimization of the unfunded projected benefit obligations. The pension plans use a benefit level per year of service for covered hourly employees and a final average pay method for covered salaried employees. The plans use the projected unit credit cost method to determine the actuarial valuation.

In addition, we provide defined benefit post-retirement health care and life insurance benefits to some employees. Covered employees become eligible for these benefits at retirement after meeting minimum age and service requirements. The projected future cost of providing post-retirement benefits, such as healthcare and life insurance, is recognized as an expense as employees render services. We previously maintained a Voluntary Employees' Beneficiary Association trust that was used to partially fund health care benefits for future retirees. Benefits were funded to the extent contributions were tax deductible, which under current legislation is limited. In 2017, the trust terminated upon depletion of its assets, which were used in accordance with trust terms. In general, retiree health benefits are paid as covered expenses are incurred.

Net pension benefit cost (in thousands) consisted of the following for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
Service cost	$ 653	$ 586
Interest cost	989	2,584
Expected return on plan assets	(1,421)	(3,184)
Net amortization and deferral	894	624
Net pension benefit costs	$ 1,115	$ 610

Net post-retirement benefit cost (in thousands) consisted of the following for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
Service cost	$ 25	$ 24
Interest cost	129	196
Net post-retirement benefit costs	$ 154	$ 220

We contributed $0.7 million to the qualified pension plans for both of the three months ended March 31, 2020 and 2019. Our best estimate of expected contributions to the pension and post-retirement medical benefit plans for the 2020 fiscal year are $5.1 million and $1.4 million, respectively.

We contribute to three multiemployer defined benefit pension plans under the terms of collective-bargaining agreements for union-represented employees. A multiemployer plan is subject to collective bargaining for employees of two or more unrelated companies. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan. Multiemployer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions. However, in most cases, management is not directly represented. Our contributions to individual multiemployer pension funds did not exceed 5% of the fund's total contributions for the three months ended March 31, 2020 and 2019. Additionally, our contributions to multiemployer post-retirement benefit plans were immaterial for all periods presented in the accompanying condensed consolidated financial statements.

We also sponsor a defined contribution plan covering certain employees. We contribute to the plan in two ways. For certain employees not covered by the defined benefit plan, we make a contribution equal to 4% of their salary. For all other eligible employees, we make a contribution up to 6% of eligible earnings. Contributions were $1.4 million and $1.3 million for the three months ended March 31, 2020 and 2019, respectively.

NOTE Q— LEASES

We lease railroad cars, office space, mining property, mining/processing equipment and transportation and other equipment. The majority of our leases have remaining lease terms of one year to 20 years. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We have lease agreements with lease and non-lease components, the latter of which are generally accounted for separately.

Supplemental balance sheet information related to leases was as follows:

Leases	Classification	March 31, 2020	December 31, 2019
Assets			
Operating	Operating lease right-of-use assets	$ 48,847	$ 53,098
Total leased right-of-use assets		$ 48,847	$ 53,098
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	$ 50,402	$ 53,587
Non-current			
Operating	Operating lease liabilities	108,741	117,964
Total lease liabilities		$ 159,143	$ 171,551
Lease Term and Discount Rate			
Weighted average remaining lease term:			
Operating leases		4.4 years	4.5 years
Weighted average discount rate:			
Operating leases		5.7%	5.7%

The components of lease expense were as follows:

Lease Costs	Classification	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating lease costs[1]	Cost of sales	$ 9,617	$ 25,115
Operating lease costs[2]	Selling, general and administrative	542	1,169

	$ 10,159	$ 26,284

(1) Includes short-term operating lease costs of $2.8 million and $6.6 million for the three months ended March 31, 2020 and 2019, respectively.

(2) Includes short-term operating lease costs of $0.1 million and $0.2 million for the three months ended March 31, 2020 and 2019, respectively.

Supplemental cash flow information related to leases was as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 17,365	$ 2,584
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	$ 3,872	$ 223,027

Maturities of lease liabilities as of March 31, 2020:

Maturities of lease liabilities	**Operating leases**
2020 (remaining nine months)	$ 46,362
2021	45,227
2022	34,067
2023	22,411
2024	16,268
Thereafter	22,284
Total lease payments	$ 186,619
Less: Interest	27,476
Total	$ 159,143

NOTE R— INCOME TAXES

For interim period reporting, we record income taxes using an estimated annual effective tax rate based upon projected annual income, forecasted permanent tax differences, discrete items and statutory rates in states in which we operate. At the end of each interim period, we update the estimated annual effective tax rate, and if the estimated tax rate changes based on new information, we make a cumulative adjustment in the period. We record the tax effect of an unusual or infrequently occurring item in the interim period in which it occurs as a discrete item of tax.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) was enacted and signed into law in response to the COVID-19 pandemic. Certain provisions of the CARES Act impact our 2019 income tax provision computations and are reflected in the first quarter of 2020, or the period of enactment. The CARES Act, among other things, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning after 2017 and before 2021. In addition, the CARES Act allows NOLs generated after 2017 and before 2021 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. We intend to carry the NOL generated in 2019 back to offset a portion of the taxable income in the 2014 tax year. The deferred tax asset related to the NOL generated in 2019 was recorded at the statutory income tax rate for 2019 of 21%. As a result of the carry back of this NOL to 2014, the NOL will be utilized at the statutory income tax rate for 2014 of 35%. This increase in the tax rate at which the 2019 NOL will be utilized results in a deferred tax benefit. Accordingly, during the three months ended March 31, 2020, we recorded an estimated deferred tax benefit of $11.2 million. Pursuant to ASC 740, this has been recorded as a discrete component of the tax benefit.

The CARES Act also accelerates the ability of companies to receive refunds of alternative minimum tax (“AMT”) credits related to tax years beginning in 2018 and 2019. AMT credits have been presented as a receivable or a deferred tax asset in the prior period balance sheets. The presentation of refundable AMT credits in the current balance sheet have been reclassified from deferred tax asset to accounts receivable to reflect the timing of when the credits are expected to be monetized.

Additionally, the CARES Act provides temporary relief for payment of certain payroll taxes. Prior to the CARES Act, payroll taxes generally would have been deductible for income tax purposes in the same period that they were expensed for book purposes under the “recurring item exception” of the Internal Revenue Code. However, if a company defers payment of its payroll taxes as a result of the CARES Act such that the recurring item exception no longer applies, accrued payroll taxes would not be deductible until the tax year in which they are actually paid. If the book expense and tax deduction are expected to occur in different periods, a deferred tax asset would need to be recorded for the deductible temporary difference related to

the payroll tax accrual. The temporary relief for payment of certain payroll taxes will not have an impact to the first quarter of 2020.

We are currently still evaluating all provisions of the CARES Act and its impact on income tax and in our Consolidated Statements of Operation.

For the three months ended March 31, 2020 and 2019, we had tax benefits of $36.1 million and $2.0 million, respectively. The effective tax rate was 33% and 9% for the three months ended March 31, 2020 and 2019, respectively. Without discrete items, which primarily consist of tax expense related to equity compensation and a tax benefit related to the carryback of the 2019 NOL to 2014, the effective tax rate for the three months ended March 31, 2020 and 2019 would have been 24% and 29%, respectively.

During the three months ended March 31, 2020 and 2019, we recorded tax expense related to equity compensation of $0.5 million and $3.9 million, respectively.

NOTE S— REVENUE

We consider sales disaggregated at the product and service level by business segment to depict how the nature, amount, timing and uncertainty of revenues and cash flow are impacted by changes in economic factors. The following table disaggregates our sales by major source for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
Category	**Oil & Gas Proppants**	**Industrial & Specialty Products**	**Total Sales**	**Oil & Gas Proppants**	**Industrial & Specialty Products**	**Total Sales**
Product	$ 108,277	$ 113,884	$ 222,161	$ 178,587	$ 118,273	$ 296,860
Service	47,438	—	47,438	81,890	—	81,890
Total Sales	$ 155,715	$ 113,884	$ 269,599	$ 260,477	$ 118,273	$ 378,750

The following tables reflect the changes in our contract assets, which we classify as unbilled receivables and our contract liabilities, which we classify as deferred revenues, for the three months ended March 31, 2020 and 2019 (in thousands):

	Unbilled Receivables	
	March 31, 2020	**March 31, 2019**
Beginning Balance	$ 144	$ 90
Reclassifications to billed receivables	(144)	(90)
Revenues recognized in excess of period billings	108	1,641
Ending Balance	$ 108	$ 1,641

	Deferred Revenue	
	March 31, 2020	**March 31, 2019**
Beginning Balance	$ 50,634	$ 113,319
Revenues recognized from balances held at the beginning of the period	(2,525)	(6,704)
Revenues deferred from period collections on unfulfilled performance obligations	—	10,025
Revenues recognized from period collections	—	(872)
Ending Balance	$ 48,109	$ 115,768

We have elected to use the practical expedients allowed under ASC 606-10-50-14, pursuant to which we have excluded disclosures of transaction prices allocated to remaining performance obligations and when we expect to recognize such revenue. The majority of our remaining performance obligations are primarily comprised of unfulfilled product, transportation service, and labor service orders, all of which hold a remaining duration of less than one year. The long-term portion of deferred revenue primarily represents a combination of refundable and nonrefundable customer prepayments for which related current performance obligations do not yet exist, but are expected to arise, before the expiration of the contract. Our

residual unfulfilled performance obligations are comprised primarily of long-term equipment rental arrangements in which we recognize revenues equal to what we have a right to invoice. Generally, no variable consideration exists related to our remaining performance obligations and no consideration is excluded from the associated transaction prices.

Foreign Operations

The following table includes information related to our foreign operations for the three months ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Total Sales	$ 21,605	$ 15,300
Pre-tax income	$ 4,213	$ 900
Net income	$ 3,328	$ 800
Consolidated Assets	$ 29,705	$ 10,100

NOTE T— RELATED PARTY TRANSACTIONS

There were no related party transactions during the three months ended March 31, 2020 or 2019.

NOTE U— SEGMENT REPORTING

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

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

The Industrial & Specialty Products segment consists of over 400 product types and materials used in a variety of industries, including container glass, fiberglass, specialty glass, flat glass, building products, fillers and extenders, foundry products, chemicals, recreation products and filtration products.

An operating segment's performance is primarily evaluated based on segment contribution margin, which excludes selling, general, and administrative costs, corporate costs, plant capacity expansion expenses, and facility closure costs. We believe that segment contribution margin, as defined above, is an appropriate measure for evaluating the operating performance of our segments. However, segment contribution margin is a non-GAAP measure and should be considered in addition to, not a substitute for, or superior to, net income (loss) or other measures of financial performance prepared in accordance with GAAP. The other accounting policies of each of the two reportable segments are the same as those in Note B - Summary of Significant Accounting Policies to the Consolidated Financial Statements in Item 8 of our 2019 Annual Report on Form 10-K.

The following table presents sales and segment contribution margin (in thousands) for the reportable segments and other operating results not allocated to the reportable segments for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,	
	2020	2019
Sales:		
Oil & Gas Proppants	$ 155,715	$ 260,477
Industrial & Specialty Products	113,884	118,273
Total sales	269,599	378,750
Segment contribution margin:		
Oil & Gas Proppants	32,891	58,588
Industrial & Specialty Products	43,348	44,561
Total segment contribution margin	76,239	103,149
Operating activities excluded from segment cost of sales	(7,957)	(21,937)
Selling, general and administrative	(30,052)	(34,656)
Depreciation, depletion and amortization	(38,449)	(44,600)
Goodwill and other asset impairments	(103,866)	—
Interest expense	(22,277)	(23,978)
Other income, net, including interest income	17,671	722
Income tax benefit (expense)	36,086	1,972
Net loss	$ (72,605)	$ (19,328)
Less: Net loss attributable to non-controlling interest	(260)	(4)
Net loss attributable to U.S. Silica Holdings, Inc.	$ (72,345)	$ (19,324)

Asset information, including capital expenditures and depreciation, depletion, and amortization, by segment is not included in reports used by management in its monitoring of performance and, therefore, is not reported by segment. At March 31, 2020, goodwill of $185.6 million has been allocated to these segments with zero assigned to Oil & Gas Proppants and $185.6 million to Industrial & Specialty Products. At December 31, 2019, goodwill of $273.5 million had been allocated to these segments with $86.1 million assigned to Oil & Gas Proppants and $187.4 million to Industrial & Specialty Products.

NOTE V— SUBSEQUENT EVENTS

On April 3, 2020, we paid a cash dividend of $1.5 million or $0.02 per share to common stockholders of record as of the close of business on March 13, 2020, which had been declared by our Board of Directors on February 10, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the unaudited condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q as well as the consolidated financial statements, the accompanying notes and the related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "2019 Annual Report").

This discussion contains forward-looking statements as discussed below and elsewhere in this report. These statements are based on current expectations and assumptions and are subject to risks and uncertainties. Actual results could differ materially from those discussed in or implied by forward-looking statements.

Adjusted EBITDA and segment contribution margin as used herein are non-GAAP measures. For a detailed description of Adjusted EBITDA and segment contribution margin and reconciliations to their most comparable GAAP measures, please see the discussion below under "How We Evaluate Our Business."

Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933, as amended. All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "could," "can have," "likely" and other words and terms of similar meaning.

For example, all statements we make relating to our estimated and projected costs; the impact of the COVID-19 pandemic on our future plans and results of operations; reserve and finished products estimates; demand for our products; the strategies of our customers; anticipated expenditures, cash flows, growth rates and financial results; our plans and objectives for future operations, growth or initiatives; strategies and their anticipated effect on our performance and liquidity; and the expected outcome or impact of pending or threatened litigation are forward-looking statements.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expect, including but not limited to: global economic conditions; fluctuations in demand for commercial silica, diatomaceous earth, perlite, clay and cellulose; fluctuations in demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing; changes in production spending by companies in the oil and gas industry and changes in the level of oil and natural gas exploration and development; general economic, political and business conditions in key regions of the world; effects of the COVID-19 pandemic on our customers and end users of our products; pricing pressure; weather and seasonal factors; the cyclical nature of our customers' business; our inability to meet our financial and performance targets and other forecasts or expectations; our substantial indebtedness and pension obligations, including restrictions on our operations imposed by our indebtedness; operational modifications, delays or cancellations; prices for electricity, natural gas and diesel fuel; our ability to maintain our transportation network; changes in government regulations and regulatory requirements, including those related to mining, explosives, chemicals, and oil and gas production; silica-related

health issues and corresponding litigation; and other risks and uncertainties detailed in this Quarterly Report on Form 10-Q and our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the U.S. Securities and Exchange Commission ("SEC").

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of the known factors described above, and it is impossible for us to anticipate all factors that could affect our actual results. As a result, forward-looking statements are not guarantees of future performance, and you should not place undue reliance on any forward-looking statements we make. If one or more of the risks described above or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other filings with the SEC, and our other public communications.

Overview

We are a performance materials company and one of the largest domestic producers of commercial silica used in the oil and gas industry and in a wide range of industrial applications. In addition, through our acquisition of EP Minerals, LLC ("EPM") and its affiliated companies in 2018, we are an industry leader in the production of industrial minerals, including diatomaceous earth, clay (calcium bentonite and calcium montmorillonite) and perlite.

During our 120-year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver over 400 diversified product types to customers across our end markets. As of March 31, 2020, we operated 23 production facilities across the United States. We control 489 million tons of reserves of commercial silica, which we believe can be processed to make 179 million tons of finished products that meet API frac sand specifications, and 79 million tons of reserves of diatomaceous earth, perlite, and clays.

Our operations are organized into two reportable segments based on end markets served and the manner in which we analyze our operating and financial performance: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. We believe our segments are complementary because our ability to sell to a wide range of customers across end markets in these segments allows us to maximize recovery rates in our mining operations and optimize our asset utilization.

Acquisitions

For a description of our key business acquisitions during the periods presented, see Note E - Business Combinations to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

Recent Trends and Outlook

Oil and gas proppants end market trends

The COVID-19 pandemic and related economic repercussions coupled with an inadequate supply response and exacerbated by the lack of global storage capacity, has resulted in a precipitous decline in crude oil prices. While the Organization of the Petroleum Exporting Countries and other oil producing nations ("OPEC+") agreed in April to cut production, downward pressure on commodity prices has remained and could continue for the foreseeable future. These events have negatively affected and are expected to continue to negatively affect our Oil & Gas Proppants segment. Demand for our proppant and logistics services is declining as our customers reduce their capital budgets and drilling operations in response to lower oil prices.

In response to the expected second quarter effects of the pandemic on our Oil & Gas Proppants Segment, we have taken a number of steps to reduce our costs of operations. We have dramatically reduced all discretionary spending, reduced officer salaries, lowered headcount, and closed or idled facilities as appropriate.

The extent to which our business is affected by COVID-19 will depend on various factors and consequences beyond our control, such as the duration and scope of the pandemic; additional actions by businesses and governments in response to the pandemic, the speed and effectiveness of responses to combat the virus, and the effects of low oil prices on the global economy generally. These effects could also aggravate the risk factors identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Sales and average selling price per ton decreased sequentially during the three months ended March 31, 2020, compared to the three months ended December 31, 2019. The decreases were due to more tons produced and sold in-basin in West Texas and fewer tons delivered to well sites in addition to the economic conditions discussed above. Additionally, we recognized approximately $59.3 million in shortfall revenue during the fourth quarter of 2019, which was not recognized during the first quarter of 2020. Our results for the three–month period ended March 31, 2020 in this segment are not necessarily indicative of the results that may be expected for the full year ending December 31, 2020.

Amounts in thousands, except per ton data	Three Months Ended		Percentage Change
Oil & Gas Proppants	**March 31, 2020**	**December 31, 2019**	**March 31, 2020 vs. December 31, 2019**
Sales	$ 155,715	$ 234,273	(34)%
Tons Sold	3,202	3,362	(5)%
Average Selling Price per Ton	$ 48.63	$ 69.68	(30)%

If oil and gas drilling and completion activity does not grow or if frac sand supply remains greater than demand, then we may sell fewer tons, sell tons at lower prices, or both. If we sell less frac sand or sell frac sand at lower prices, our revenue, net income, cash generated from operating activities, and liquidity would be adversely affected, and we could incur material asset impairments. If these events occur, we may evaluate further actions to reduce cost and improve liquidity.

Industrial and specialty products end market trends

Demand in the industrial and specialty products end markets has been relatively stable in recent years and is primarily influenced by key macroeconomic drivers such as housing starts, population growth, light vehicle sales, beer and wine production, repair and remodel activity and industrial production. The primary end markets served by our Industrial & Specialty Products segment are building and construction products, fillers and extenders, filtration, glassmaking, absorbents, foundry, and sports and recreation. We have been increasing our value-added product offerings in the industrial and specialty products end markets organically as well as through acquisitions, such as White Armor and EPM. Sales of these new higher margin products have increased our Industrial & Specialty Products segment's profitability in recent periods.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide, which will begin to affect our Industrial & Specialty Products segment in the second quarter of 2020 and beyond. In addition, after the COVID-19 pandemic has subsided, we may experience adverse impacts in this segment as a result of any long-term economic recession or depression that may continue in the future.

Our Business Strategy

The key drivers of our growth strategy include:

- increasing our presence and product offering in specialty products end markets;
- optimizing our product mix and further developing value-added capabilities to maximize margins;
- effectively positioning our Oil & Gas Proppants facilities to optimally serve our customers;
- optimizing our supply chain network and leveraging our logistics capabilities to meet our customers’ needs;
- evaluating both Greenfield and Brownfield expansion opportunities and other acquisitions; and
- maintaining financial strength and flexibility.

How We Generate Our Sales

Products

We derive our product sales by mining and processing minerals that our customers purchase for various uses. Our product sales are primarily a function of the price per ton and the number of tons sold. We primarily sell our products through individual purchase orders executed under short-term price agreements or at prevailing market rates. The amount invoiced reflects the price of the product, transportation, surcharges, and additional handling services as applicable, such as storage,

transloading the product from railcars to trucks and last mile logistics to the customer site. We invoice most of our product customers on a per shipment basis, although for some larger customers we consolidate invoices weekly or monthly. Standard collection terms are net 30 days, although extended terms are offered in competitive situations.

Services

We derive our service sales primarily through the provision of transportation, equipment rental, and contract labor services to companies in the oil and gas industry. Transportation services typically consist of transporting customer proppant from storage facilities to proximal well-sites and are contracted through work orders executed under established pricing agreements. The amount invoiced reflects transportation services rendered. Equipment rental services provide customers with use of either dedicated or nonspecific wellhead proppant delivery equipment solutions for contractual periods defined either through formal lease agreements or executed work orders under established pricing agreements. The amounts invoiced reflect the length of time the equipment set was utilized in the billing period. Contract labor services provide customers with proppant delivery equipment operators through work orders executed under established pricing agreements. The amounts invoiced reflect the amount of time our labor services were utilized in the billing period. We typically invoice our customers on a weekly or monthly basis; however, some customers receive invoices upon well-site operation completion. Standard collection terms are net 30 days, although extended terms are offered in competitive situations.

Our ten largest customers accounted for approximately 38% and 42% of total sales for the three months ended March 31, 2020 and 2019, respectively. Sales to one of our customers accounted for 10% and 12% of our total sales for the three months ended March 31, 2020 and 2019, respectively. No other customers accounted for 10% or more of our total sales. At March 31, 2020, one of our customer's accounts receivable represented 10% of our total trade accounts receivable. At December 31, 2019, the same customer's accounts receivable represented 12% of our total trade accounts receivable. At March 31, 2020, one other customer's accounts receivable represented 10% of our total trade accounts receivable. No other customers accounted for 10% or more of our total trade accounts receivable.

For a limited number of customers, we sell under long-term, minimum purchase supply agreements. These agreements define, among other commitments, the volume of product that our customers must purchase, the volume of product that we must provide and the price that we will charge and that our customers will pay for each product. Prices under these agreements are generally fixed and subject to certain contractual adjustments. Sometimes these agreements may undergo negotiations regarding pricing and volume requirements, particularly in volatile market conditions. When these negotiations occur, we may deliver sand at prices or at volumes below the requirements in our existing supply agreements. An executed order specifying the type and quantity of product to be delivered, in combination with the noted agreements, comprise our contracts in these arrangements. Selling more tons under supply contracts enables us to be more efficient from a production, supply chain and logistics standpoint. As discussed in Part I, Item 1A., Risk Factors of our 2019 Annual Report on Form 10-K, these customers may not continue to purchase the same levels of product in the future due to a variety of reasons, contract requirements notwithstanding.

As of March 31, 2020, we had thirteen minimum purchase supply agreements in the Oil & Gas Proppants segment with initial terms expiring between 2020 and 2034. As of March 31, 2019, we had twenty-two minimum purchase supply agreements in the Oil & Gas Proppants segment with initial terms expiring between 2019 and 2034. Collectively, sales to customers with minimum purchase supply agreements accounted for 60% and 42% of Oil & Gas Proppants segment sales during the three months ended March 31, 2020 and 2019, respectively.

In the industrial and specialty products end markets we have not historically entered into long-term minimum purchase supply agreements with our customers because of the high cost to our customers of switching providers. We may periodically do so when capital or other investment is required to meet customer needs. Instead, we often enter into supply agreements with our customers with targeted volumes and terms of one to five years. Prices under these agreements are generally fixed and subject to annual increases.

The Costs of Conducting Our Business

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

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

How We Evaluate Our Business

Our management team evaluates our business using a variety of financial and operating metrics. We evaluate the performance of our two segments based on their tons sold, average selling price and contribution margin earned. Additionally, we consider a number of factors in evaluating the performance of our business as a whole, including total tons sold, average selling price, total segment contribution margin, and Adjusted EBITDA. We view these metrics as important factors in evaluating our profitability and review these measurements frequently to analyze trends and make decisions, and we believe the presentation of these metrics provides useful information to our investors regarding our financial condition and results of operations for the same reasons.

Segment Contribution Margin

Segment contribution margin, a non-GAAP measure, is a key metric that management uses to evaluate our operating performance and to determine resource allocation between segments. Segment contribution margin excludes selling, general, and administrative costs, corporate costs, plant capacity expansion expenses, and facility closure costs.

Segment contribution margin is not a measure of our financial performance under GAAP and should not be considered an alternative or superior to measures derived in accordance with GAAP. Our measure of segment contribution margin is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation. For more information about segment contribution margin, including a reconciliation of this measure to its most directly comparable GAAP financial measure, net income (loss), see Note U - Segment Reporting to our Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP measure, is included in this report because it is a key metric used by management to assess our operating performance and by our lenders to evaluate our covenant compliance. Adjusted EBITDA excludes certain income and/or costs, the removal of which improves comparability of operating results across reporting periods. Our target performance goals under our incentive compensation plan are tied, in part, to our Adjusted EBITDA.

Adjusted EBITDA is not a measure of our financial performance or liquidity under GAAP and should not be considered as an alternative or superior to net income (loss) 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 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 supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation.

The following table sets forth a reconciliation of net loss, the most directly comparable GAAP financial measure, to Adjusted EBITDA.

(amounts in thousands)	Three Months Ended March 31,	
	2020	2019
Net loss attributable to U.S. Silica Holdings, Inc.	$ (72,345)	$ (19,324)
Total interest expense, net of interest income	22,194	22,920
Provision for taxes	(36,086)	(1,972)
Total depreciation, depletion and amortization expenses	38,449	44,600
EBITDA	(47,788)	46,224
Non-cash incentive compensation [(1)]	2,847	4,045
Post-employment expenses (excluding service costs) [(2)]	613	552
Merger and acquisition related expenses [(3)]	609	4,783
Plant capacity expansion expenses [(4)]	2,190	8,571
Contract termination expenses [(5)]	—	1,000
Goodwill and other asset impairments [(6)]	103,866	—
Business optimization projects [(7)]	19	6
Facility closure costs [(8)]	1,097	—
Other adjustments allowable under the Credit Agreement [(9)]	(15,207)	3,638
Adjusted EBITDA	$ 48,246	$ 68,819

(1) Reflects equity-based, non-cash compensation expense.

(2) 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. Non-service net periodic benefit costs are not considered reflective of our operating performance because these costs do not exclusively originate from employee services during the applicable period and may experience periodic fluctuations as a result of changes in non-operating factors, including changes in discount rates, changes in expected returns on benefit plan assets, and other demographic actuarial assumptions. See Note P - Pension and Post-Retirement Benefits to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

(3) Merger and acquisition related expenses include legal fees, consulting fees, bank fees, severance costs, certain purchase accounting items such as the amortization of inventory fair value step-up, information technology integration costs and similar charges. While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in the future as we continue to integrate prior acquisitions and pursue any future acquisitions.

(4) Plant capacity expansion expenses include expenses that are not inventoriable or capitalizable as related to plant expansion projects greater than $5 million in capital expenditures or plant start up projects. While these expenses are not operational in nature and are not expected to continue for any singular project on an ongoing basis, similar types of expenses have occurred in prior periods and may recur in the future if we continue to pursue future plant capacity expansion.

(5) Reflects contract termination expenses related to strategically exiting a service contract. While these expenses are not operational in nature and are not expected to continue for any singular event on an ongoing basis, similar types of expenses have occurred in prior periods and may recur in the future as we continue to strategically evaluate our contracts.

(6) The three months ended March 31, 2020 reflect $103.9 million of asset impairments related to goodwill, long-lived assets, and inventory related to idled facilities in our Oil & Gas segment. See Note G - Inventories, Note H - Property, Plant and Mine Development, and Note I - Goodwill and Intangible Assets to our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

(7) Reflects costs incurred related to business optimization projects within our corporate center, which aim to measure and improve the efficiency, productivity and performance of our organization. While these costs are not operational in nature and are not expected to continue for any singular project on an ongoing basis, similar types of expenses may recur in the future.

(8) Reflects costs incurred related to idled sand facilities and closed corporate offices, including severance costs and remaining contracted costs such as office lease costs, maintenance, and utilities. While these costs are not operational in nature and are not expected to continue for any singular event on an ongoing basis, similar types of expenses may recur in the future.

(9) Reflects miscellaneous adjustments permitted under the Credit Agreement, such as recruiting fees and relocation costs. The three months ended March 31, 2020 also included $1.6 million in severance costs and $17.6 million related to the gain attributable to the bargain purchase of Arrows Up. See Note E - Business Combinations to our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information. The three months ended March 31, 2019 included $2.4 million related to facility closure costs and $2.2 million of loss contingencies reserve, partially offset by insurance proceeds of $2.2 million.

Adjusted EBITDA-Trailing Twelve Months

Our revolving credit facility (the "Revolver") contains a consolidated total net leverage ratio of no more than 3.75:1.00 that, unless we have the consent of our lenders, we must meet as of the last day of any fiscal quarter whenever usage of the Revolver (other than certain undrawn letters of credit) exceeds 30% of the Revolver commitment. This ratio is calculated based on our Adjusted EBITDA for the trailing twelve months. Noncompliance with this financial ratio covenant could result in the acceleration of our obligations to repay all amounts outstanding under the Revolver and the term loan (the "Term Loan") (collectively the "Credit Facility"). Moreover, the Revolver and the Term Loan contain covenants that restrict, subject to certain exceptions, our ability to make permitted acquisitions, incur additional indebtedness, make restricted payments (including dividends) and retain excess cash flow based, in some cases, on our ability to meet leverage ratios calculated based on our Adjusted EBITDA for the trailing twelve months.

See the description under “Adjusted EBITDA” above for certain important information about Adjusted EBITDA-trailing twelve months, including certain limitations and management’s use of this metric in light of its status as a non-GAAP measure.

As of March 31, 2020, we are in compliance with all covenants under our Credit Facility, and our Revolver usage was $25 million (not including $6.5 million allocated for letters of credit). Since the Revolver usage did not exceed 30% of the Revolver commitment, the consolidated leverage ratio covenant did not apply. Based on our consolidated leverage ratio of 4.71:1.00 as of March 31, 2020, we may draw up to $30.0 million without the consent of our lenders. With the consent of our lenders, we have access to the full availability of the Revolver. The calculation of the consolidated leverage ratio incorporates the Adjusted EBITDA-trailing twelve months as follows:

(All amounts in thousands, except calculated ratio)		**March 31, 2020**
Total debt	$	1,252,459
Finance leases		38
Total consolidated debt	$	1,252,497
Adjusted EBITDA-trailing twelve months	$	265,752
Pro forma Adjusted EBITDA including impact of acquisitions [1]		—
Other adjustments for covenant calculation [2]		253
Total Adjusted EBITDA-trailing twelve months for covenant calculation	$	266,005
Consolidated leverage ratio[3]		4.71

(1) Covenant calculation allows for the Adjusted EBITDA-trailing twelve months to include the impact of acquisitions on a pro forma basis.

(2) Covenant calculation excludes activity at legal entities above the operating company, which is mainly interest income offset by public company operating expenses.

(3) Calculated by dividing total consolidated debt by total Adjusted EBITDA-trailing twelve months for covenant calculation.

Results of Operations for the Three Months Ended March 31, 2020 and 2019

Sales

(In thousands except per ton data)	Three Months Ended March 31,		Percent Change
	2020	2019	'20 vs.'19
Sales:			
Oil & Gas Proppants	$ 155,715	$ 260,477	(40)%
Industrial & Specialty Products	113,884	118,273	(4)%
Total sales	$ 269,599	$ 378,750	(29)%
Tons:			
Oil & Gas Proppants	3,202	3,864	(17)%
Industrial & Specialty Products	959	966	(1)%
Total Tons	4,161	4,830	(14)%
Average Selling Price per Ton:			
Oil & Gas Proppants	$ 48.63	$ 67.41	(28)%
Industrial & Specialty Products	118.75	122.44	(3)%
Overall Average Selling Price per Ton	$ 64.79	$ 78.42	(17)%

Total sales decreased 29% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019, driven by a 17% decrease in overall average selling price and a 14% decrease in total tons sold.

The decrease in total sales was mainly driven by Oil & Gas Proppants sales, which decreased 40% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. Oil & Gas Proppants average selling price decreased 28% and tons sold decreased 17%. These decreases are a result of the shift to in-basin sand, overall decrease in demand due to current environmental conditions related to the COVID-19 pandemic as well as overall supply being greater than demand.

The decrease in total sales was also partially driven by Industrial & Specialty Products sales, which decreased 4% for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. Industrial & Specialty Products average selling price decreased 3% and tons sold decreased 1%. The decrease was mainly due to unfavorable product mix of lower margin tons sold.

Cost of Sales (excluding depreciation, depletion, and amortization)

Cost of sales decreased by $96.2 million, or 32%, to $201.3 million for the three months ended March 31, 2020 compared to $297.5 million for the three months ended March 31, 2019. These changes result from the main components of cost of sales as discussed below. As a percentage of sales, cost of sales represented 75% for the three months ended March 31, 2020 compared to 79% for the same period in 2019.

We incurred $74.4 million and $129.9 million of transportation and related costs for the three months ended March 31, 2020 and 2019, respectively. The $55.5 million decrease was mainly due to an overall decrease in demand in the Oil & Gas Proppants segment in addition to carrier rate reductions in our SandBox operations. As a percentage of sales, transportation and related costs represented 28% for the three months ended March 31, 2020 compared to 34% for the same period in 2019.

We incurred $41.8 million and $53.7 million of operating labor costs for the three months ended March 31, 2020 and 2019, respectively. The $11.9 million decrease in labor cost was mainly due to idled facilities. As a percentage of sales, operating labor costs represented 16% for the three months ended March 31, 2020 compared to 14% for the same period in 2019.

We incurred $10.5 million and $16.3 million of electricity and drying fuel (principally natural gas) costs for the three months ended March 31, 2020 and 2019, respectively. The $5.8 million decrease in electricity and drying fuel costs was mainly

due to idled sand facilities. As a percentage of sales, electricity and drying fuel costs represented 4% for both of the three months ended March 31, 2020 and 2019.

We incurred $15.7 million and $23.5 million of maintenance and repair costs for the three months ended March 31, 2020 and 2019, respectively. The $7.8 million decrease in maintenance and repair costs was due to idled sand facilities, reduced costs at our SandBox operations due to lower volumes, and a decrease in plant capacity expansion expenses. As a percentage of sales, maintenance and repair costs represented 6% for both the three months ended March 31, 2020 and 2019.

Segment Contribution Margin

Industrial & Specialty Products contribution margin decreased by $1.3 million to $43.3 million for the three months ended March 31, 2020 compared to $44.6 million for the three months ended March 31, 2019, driven by a $4.4 million decrease in revenue and partially offset by $3.2 million in lower cost of sales.

Oil & Gas Proppants contribution margin decreased by $25.7 million to $32.9 million for the three months ended March 31, 2020 compared to $58.6 million for the three months ended March 31, 2019, driven by a $104.8 million decrease in sales, partially offset by a $79.1 million decrease in cost of sales. The decrease in segment contribution margin was mainly driven by decreased sand pricing as a result of a shift to in basin sand, and an overall decrease in demand.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $4.6 million, or 13%, to $30.1 million for the three months ended March 31, 2020 compared to $34.7 million for the three months ended March 31, 2019. The net decrease was primarily due to compensation related expense decreasing $4.3 million for the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

In total, our selling, general and administrative expenses represented approximately 11% and 9% of our sales for the three months ended March 31, 2020 and 2019, respectively.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense decreased by $6.2 million, or 14%, to $38.4 million for the three months ended March 31, 2020 compared to $44.6 million for the three months ended March 31, 2019. The decrease was mainly driven by decreased production, a decrease in total depreciable assets due to idled plants and subsequent asset impairments which occurred during the fourth quarter of 2019 and the three months ended March 31, 2020, and reduced capital spending. Depreciation, depletion and amortization expense represented approximately 14% and 12% of our sales for the three months ended March 31, 2020 and 2019, respectively.

Goodwill and Other Asset Impairments

During the three months ended March 31, 2020, we recorded a $103.9 million asset impairment charge related to long-lived assets and inventories of idled plants, operating right-of-use assets and goodwill related to the Oil & Gas Proppants Segment.

Operating Income (Loss)

Operating loss for the three months ended March 31, 2020 was $104.1 million compared to operating income of $2.0 million for the three months ended March 31, 2019. The change was mainly driven by a 29% decrease in sales, partially offset by a 14% decrease in depreciation, depletion and amortization expense, a 13% decrease in selling, general and administrative expenses, and a 32% decrease in cost of sales.

Interest Expense

Interest expense decreased by $1.7 million, or 7%, to $22.3 million for the three months ended March 31, 2020 compared to $24.0 million for the three months ended March 31, 2019, mainly due to a decrease in interest rates, partially offset by a decrease in interest costs capitalized for property, plant and mine development and interest expense on the outstanding balance of the Revolver.

Other Income, Net, Including Interest Income

Other income, net, increased by $17.0 million, to $17.7 million for the three months ended March 31, 2020 compared to $0.7 million for the three months ended March 31, 2019, primarily driven by the gain on bargain purchase price.

Provision for Income Taxes

For the three months ended March 31, 2020, we had a tax benefit of $36.1 million. For the three months ended March 31, 2019, we had a tax benefit of $2.0 million. The effective tax rates were 33% and 9% for the three months ended March 31, 2020 and 2019, respectively. Without discrete items, which primarily consist of tax expense related to equity compensation and a tax benefit related to the carryback of the 2019 NOL to 2014, the effective tax rates for the three months ended March 31, 2020 and 2019 would have been 24% and 29%, respectively.

During the three months ended March 31, 2020 and 2019, we recorded tax expense related to equity compensation of $0.5 million and $3.9 million, respectively.

Net Loss

Net loss attributable to U.S. Silica Holdings, Inc., was $72.3 million and $19.3 million for the three months ended March 31, 2020 and 2019, respectively. The year over year changes were due to the factors noted above.

Liquidity and Capital Resources

Overview

Our principal liquidity requirements have historically been to service our debt, to meet our working capital, capital expenditure and mine development expenditure needs, to return cash to our stockholders, and to pay for acquisitions. We have historically met our liquidity and capital investment needs with funds generated through operations. We have historically funded our acquisitions through cash on hand, borrowings under our credit facilities, or equity issuances. Our working capital is the amount by which current assets exceed current liabilities and is a measure of our ability to pay our liabilities as they become due. As of March 31, 2020, our working capital was $217.2 million and we had $68.5 million of availability under the Revolver. Based on our consolidated leverage ratio of 4.71:1.00 as of March 31, 2020, we may draw up to $30.0 million without the consent of our lenders. With the consent of our lenders, we have access to the full availability of the Revolver. Additionally, at March 31, 2020, other receivables included $16.1 million of refundable alternative minimum tax credits and $28 million of refunds attributable to the CARES Act provision for net operating loss ("NOL") carrybacks from 2014-2019, which we expect to receive during 2020.

In connection with the EPMH acquisition, on May 1, 2018, we entered into the Credit Agreement with BNP Paribas, as administrative agent, and the lenders named therein. The Credit Agreement increases our existing senior debt by entering into a new $1.380 billion senior secured Credit Facility, consisting of a $1.280 billion Term Loan and a $100 million Revolver that may also be used for swingline loans or letters of credit, and we may elect to increase the Term Loan in accordance with the terms of the Credit Agreement. The amounts owed under the Credit Agreement use LIBOR as a benchmark for establishing the rate at which interest accrues. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. The consequences of these developments cannot be entirely predicted but could include an increase in the cost to us of this indebtedness.

In response to the expected second quarter effects of the pandemic on our Oil & Gas Segment, we have taken a number of steps to reduce our costs of operations, including dramatically reducing all discretionary spending, reducing officer salaries, lowering headcount, and closing or idling facilities as appropriate. We believe that cash on hand, cash generated through operations and cash generated from financing arrangements will be sufficient to meet our working capital requirements, anticipated capital expenditures, scheduled debt payments and any dividends declared for at least the next 12 months. During the period of economic disruption resulting from the COVID-19 pandemic, our ability to access capital markets and sources of liquidity may be impaired. At this time, we do not believe that any limited access to the capital markets will have a material adverse effect on our financial condition.

Management and our Board remain committed to evaluating additional ways of creating shareholder value. Any determination to pay dividends or other distributions in cash, stock, or property in the future or otherwise return capital to our stockholders, including decisions about existing or new share repurchase programs, will be at the discretion of our Board and will be dependent on then-existing conditions, including industry and market conditions, our financial condition, results of

operations, liquidity and capital requirements, contractual restrictions including restrictive covenants contained in debt agreements, and other factors. Additionally, because we are a holding company, our ability to pay dividends on our common stock may be limited by restrictions on the ability of our subsidiaries to pay dividends or make distributions to us, including restrictions under the terms of the agreements governing our indebtedness.

Cash Flow Analysis

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

	Three Months Ended March 31,	
	2020	**2019**
Net cash provided by (used in):		
Operating activities	$ (40,803)	$ 10,901
Investing activities	(16,386)	(45,683)
Financing activities	16,150	(6,101)

Net Cash Provided by / Used in Operating Activities

Operating activities consist primarily of net income (loss) adjusted for certain non-cash and working capital items. Adjustments to net income or loss for non-cash items include depreciation, depletion and amortization, deferred revenue, deferred income taxes, equity-based compensation and bad debt provision. In addition, operating cash flows include the effect of changes in operating assets and liabilities, principally accounts receivable, inventories, prepaid expenses and other current assets, income taxes payable and receivable, accounts payable and accrued expenses.

Net cash used in operating activities was $40.8 million for the three months ended March 31, 2020. This was mainly due to a $72.6 million net loss adjusted for non-cash items, including $38.4 million in depreciation, depletion and amortization, $103.9 million in goodwill and other asset impairments, $37.0 million in deferred income taxes, $2.8 million in equity-based compensation, $2.5 million in deferred revenue, and $14.8 million in other miscellaneous non-cash items. Also contributing to the change was a $13.5 million increase in accounts receivable, a $2.9 million decrease in inventories, a $4.8 million increase in prepaid expenses and other current assets, a $40.5 million decrease in accounts payable and accrued liabilities, and $3.3 million in other operating assets and liabilities.

Net cash provided by operating activities was $10.9 million for the three months ended March 31, 2019. This was mainly due to a $19.3 million net loss adjusted for non-cash items, including $44.6 million in depreciation, depletion and amortization, $2.6 million in deferred income taxes, $4.0 million in equity-based compensation, $7.6 million in deferred revenue, and $1.5 million in other miscellaneous non-cash items. Also contributing to the change was a $43.6 million increase in accounts receivable, an $18.9 million decrease in inventories, a $3.2 million decrease in prepaid and other current assets, a $13.0 million increase in accounts payable and accrued liabilities, and $1.7 million in other operating assets and liabilities.

Net Cash Provided by / Used in Investing Activities

Investing activities consist primarily of cash consideration paid to acquire businesses and capital expenditures for growth and maintenance.

Net cash used in investing activities was $16.4 million for the three months ended March 31, 2020. This was mainly due to capital expenditures of $16.1 million and capitalized intellectual property costs of $0.5 million. Capital expenditures for the three months ended March 31, 2020 were primarily related to the payment of capital expenditures accrued in 2019 and improvements and expansions at our industrial facilities in Millen, Georgia, and Columbia, South Carolina.

Net cash used in investing activities was $45.7 million for the three months ended March 31, 2019. This was mainly due to capital expenditures of $44.4 million and capitalized intellectual property costs of $1.3 million. Capital expenditures for the three months ended March 31, 2019 were mainly for engineering, procurement and construction of our growth projects, primarily Crane and Lamesa and equipment to expand our SandBox operations, and other maintenance and cost improvement capital projects.

Subject to our continuing evaluation of market conditions, we anticipate that our capital expenditures in 2020 will be approximately $30 million, which is primarily associated with maintenance and cost improvement capital projects, and near-

term payback growth projects. We expect to fund our capital expenditures through cash on our balance sheet, cash generated from our operations, and cash generated from financing activities.

Net Cash Provided by / Used in Financing Activities

Financing activities consist primarily of equity issuances, dividend payments, share repurchases, borrowings and repayments related to the Revolver and Term Loan, as well as fees and expenses paid in connection with our credit facilities.

Net cash provided by financing activities was $16.2 million for the three months ended March 31, 2020. This was mainly due to $3.8 million of long-term debt payments, $4.6 million of dividends paid, and $0.5 million of tax payments related to shares withheld for vested restricted stock and stock units, offset by a $25.0 million draw down from the Revolver.

Net cash used in financing activities was $6.1 million for the three months ended March 31, 2019. This was mainly due to $4.0 million of long-term debt payments, $4.7 million of dividends paid, $2.2 million of tax payments related to shares withheld for vested restricted stock and restricted stock units, partially offset by $4.7 million of capital contributions from a non-controlling interest.

Off-Balance Sheet Arrangements

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

Contractual Obligations

There have been no significant changes outside of the ordinary course of business to our “Contractual Obligations” table in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of our 2019 Annual Report on Form 10-K. For more details on future minimum annual purchase commitments and operating leases commitments, please see accompanying Note O - Commitments and Contingencies and Note Q - Leases to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Environmental Matters

We are subject to various federal, state and local laws and regulations governing, among other things, hazardous materials, air and water emissions, environmental contamination and reclamation and the protection of the environment and natural resources. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. As of March 31, 2020, we had $25.3 million accrued for future reclamation costs, as compared to $25.8 million as of December 31, 2019.

We discuss certain environmental matters relating to our various production and other facilities, certain regulatory requirements relating to human exposure to crystalline silica and our mining activity and how such matters may affect our business in the future under Item 1, "Business", Item 1A, “Risk Factors”, Item 3, “Legal Proceedings” and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations-Environmental Matters" in our 2019 Annual Report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates.

A summary of our significant accounting policies, including certain critical accounting policies and estimates, are included in Note B - Summary of Significant Accounting Policies to the Consolidated Financial Statements in Item 8 of our 2019 Annual Report on Form 10-K. Management believes that the application of these policies on a consistent basis enables us to provide the users of the Consolidated Financial Statements with useful and reliable information about our operating results and financial condition.

Recent Accounting Pronouncements

New accounting pronouncements that have been recently adopted are described in Note B - Summary of Significant Accounting Policies to our Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Availability of Reports; Website Access; Other Information

Our Internet address is http://www.ussilica.com. Through “Investors” — “Financial Information” on our home page, we make available free of charge our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our proxy statements, our current reports on Form 8-K, SEC Forms 3, 4 and 5 and any amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our reports filed with the SEC are also available on its website at http://www.sec.gov.

Stockholders may also request a free copy of these documents from: U.S. Silica Holdings, Inc., attn.: Investor Relations, 24275 Katy Freeway, Suite 600, Katy, Texas 77494.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to certain market risks, which exist as a part of our ongoing business operations. Such risks arise from adverse changes in market rates, prices and conditions. We address such market risks in “Recent Trends and Outlook” and "How We Generate Our Sales" in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Interest Rate Risk

We are exposed to interest rate risk arising from adverse changes in interest rates. As of March 31, 2020, we had $1.244 billion of debt outstanding under the Credit Agreement. Assuming LIBOR is greater than the 1.0% minimum base rate on the Term Loan, a hypothetical increase in interest rates by 1.0% would have changed our interest expense by $12.4 million per year.

LIBOR is expected to be discontinued after 2021 and there can be no assurance as to what alternative base rate may replace LIBOR in the event it is discontinued, or whether such base rate will be more or less favorable to us. We intend to monitor the developments with respect to LIBOR and work with our lenders, including under the Credit Agreement, to ensure any transition away from LIBOR will have a minimal impact on our financial condition, but can provide no assurances regarding the impact of the discontinuation of LIBOR.

We use interest rate derivatives in the normal course of our business to manage both our interest cost and the risks associated with changing interest rates. We do not use derivatives for trading or speculative purposes. As of March 31, 2020, the fair values of our interest rate swaps were a liability of $2.6 million and a liability of $1.2 million and were classified within accounts payable and accrued liabilities on our balance sheets. For more information see Note M - Derivative Instruments to our Consolidated Financial Statements in Part I, Item 1. of this Quarterly Report on Form 10-Q.

Credit Risk

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

Despite enhancing our examination of our customers' creditworthiness, we may still experience delays or failures in customer payments. Some of our customers have reported experiencing financial difficulties. With respect to customers that may file for bankruptcy protection, we may not be able to collect sums owed to us by these customers and we also may be required to refund pre-petition amounts paid to us during the preference period (typically 90 days) prior to the bankruptcy filing.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2020. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2020, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

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

Changes in Internal Control over Financial Reporting

There were no changes in our existing internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

Prolonged inhalation of excessive levels of respirable crystalline silica dust can result in silicosis, a disease of the lungs. Breathing large amounts of respirable silica dust over time may injure a person’s lungs by causing scar tissue to form. Crystalline silica in the form of quartz is a basic component of soil, sand, granite and most other types of rock. Cutting, breaking, crushing, drilling, grinding and abrasive blasting of or with crystalline silica containing materials can produce fine silica dust, the inhalation of which may cause silicosis, lung cancer and possibly other diseases including immune system disorders such as scleroderma. Sources of exposure to respirable crystalline silica dust include sandblasting, foundry manufacturing, crushing and drilling of rock, masonry and concrete work, mining and tunneling, and cement and asphalt pavement manufacturing.

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

As a result of the above developments, the filing rate of new claims against us over the past few years has decreased to below pre-2001 levels, and we were named as a defendant in one, 20, and zero new silicosis cases filed in 2019, 2018, and 2017, respectively. The main driver of the increase in cases filed in 2018 was 16 claims arising out of a single location in Mississippi. During the three months ended March 31, 2020, zero new claims were brought against U.S. Silica. As of March 31, 2020, there were 55 active silica-related product liability claims pending in which U.S. Silica is a defendant. Almost all of the claims pending against us arise out of the alleged use of our silica products in foundries or as an abrasive blast media and involve various other defendants. Prior to the fourth quarter of 2012, we had insurance policies for both our predecessors that cover certain claims for alleged silica exposure for periods prior to certain dates in 1985 and 1986 (with respect to certain insurance). As a result of a settlement with a former owner and its insurers in the fourth quarter of 2012, some of these policies are no longer available to us and we will not seek reimbursement for any defense costs or claim payments from these policies. Other insurance policies, however, continue to remain available to us and will continue to make such payments on our behalf.

The silica-related litigation brought against us to date has not resulted in material liability to us. However, we continue to have silica-related product liability claims filed against us, including claims that allege silica exposure for periods for which we do not have insurance coverage. Although the outcomes of these claims cannot be predicted with certainty, in the opinion of management, it is not reasonably possible that the ultimate resolution of these matters will have a material adverse effect on our financial position or results of operations that exceeds the accrual amounts.

For more information regarding silica-related litigation, see Part I, Item 1A. Risk Factors of our 2019 Annual Report on Form 10-K.

One of our subsidiaries has also been named as a defendant in lawsuits regarding certain labor practices. If we are unsuccessful in defending the litigation, these cases could result in material liability for us.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes from the risk factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K.

We expect that our results of operations will be adversely affected by the ongoing COVID-19 pandemic.

We have been and will continue monitoring and adjusting our operations as we deem appropriate in response to the COVID-19 pandemic but the situation is fast-moving and may be difficult to predict. To date, multiple state and national governments have issued orders requiring businesses that do not conduct essential services to temporarily close their physical workplaces to employees and customers. Though we are currently deemed an essential business and, as a result, are exempt from these state orders, in their current form, the impact of the COVID-19 pandemic and measures to prevent its spread could materially and adversely affect our businesses in a number of ways. As of today, we have not experienced direct impacts on our production or logistics operations. In March 2020, we put in place a number of protective measures in response to the COVID-19 outbreak, including eliminating all but essential third-party access to our facilities, encouraging employees to work from home to the extent their job function enables them to do so, encouraging the use of virtual employee meetings, implementing social distancing measures for those employees associated with our mining operations, and implementing other procedures in an effort to reduce the need for our truck drivers to exit their vehicles. An extended period of remote work arrangements could strain our business continuity plans, introduce operational risk and impair our ability to manage our business. Our operations could be delayed or suspended at any time in the event of changes to applicable government orders or the interpretation of existing orders.

The COVID-19 pandemic has also caused, and is likely to continue to cause, severe economic, market and other disruptions worldwide. We may be impacted by stock market volatility, illiquid market conditions and global economic uncertainty. As a result of the decrease in demand for oil due to the COVID-19 pandemic and other disruptions in the global oil and gas markets, there has been a substantial decline in oil prices. As indicated in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, a substantial portion of our revenues are derived from customers in the oil & gas industry, which have been adversely affected by the collapse in the demand for oil. While the extent to which the COVID-19 pandemic and the decline in oil prices will impact our business remains uncertain, there has been and we expect there to continue to be an adverse impact on the demand for the services, products and results of operations of our Oil & Gas Proppants Segment. In addition, after the COVID-19 pandemic has subsided, we may experience adverse impacts to our business and the results of operations of our Industrial & Specialty Products Segment as a result of any long-term economic recession or depression that may continue in the future.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchase Program

The following table presents the total number of shares of our common stock that we repurchased during the first quarter of 2020, the average price paid per share, the number of shares that we repurchased as part of our share repurchase program, and the approximate dollar value of shares that still could have been repurchased at the end of the applicable fiscal period pursuant to our share repurchase program:

Period	Total Number of Shares Withheld or Forfeited		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program[(1)]	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program[(1)]
January 1, 2020 - January 31, 2020	27,203	(2)	$ 5.75	—	126,540,060
February 1, 2020 - February 29, 2020	69,046	(2)	$ 5.78	—	126,540,060
March 1, 2020 - March 31, 2020	11,122	(2)	$ 1.25	—	126,540,060
Total	107,371		$ 5.69	—	—

(1) In May 2018, our Board of Directors authorized and announced the repurchase of up to $200 million of our common stock.

(2) Shares withheld by U.S. Silica to pay taxes due upon the vesting of employee restricted stock and restricted stock units for the months ended January 31, February 29, and March 31, 2020, respectively.

We did not repurchase any shares of common stock under our share repurchase program during the three months ended March 31, 2020.

From March 31, 2020 to the date of the filing of this Quarterly Report on Form 10-Q, we have not repurchased any shares of our common stock except in connection with the vesting of employee restricted stock and restricted stock units.

For more details on the stock repurchase program, see Note D - Capital Structure and Accumulated Comprehensive Income (Loss) to our Financial Statements in Part I, Item I of this Quarterly Report on Form 10-Q.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Safety is one of our core values and we strive to achieve a workplace free of injuries and occupational illnesses. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Quarterly Report filed on Form 10-Q.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Third Amended and Restated Certificate of Incorporation of U.S. Silica Holdings, Inc., effective May 4, 2017.	8-K	001-35416	3.1	May 10, 2017
3.2	Third Amended and Restated Bylaws of U.S. Silica Holdings, Inc., effective May 4, 2017.	8-K	001-35416	3.2	May 10, 2017
10.1*	U.S. Silica Holdings, Inc. Amended and Restated Change in Control Severance Plan, as amended and restated April 29, 2020.				
10.2*	Form of Restricted Stock Unit Agreement, pursuant to the Amended and Restated U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan.				
31.1*	Rule 13a-14(a)/15(d)-14(a) Certification by Bryan A. Shinn, Chief Executive Officer.				
31.2*	Rule 13a-14(a)/15(d)-14(a) Certification by Donald A. Merril, Chief Financial Officer.				
32.1*	Section 1350 Certification by Bryan A. Shinn, Chief Executive Officer.				
32.2*	Section 1350 Certification by Donald A. Merril, Chief Financial Officer.				
95.1*	Mine Safety Disclosure.				
101*	101.INS XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				
	101.SCH Inline XBRL Taxonomy Extension Schema				
	101.CAL Inline XBRL Taxonomy Extension Calculation				
	101.LAB Inline XBRL Taxonomy Extension Labels				
	101.PRE Inline XBRL Taxonomy Extension Presentation				
	101.DEF Inline XBRL Taxonomy Extension Definition				
104*	Cover Page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 formatted in Inline XBRL (and contained in Exhibit 101)				

* Filed herewith

We will furnish to any of our stockholders a copy of any of the above exhibits upon the written request of such stockholder.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, this 1st day of May 2020.

U.S. Silica Holdings, Inc.

/s/ DONALD A. MERRIL

Name:	Donald A. Merril
Title:	Executive Vice President & Chief Financial Officer (Authorized Signatory)

RESTRICTED STOCK UNIT AGREEMENT
PURSUANT TO THE
AMENDED AND RESTATED U.S. SILICA HOLDINGS, INC.
2011 INCENTIVE COMPENSATION PLAN

*** * * * ***

Participant:

Grant Date:

Number of Restricted Stock Units Granted:

*** * * * ***

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between U.S. Silica Holdings, Inc., a corporation organized in the State of Delaware (the "Company"), and the Participant specified above, pursuant to the Amended and Restated U.S. Silica Holdings, Inc. 2011 Incentive Compensation Plan, as in effect and as amended from time to time (the "Plan"), which is administered by the Committee; and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Restricted Stock Units ("RSUs") provided herein to the Participant;

WHEREAS, the issuance of shares of Common Stock in settlement of the RSUs is contingent upon the Company's shareholders approving a proposal to increase the number of authorized shares under the Plan at the Company's 2020 annual meeting of stockholders (the "2020 Annual Meeting"); and

WHEREAS, if the Company's stockholders fail to approve the proposal to increase the number of authorized shares under the Plan at the 2020 Annual Meeting, the Participant shall not have the right to have any of the RSUs settled in shares of Common Stock and any vested RSUs (including any dividend equivalents) shall be settled solely in cash.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt**. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the Award provided hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

2. **Grant of Restricted Stock Unit Award**. The Company hereby grants to the Participant, as of the Grant Date specified above, the number of RSUs specified above. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of the shares of Common Stock underlying the RSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. **Vesting**.

(a) The RSUs subject to this Award shall become vested as follows, provided that the Participant has not incurred a Termination prior to each such vesting date:

Vesting Date	Number of RSUs
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

There shall be no proportionate or partial vesting in the periods prior to each vesting date and all vesting shall occur only on the appropriate vesting date, subject to the Participant's continued service with the Company or any of its Affiliates on each applicable vesting date.

(b) Termination due to death or Disability, without Cause or due to Retirement. Subject to the provisions of Sections 3(c) and 3(d) hereof, in the event of the Participant's Termination as a result of death or Disability, by the Company without Cause or

due to the Participant's "Retirement" (as defined below), the unvested RSUs that would have become vested at the vesting date immediately following such Termination as provided in Section 3(a) hereof shall become vested on a pro rata basis (determined by multiplying the number of such unvested RSUs by a fraction, the numerator of which is the number of calendar days in the period beginning with, if prior to the first vesting date as set forth in Section 3(a) hereof, the Grant Date or, if after the first vesting date as set forth in Section 3(a) hereof, the vesting date immediately preceding the date of such Termination as set forth in Section 3(a) hereof, and ending on the date of such Termination, and the denominator of which is three hundred sixty five (365)), and shares of Common Stock (or, if applicable, the payment of any cash amounts) shall be delivered in respect thereof as provided in Section 4 hereof.

For purposes hereof, the term "Retirement" shall mean the Participant's voluntary Termination of Employment at or after age sixty-five (65) or such earlier date after age fifty (50), in either case, as may be approved by the Committee in its sole discretion with regard to the Participant.

(c) Change in Control. Notwithstanding the provisions of Sections 3(a) and 3(b) hereof, in the event of the Participant's Termination as a result of death or Disability, by the Company without Cause, by the Participant for "Good Reason" (as defined below) or as a result of the Participant's Retirement, in any case, at any time upon or following a Change in Control, the unvested RSUs shall become fully vested, and shares of Common Stock (or, if applicable, the payment of any cash amounts) shall be delivered in respect thereof, as provided in Section 4 hereof. For purposes hereof, the term "Good Reason" shall mean (i) a material reduction in the Participant's annual base salary rate of compensation; (ii) a required relocation of more than 50 miles from the Participant's primary place of employment with the Company or its Affiliates; or (iii) a material, adverse change in the Participant's title, reporting relationship, authority, duties or responsibilities; provided, however, that to invoke a Termination for Good Reason, (A) the Participant must provide written notice to the Company within thirty (30) days of the event the Participant believes constitutes Good Reason, (B) the Company must fail to cure such event within thirty (30) days of the receipt of such written notice and (C) the Participant must terminate employment within five (5) days following the expiration of the Company's cure period described above.

(d) Committee Discretion to Accelerate Vesting. Notwithstanding the foregoing, the Committee may, in its sole discretion, provide for accelerated vesting of the RSUs at any time and for any reason.

(e) Effect of Detrimental Activity. The provisions of Section 10.4 of the Plan regarding Detrimental Activity shall apply to the RSUs.

(f) Forfeiture. Subject to the provisions of Sections 3(b) through 3(d) hereof, all unvested RSUs shall be immediately forfeited upon the Participant's Termination for any reason.

4. **Delivery of Shares**.

(a) General. Subject to the provisions of Sections 4(b) and 4(c) hereof, and approval by Company stockholders of the proposal to increase the number of authorized shares under the Plan at the 2020 Annual Meeting, within thirty (30) days following the vesting of the RSUs, the Participant shall receive the number of shares of Common Stock that correspond to the number of RSUs that have become vested on the applicable vesting date; provided that the Participant shall be obligated to pay to the Company the aggregate par value of the shares of Common Stock to be issued within ten (10) days following the issuance of such shares unless such shares have been issued by the Company from the Company's treasury. Notwithstanding any provision herein to the contrary, if Company stockholders fail to approve the proposal to increase the number of authorized shares under the Plan at the 2020 Annual Meeting, the Participant shall receive a lump sum cash payment, in aggregate, equal to equal to the closing price on the New York Stock Exchange of one share of the Company's Common Stock (on the most recent trading day prior to the vesting date) multiplied by the number of such RSUs vesting on the applicable vesting date.

(b) Blackout Periods. If the Participant is subject to any Company "blackout" policy or other trading restriction imposed by the Company on the date such distribution would otherwise be made pursuant to Section 4(a) hereof, such distribution shall be instead made on the earlier of (i) the date that the Participant is not subject to any such policy or restriction and (ii) the later of (A) the end of the calendar year in which such distribution would otherwise have been made, and (B) a date that is immediately prior to the expiration of two and one-half months following the date such distribution would otherwise have been made hereunder.

(c) Deferrals. If permitted by the Company, the Participant may elect, subject to the terms and conditions of the Plan and any other applicable written plan or procedure adopted by the Company from time to time for purposes of such election, to defer the distribution of all or any portion of the shares of Common Stock (or, if applicable, the payment of any cash amounts) that would otherwise be distributed to the Participant hereunder (the "Deferred Shares"), consistent with the requirements of Section 409A of the Code. Upon the vesting of RSUs that have been so deferred, the applicable number of Deferred Shares (or, if applicable, the cash amounts) shall be credited to a bookkeeping account established on the Participant's behalf (the "Account"). Subject to Section 5 hereof, the number of shares of Common Stock (or, if applicable, the cash amounts) equal to the number of Deferred Shares credited to the Participant's Account shall be distributed to the Participant in accordance with the terms and conditions of the Plan and the other applicable written plans or procedures of the Company, consistent with the requirements of Section 409A of the Code.

5. **Dividends; Rights as Stockholder**. Cash dividends on shares of Common Stock issuable hereunder (or, if applicable, the cash amounts) shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the Participant, provided that such cash dividends shall not be deemed to be reinvested in shares of Common Stock and shall be held uninvested and without interest and paid in cash at the same time that the shares of Common Stock underlying the RSUs (or, if applicable, the cash amounts) are delivered to the Participant in accordance with the provisions hereof. Stock dividends on shares of Common Stock shall be credited to a dividend book entry account on behalf of the Participant with respect to each RSU granted to the

Participant, provided that such stock dividends shall be paid in shares of Common Stock (or, if applicable, the cash amounts) at the same time that the shares of Common Stock underlying the RSUs (or, if applicable, the cash amounts) are delivered to the Participant in accordance with the provisions hereof. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Common Stock covered by any RSU unless and until the Participant has become the holder of record of such shares. If the RSUs are paid in cash, the Participant shall have no rights as a stockholder.

6. **Non-Transferability**. No portion of the RSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the RSUs as provided herein, unless and until payment is made in respect of vested RSUs in accordance with the provisions hereof and the Participant has become the holder of record of the vested shares of Common Stock issuable hereunder (as applicable).

7. **Governing Law**. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

8. **Withholding of Tax**. The Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA and SDI obligations) which the Company, in its sole discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the RSUs and, if the Participant fails to do so, the Company may otherwise refuse to issue or transfer any shares of Common Stock (or make any payments) otherwise required to be issued pursuant to this Agreement. Any minimum statutorily required withholding obligation with regard to the Participant may be satisfied by reducing the amount of cash or shares of Common Stock otherwise deliverable to the Participant hereunder; provided, however, that, at the Participant's discretion, the number of shares of Common Stock otherwise deliverable to the Participant may be further reduced in an amount up to the maximum individual tax rate in the Participant's particular jurisdiction, and only if the Company has a statutory obligation to withhold taxes on the Participant's behalf, in such case only if such reduction would not result in adverse financial accounting treatment, as determined by the Company (and in particular in connection with the effectiveness of the amendments to FASB Accounting Standards Codification Topic 718, Compensation – Stock Compensation, as amended by FASB Accounting Standards Update No. 2016-09, Improvements to Employee Share-Based Payment Accounting).

9. **Legend**. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates representing shares of Common Stock issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing shares of Common Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section 9.

10. **Securities Representations**. This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an "affiliate" within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant's representations set forth in this Section 10.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Common Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a "re-offer prospectus") with regard to such shares of Common Stock and the Company is under no obligation to register such shares of Common Stock (or to file a "re-offer prospectus").

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that (i) the exemption from registration under Rule 144 will not be available unless (A) a public trading market then exists for the Common Stock of the Company, (B) adequate information concerning the Company is then available to the public, and (C) other terms and conditions of Rule 144 or any exemption therefrom are complied with, and (ii) any sale of the shares of Common Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

11. **Entire Agreement; Amendment**. This Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. This Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

12. **Notices**. Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the General Counsel of the Company. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

13. **No Right to Employment**. Any questions as to whether and when there has been a Termination and the cause of such Termination shall be determined in the sole discretion of the Committee. Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without Cause.

14. **Transfer of Personal Data**. The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Subsidiary) of any personal data information related to the RSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

15. **Compliance with Laws**. The grant of RSUs and the issuance of shares of Common Stock hereunder shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the RSUs or any shares of Common Stock pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the RSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

16. **Binding Agreement; Assignment**. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant shall not assign (except in accordance with Section 6 hereof) any part of this Agreement without the prior express written consent of the Company.

17. **Headings**. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

18. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

19. **Further Assurances**. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

20. **Severability**. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

21. **Acquired Rights**. The Participant acknowledges and agrees that: (a) the Company may terminate or amend the Plan at any time; (b) the Award of RSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; (c) no past grants or awards (including, without limitation, the RSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and (d) any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

U.S. SILICA HOLDINGS, INC.

By:____________

Name: Bryan A. Shinn

Title: President and Chief Executive Officer

PARTICIPANT

Name:

Exhibit 10.2

U.S. SILICA HOLDINGS, INC.

CHANGE IN CONTROL SEVERANCE PLAN
INTRODUCTION

The purpose of this U.S. Silica Holdings, Inc. Change in Control Severance Plan (the "Plan") is to enable the Employer to offer certain protections to a select group of management or highly compensated employees who are employed by the Employer immediately prior to a Change in Control if such employee's employment with the Employer is terminated by the Employer without Cause (excluding death or Disability) or by the Participant for Good Reason, in each case, occurring at any time during the period commencing on the date of the Change in Control and ending on the twenty four (24) month anniversary thereof. Accordingly, to accomplish this purpose, the Board has adopted the Plan, to be effective as of the Effective Date.

Unless otherwise expressly provided in Section 2.3 hereof or unless otherwise agreed to between the Company and a Participant on or following the Change in Control, Participants covered by the Plan shall not be eligible to participate in any other severance or termination plan, policy or practice of the Employer that would otherwise apply under the circumstances described herein. The Plan is intended to fall within the definition of an "employee welfare benefit plan" under Section 3(1) of ERISA that is provided to a select group of management or highly compensated employees as described in 29 C.F.R. Section 2520.104-24. Important administrative provisions of (and information about) the Plan and important information about a Participant's rights under the Plan and applicable law are contained in Article VIII hereof. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Article I hereof.

Article I

DEFINITIONS

For purposes of the Plan, capitalized terms and phrases used herein shall have the meanings ascribed in this Article I.

1.1 **"Affiliate"** means (i) any subsidiary corporation of the Company (or its successors) within the meaning of Section 424(f) of the Code, (ii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company (or its successors), or (iii) any other entity (including its successors) which is designated as an Affiliate by the Board.

1.2 **"Base Salary"** means a Participant's annual base compensation rate for services paid by the Employer to the Participant at the time immediately prior to the Participant's termination of employment, as reflected in the Employer's payroll records or, if higher, the Participant's annual base compensation rate immediately prior to the Change in Control. Base Salary shall not include commissions, bonuses, overtime pay, incentive compensation, benefits paid under any qualified plan, any group medical, dental or other welfare benefit plan, non-cash compensation, or any other additional compensation, but shall include amounts reduced pursuant to a Participant's salary reduction agreement under Section 125, 132(f)(4) or 401(k) of the Code, if any, or a nonqualified elective deferred compensation arrangement, if any, to the extent that in each such case the reduction is to base salary.

1.3 **"Board"** means the Board of Directors of the Company.

1.4 **"Cause"** means: (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the Change in Control (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's, dishonesty, fraud, moral turpitude, willful misconduct or refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity, as determined by the Committee in its sole discretion; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the Change in Control that defines "cause" (or words of like import), "cause" as defined under such agreement.

1.5 **"Change in Control"** a "Change in Control" shall be deemed to occur if:

(a) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of common stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this definition or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then

still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (a) of this definition) acquires more than 50% of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control of the Company; or

(d) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

Notwithstanding the foregoing, with respect to any payment that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan for purposes of any such payment unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code.

1.6 **"COBRA"** means Part 6 of Subtitle I of ERISA, Section 4980B of the Code, and any similar state law.

1.7 **"Code"** means the United States Internal Revenue Code of 1986, as amended, and the treasury regulations and other official guidance promulgated thereunder.

1.8 **"Code Section 409A"** means Section 409A of the Code together with the treasury regulations and other official guidance promulgated thereunder.

1.9 **"Committee"** means any committee of the Board duly authorized by the Board to administer the Plan. If no committee is duly authorized by the Board to administer the Plan, the term "Committee" shall be deemed to refer to the Board for all purposes under the Plan.

1.10 **"Company"** means U.S. Silica Holdings, Inc., a Delaware corporation, and any of its successors as provided in Article VI hereof.

1.11 **"Delay Period"** shall have the meaning set forth in Section 7.8(b) hereof.

1.12 **"Disability"** means a permanent and total disability as defined in Section 22(e)(3) of the Code. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

1.13 **"Effective Date"** means the date of the Plan's adoption by the Board (which occurred on February 18, 2016).

1.14 **"Employer"** means the Company and its Affiliates.

1.15 **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

1.16 **"Good Reason"** means (i) a material reduction in the Participant's annual base salary rate of compensation; (ii) a required relocation of more than 50 miles from the Participant's primary place of employment with the Company or its Affiliates; or (iii) a material, adverse change in the Participant's title, reporting relationship, authority, duties or responsibilities; provided, however, that to invoke a Termination for Good Reason, (A) the Participant must provide written notice to the Company within thirty (30) days of the event the Participant believes constitutes Good Reason, (B) the Company must fail to cure such event within thirty (30) days of the receipt of such written notice and (C) the Participant must terminate employment within five (5) days following the expiration of the Company's cure period described above.

1.17 **"Individual Severance Agreement"** shall have the meaning set forth in Section 2.3 hereof.

1.18 **"Participant"** means the officers of the Company as designated under Section 16(a) of the Securities and Exchange Act of 1934.

1.19 **"Severance Benefits"** shall have the meaning set forth in the introductory paragraph of Section 2.2 hereof.

1.20 **"Severance Period"** shall have the meaning set forth in Section 2.2(b) hereof.

1.21 **"Specified Employee"** means a Participant who, as of the date of such Participant's "separation from service," within the meaning of Code Section 409A, is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B) and using the identification methodology selected by the Employer from time to time in accordance therewith, or if none, the default methodology set forth therein.

1.22 **"Target Bonus"** means a Participant's annual target bonus opportunity with the Employer as in effect at the time immediately prior to the Participant's termination of employment, as reflected in the Employer's payroll records or, if higher, the Participant's annual target bonus opportunity as in effect immediately prior to the Change in Control.

ARTICLE II

SEVERANCE BENEFITS

2.1 **Eligibility for Severance Benefits.** (a) Qualifying Event. Upon a Participant's termination of employment by the Employer without Cause (excluding death or Disability) or by the Participant for Good Reason, in each case, occurring at any time during the period commencing on the date of the Change in Control and ending on the twenty four (24)-month anniversary thereof, then, subject to the provisions of Section 2.3 hereof and Sections 2.5 through 2.7 hereof, the Employer shall pay or provide the Participant with the Severance Benefits.

(a) Non-Qualifying Events. Unless otherwise provided by the Committee at the time of termination, a Participant shall not be entitled to the Severance Benefits if the Participant's employment is terminated (i) by the Employer for Cause, (ii) by the Participant without Good Reason, (iii) on account of the Participant's death or Disability, or (iv) for any reason other than as expressly specified in Section 2.1(a) hereof.

2.2 **Amount of Severance Benefits.** Subject to the provisions of Sections 2.3 through 2.7 hereof, in the event that a Participant becomes entitled to benefits pursuant to Section 2.1(a) hereof, the Employer shall pay or provide the Participant with the following benefits (collectively, the benefits described in Sections 2.2(a), 2.2(b) 2.2(c), and 2.2(d) hereof shall be referred to herein as the "Severance Benefits"):

(a) Severance Payment. The Employer shall pay to the Participant a lump-sum cash payment in an amount equal to the sum of (x) 1.5 times the Participant's Base Salary, and (y) 1.5 times the Participant's Target Bonus (the "Severance Payment"), which shall be paid within seventy (70) days following the Participant's termination of employment with the Employer; provided that the Severance Payment shall not be made until the General Release (as defined below) is effective and no longer subject to revocation and shall include payment of any amounts that would otherwise be due prior thereto; provided, further, that to the extent that any such payments constitute "nonqualified deferred compensation" for purposes of Code Section 409A and the period during which the Participant is allowed to consider the General Release spans two calendar years, the Severance Payment shall not made be until the second such calendar year. The Severance Payment shall be in lieu of any payments under any other severance or termination plan, policy or practice of the Employer, except as provided in Section 2.3 hereof, and shall be reduced (offset) by any statutory entitlements of the Participant (including notice of termination, termination pay and/or severance pay, but excluding statutory unemployment benefits), and any payment related to an actual or potential liability under the Worker Adjustment and Retraining Notification Act of 1988 or similar state, local or foreign law; provided that in no event shall compensation paid for services rendered while a Participant is employed with the Employer reduce (offset) benefits under the Plan (including compensation paid during any notice period required under the Worker Adjustment and Retraining Notification Act of 1988 or similar state, local or foreign law).

(b) Continued Health Coverage. During the eighteen (18) month period following the Participant's termination of employment with the Employer (the "Severance Period") and subject to the Participant's timely election of continuation coverage under COBRA, the Participant (and the Participant's eligible dependents) shall be entitled to continued coverage under the Employer's group health (medical and dental) insurance benefit plans on the same basis (including premium payments at the active employee rates) as the Participant was participating immediately prior to the effective date of the Participant's termination of employment, subject to any amendment, substitution or termination of the applicable plans or programs of the Employer from time to time as applies to employees generally during the Severance Period; provided that the Participant's continued participation is possible under the general terms and provisions of the applicable plans or programs of the Employer and does not otherwise result in the imposition of excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable). To the extent that benefits provided to the Participant under this Section 2.2(b) require reimbursement by the Employer of an expense incurred by the Participant, such reimbursement shall be made on or before the last day of the calendar year following the calendar year during which the expense was incurred. In the event that the Participant is covered under substitute benefit plans of another employer prior to the expiration of the Severance Period, the Employer shall no longer be obligated to continue the coverage provided for in this Section 2.2(b). The Severance Period shall be counted against the Participant's COBRA coverage period, and, to the extent that the applicable COBRA coverage period has not expired upon the expiration of the applicable Severance Period, the Participant may thereafter elect continued COBRA coverage under the Employer's group health insurance benefit plans for the remainder of the applicable COBRA coverage period, subject to the Participant's payment of the full COBRA premiums required for such coverage.

(c) Pro-Rata Bonus. A pro-rata portion of the Participant's Target Bonus for the fiscal year in which the Participant's termination occurs (determined by multiplying the amount of the Target Bonus by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Participant is employed by the Company and the denominator of which is 365) payable at the same time such bonus would have been paid had the Participant remained employed with the Employer through such time.

(d) Equity Awards. All of the Participant's outstanding equity awards that were granted prior to the Change in Control will immediately vest and, if applicable, become exercisable. In the case of any such equity award that, as of immediately prior to the Change in Control, was scheduled to vest based solely on service, 100% of the shares subject to such award will vest. In the case of any such equity award that, as of immediately prior to the Change in Control, was subject to performance-based vesting, the number of

shares subject to such award that will vest will equal the greater of the number of shares determined based on achievement of (i) the target level of performance or (ii) actual performance measured as of the date of the Change in Control. For clarity, in the event that an applicable individual severance agreement provides for vesting of any such equity award on terms that are more favorable to the Participant than the terms provided by this Section 2.2(d), such equity award will vest on the terms provided by such individual severance agreement.

2.3 **Effect of Prior Agreements.** If the Participant has an approved, executed agreement with the Employer or an Affiliate that provides for specific severance in connection with a termination of employment and/or that provides benefits in addition to the benefits provided by the Plan (including accelerated vesting of equity awards), and such agreement has not expired or been replaced prior to the termination of the Participant's employment (an "Individual Severance Agreement"), the payments and benefits provided by the Plan shall be reduced by the payments and benefits under the Individual Severance Agreement and shall be treated as an offset as described in Section 2.2(a) hereof.

2.4 **No Duty to Mitigate/Set-off.** Except as provided in Sections 2.2(a) or 2.2(b) hereof, no Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amount payable to the Participant by the Employer pursuant to the Plan and there shall be no offset against any amounts due to the Participant under the Plan on account of any remuneration attributable to any subsequent employment that the Participant may obtain or otherwise. The amounts payable hereunder shall not be subject to setoff, counterclaim, recoupment, defense or other right which the Employer may have against the Participant. In the event of the Participant's breach of any provision hereunder, including, without limitation, Sections 2.5 (other than as it applies to a release of claims under the Age Discrimination in Employment Act, as amended), 2.6 and 2.7 hereof, the Company shall be entitled to recover any payments previously made to the Participant hereunder.

2.5 **Release Required.** Any amount payable pursuant to the Plan shall be conditioned upon the Participant's execution and non-revocation of a release (substantially in the form attached as Exhibit A hereto) of all claims of any kind whatsoever that the Participant has or may have against the Employer and its officers, directors and employees and other related parties, known or unknown, as of the date of termination of employment occurring up to the release date. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. Notwithstanding the foregoing, such general release shall not be required to cover (i) claims to payments specifically payable hereunder, (ii) claims under COBRA, (iii) claims to vested accrued benefits under the Employer's 401(k) or other tax qualified retirement plans in accordance with the terms of such plans and applicable law, (iv) claims related to reimbursement of ordinary and reasonable business expenses in accordance with the Employer's policies in effect from time to time, (v) claims relating to any rights of indemnification under the Employer's organizational documents or otherwise, (vi) claims relating to any outstanding stock option or other equity-based award on the date of termination, and (vii) claims relating to an Individual Severance Agreement.

2.6 **Restrictive Covenants.** In consideration for the payment of any Severance Benefit under the Plan, a Participant's rights with respect to payment of Severance Benefits under the Plan shall be subject to the Participant's compliance with any non-competition, non-solicitation or other restrictive covenants that may be contained in any employment agreement, restrictive covenants agreement or other agreement between the Employer and the Participant, whether entered into prior to, on or following the Effective Date. If, at the time of enforcement of any restrictive covenants described in this Section 2.6, a court shall hold that the duration, scope, area or other restrictions stated in the applicable agreement are unreasonable under circumstances then existing, such provisions shall be enforceable to the maximum extent permissible under applicable law. In addition to any means at law or equity available to enforce such restrictive covenants (including, without limitation, injunctive relief), the Participant shall be required upon a breach of any such restrictive covenant to forfeit the Participant's rights with respect to any Severance Benefit hereunder and to repay to the Company any amounts previously paid to the Participant hereunder.

2.7 **Cooperation.** By accepting the Severance Benefits hereunder, subject to the Participant's other commitments, the Participant agrees to be reasonably available to cooperate with the Employer and provide information as to matters which the Participant was personally involved, or has information on, during the Participant's employment with the Employer and which are or become the subject of litigation or other dispute.

ARTICLE III

UNFUNDED PLAN

The Plan shall be "unfunded" for the purposes of ERISA and the Code and the Severance Benefits shall be paid out of the general assets of the Employer as and when the Severance Benefits are payable under the Plan. All Participants shall be solely unsecured general creditors of the Employer. If the Employer decides in its sole discretion to establish any advance accrued reserve on its books against the future expense of the Severance Benefits payable hereunder, or if the Employer decides in its sole discretion to fund a trust from which Plan benefits may be paid from time to time, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

ARTICLE IV

ADMINISTRATION OF THE PLAN

4.1 **Plan Administrator.** The general administration of the Plan on behalf of the Employer (as plan administrator under Section 3(16)(A) of ERISA) shall be placed with the Committee.

4.2 **Reimbursement of Expenses of Plan Committee.** The Employer may, in its sole discretion, pay or reimburse the members of the Committee for all reasonable expenses incurred in connection with their duties hereunder, including, without limitation, expenses of outside legal counsel.

4.3 **Action by the Plan Committee.** Decisions of the Committee shall be made by a majority of its members attending a meeting at which a quorum is present (which meeting may be held telephonically), or by written action in accordance with applicable law. Subject to the terms of the Plan and provided that the Committee acts in good faith, the Committee shall have complete authority to determine a Participant's participation and the Severance Benefits under the Plan, to interpret and construe the provisions of the Plan, and to make decisions in all disputes involving the rights of any person interested in the Plan.

4.4 **Delegation of Authority.** Subject to the limitations of applicable law, the Committee may delegate any and all of its powers and responsibilities hereunder to other persons by formal resolution filed with and accepted by the Board. Any such delegation shall not be effective until it is accepted by the Board and the persons designated and may be rescinded at any time by written notice from the Committee to the person to whom the delegation is made.

4.5 **Retention of Professional Assistance.** The Committee may employ such legal counsel, accountants and other persons as may be required in carrying out its duties in connection with the Plan.

4.6 **Accounts and Records.** The Committee shall maintain such accounts and records regarding the fiscal and other transactions of the Plan and such other data as may be required to carry out its functions under the Plan and to comply with all applicable laws.

4.7 **Indemnification.** The Committee, its members and any person designated pursuant to Section 4.4 hereof shall not be liable for any action or determination made in good faith with respect to the Plan. The Employer shall, to the fullest extent permitted by law, indemnify and hold harmless each member of the Committee and each director, officer and employee of the Employer for liabilities or expenses that they and each of them incur in carrying out their respective duties under the Plan, other than for any liabilities or expenses arising out of such individual's willful misconduct or fraud.

ARTICLE V

AMENDMENT AND TERMINATION

The Company reserves the right to amend or terminate, in whole or in part, any or all of the provisions of the Plan by action of the Board (or a duly authorized committee thereof) at any time, provided that in no event shall any amendment or termination following a Change in Control adversely affect the rights of Participants hereunder without the prior written consent of the affected Participants. Notwithstanding the foregoing, the Plan shall terminate on the first day following the twenty four (24)-month anniversary of the Change in Control, provided that all obligations accrued by Participants prior to such termination of the Plan must be satisfied in full in accordance with the terms hereof.

ARTICLE VI

SUCCESSORS

For purposes of the Plan, the Company shall include any and all successors or assignees, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company and such successors and assignees shall perform the Company's obligations under the Plan, in the same manner and to the same extent that the Company would be required to perform such obligations if no such succession or assignment had taken place. In the event that the surviving corporation in any transaction to which the Company is a party is a subsidiary of another corporation, the ultimate parent corporation of such surviving corporation shall cause the surviving corporation to perform the obligations of the Company under the Plan in the same manner and to the same extent that the Company would be required to perform such obligations if no such succession or assignment had taken place. In such event, the term "Company," as used in the Plan, means the Company, as hereinbefore defined, and any successor or assignee (including the ultimate parent corporation) to the business or assets thereof which by reason hereof becomes bound by the terms and provisions of the Plan.

ARTICLE VII

MISCELLANEOUS

7.1 **Minors and Incompetents.** If the Committee shall find that any person to whom any Severance Benefit is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, any Severance Benefit due (unless a prior claim therefore shall have been made by a duly appointed guardian, committee or other legal representative) may be paid to the spouse, a child, parent, or brother or sister, or to any person deemed by the Committee to have incurred expense for such person otherwise entitled to Severance Benefits, in such manner and proportions as the Committee may determine in its sole discretion. Any such payment of Severance Benefits shall be a complete discharge of the liabilities of the Employer, the Committee and the Board under the Plan.

7.2 **Limitation of Rights.** Nothing contained herein shall be construed as conferring upon a Participant the right to continue in the employ of the Employer as an employee or in any other capacity or to interfere with the Employer's right to discharge such

Participant at any time for any reason whatsoever.

7.3 **Payment Not Salary.** Any Severance Benefit payable under the Plan shall not be deemed salary or other compensation to the Participant for the purposes of computing benefits to which the Participant may be entitled under any pension plan or other arrangement of the Employer maintained for the benefit of its employees, unless such plan or arrangement provides otherwise.

7.4 **Severability.** In case any provision of the Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but the Plan shall be construed and enforced as if such illegal and invalid provision never existed.

7.5 **Withholding.** The Employer shall have the right to make such provisions as it deems necessary or appropriate to satisfy any obligation it may have to withhold federal, state or local income or other taxes incurred by reason of payments pursuant to the Plan. In lieu thereof, the Company and/or the Employer shall have the right to withhold the amounts of such taxes from any other sums due or to become due from the Company and/or the Employer to the Participant upon such terms and conditions as the Committee may prescribe.

7.6 **Non-Alienation of Benefits.** The Severance Benefits payable under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any Severance Benefit to be so subjected shall not be recognized.

7.7 **Governing Law.** To the extent legally required, the Code and ERISA shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Company reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code and ERISA, the Plan shall be governed by the laws of the State of Delaware, without regard to the choice of law principles thereof.

7.8 **Tax Matters.**

(a) Section 409A. Although the Company makes no guarantee with respect to the tax treatment of payments hereunder and shall not be responsible in any event with regard to non-compliance with Code Section 409A, the Plan is intended to either comply with, or be exempt from, the requirements of Code Section 409A. To the extent that the Plan is not exempt from the requirements of Code Section 409A, the Plan is intended to comply with the requirements of Code Section 409A and shall be limited, construed and interpreted in accordance with such intent. Accordingly, the Company reserves the right to amend the provisions of the Plan at any time and in any manner without the consent of Participants solely to comply with the requirements of Code Section 409A and to avoid the imposition of the additional tax, interest or income inclusion under Code Section 409A on any payment to be made hereunder. Notwithstanding the foregoing, in no event whatsoever shall the Employer be liable for any additional tax, interest, income inclusion or other penalty that may be imposed on a Participant by Code Section 409A (or any similar state or local law) or for damages for failing to comply with Code Section 409A (or any similar state or local law).

(b) Separation from Service; Specified Employees. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of the Plan, references to a "termination," "termination of employment" or like terms means "separation from service. " If a Participant is deemed on the date of termination to be a Specified Employee, then with regard to any payment or the provision of any benefit under the Plan that is specified as subject to this Section or that is otherwise considered deferred compensation under Code Section 409A payable on account of a "separation from service" and, in either case, to the extent not exempt as a short-term deferral or payment on account of an involuntary separation from service, such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Participant, and (ii) the date of the Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7.8(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Participant in a lump sum (without interest or other adjustment for the time value of money), and any remaining payments and benefits due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

(c) Other Code Section 409A Matters. For purposes of Code Section 409A, the Participant's right to receive any installment payments pursuant to the Plan shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under the Plan specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Employer. Notwithstanding any other provision of this Plan to the contrary, in no event shall any payment that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

(d) Code Section 280G. Notwithstanding any other provision of the Plan or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its Affiliates to a Participant or for a Participant's benefit pursuant to the terms of the Plan or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Code Section 280G and would, but for this Section 7.8(d), be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the Covered Payments shall be either: (a) reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"); or (b) payable in full if the Participant's receipt on an after-tax basis of the full amount of payments and benefits (after

taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax)) would result in the Participant receiving an amount greater than the Reduced Amount. Any such reduction shall be made in accordance with Section 409A of the Code and the following: (x) the Covered Payments that do not constitute nonqualified deferred compensation subject to Section 409A of the Code shall be reduced first; and (y) all other Covered Payments shall then be reduced as follows: (i) cash payments shall be reduced before non-cash payments; and (ii) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date. Any determination required under this Section 7.8(d) shall be made in writing in good faith by an independent accounting firm selected by the Company (the "Accountants"), which shall provide detailed supporting calculations to the Company and the Participant as requested by the Company or the Participant. The Company and the Participant shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 7.8(d). For purposes of making the calculations and determinations required by this Section 7.8(d), the Accountants may rely on reasonable, good faith assumptions and approximations concerning the application of Code Section 280G and Code Section 4999. The Accountants' determinations shall be final and binding on the Company and the Participant. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 7.8(d).

7.9 **Non-Exclusivity.** The adoption of the Plan by the Company shall not be construed as creating any limitations on the power of the Company to adopt such other supplemental retirement income arrangements as it deems desirable, and such arrangements may be either generally applicable or limited in application.

7.10 **Non-Employment.** The Plan is not an agreement of employment and it shall not grant the Participant any rights of continued employment.

7.11 **Headings and Captions.** The headings and captions herein are provided for reference and convenience only. They shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

7.12 **Gender and Number.** Whenever used in the Plan, the masculine shall be deemed to include the feminine and the singular shall be deemed to include the plural, unless the context clearly indicates otherwise.

7.13 **Communications.** All announcements, notices and other communications regarding the Plan will be made by the Company in writing (whether in electronic form or otherwise). Except for written amendments to the Plan or official written communications issued by the Company in connection with the Plan, Participants in the Plan may not rely on any representation or statement made by the Employer or any of its officers, directors, employees or agents, whether written or oral, regarding such Participants' participation in the Plan and any rights hereunder.

ARTICLE VIII

WHAT ELSE A PARTICIPANT NEEDS TO KNOW ABOUT THE PLAN

8.1 **Claims Procedure.** Any claim by a Participant with respect to eligibility, participation, contributions, benefits or other aspects of the operation of the Plan shall be made in writing to a person designated by the Committee from time to time for such purpose. If the designated person receiving a claim believes, following consultation with the Chairman of the Committee, that the claim should be denied, he or she shall notify the Participant in writing of the denial of the claim within ninety (90) days after his or her receipt thereof. This period may be extended an additional ninety (90) days in special circumstances and, in such event, the Participant shall be notified in writing of the extension, the special circumstances requiring the extension of time and the date by which the Committee expects to make a determination with respect to the claim. If the extension is required due to the Participant's failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent until the date on which the Participant responds to the Plan's request for information.

If a claim is denied in whole or in part, or any adverse benefit determination is made with respect to the claim, the Participant will be provided with a written notice setting forth (a) the specific reason or reasons for the denial making reference to the pertinent provisions of the Plan or of Plan documents on which the denial is based, (b) a description of any additional material or information necessary to perfect or evaluate the claim, and explain why such material or information, if any, is necessary, and (c) inform the Participant of his or her right to request review of the decision. The notice shall also provide an explanation of the Plan's claims review procedure and the time limits applicable to such procedure, as well as a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review. If a Participant is not notified (of the denial or an extension) within ninety (90) days from the date the Participant notifies the Plan Administrator, the Participant may request a review of the application as if the claim had been denied.

A Participant may appeal the denial of a claim by submitting a written request for review to the Committee, within sixty (60) days after written notification of denial is received. Receipt of such denial shall be deemed to have occurred if the notice of denial is sent via first class mail to the Participant's last shown address on the books of the Employer. Such period may be extended by the Committee for good cause shown. The claim will then be reviewed by the Committee. In connection with this appeal, the Participant (or his or her duly authorized representative) may (a) be provided, upon written request and free of charge, with reasonable access to (and copies of) all documents, records, and other information relevant to the claim, and (b) submit to the Committee written comments, documents, records, and other information related to the claim. If the Committee deems it appropriate, it may hold a hearing as to a claim. If a hearing is held, the Participant shall be entitled to be represented by counsel.

The review by the Committee will take into account all comments, documents, records, and other information that the Participant submits relating to the claim. The Committee will make a final written decision on a claim review, in most cases within sixty (60) days after receipt of a request for a review. In some cases, the claim may take more time to review, and an additional processing period of up to sixty (60) days may be required. If that happens, the Participant will receive a written notice of that fact, which will also indicate the special circumstances requiring the extension of time and the date by which the Committee expects to make a determination with respect to the claim. If the extension is required due to the Participant's failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the Participant until the date on which the Participant responds to the Plan's request for information.

The Committee decision on the claim for review will be communicated to the Participant in writing. If an adverse benefit determination is made with respect to the claim, the notice will include: (a) the specific reason(s) for any adverse benefit determination, with references to the specific Plan provisions on which the determination is based; (b) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to (and copies of) all documents, records and other information relevant to the claim; and (c) a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA. A Participant may not start a lawsuit to obtain benefits until after he or she has requested a review and a final decision has been reached on review, or until the appropriate time frame described above has elapsed since the Participant filed a request for review and the Participant has not received a final decision or notice that an extension will be necessary to reach a final decision. These procedures must be exhausted before a Participant (or any beneficiary) may bring a legal action seeking payment of benefits. In addition, no lawsuit may be started more than two years after the date on which the applicable appeal was denied. If there is no decision on appeal, no lawsuit may be started more than two years after the time when the Committee should have decided the appeal. The law also permits the Participant to pursue his or her remedies under Section 502(a) of ERISA without exhausting these appeal procedures if the Plan has failed to follow them.

8.2 **Plan Interpretation and Benefit Determination.** The Committee (or, where applicable, any duly authorized delegee of the Committee) shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply and interpret the Plan and any other documents, and to decide all factual and legal matters arising in connection with the operation or administration of the Plan.

Without limiting the generality of the foregoing, the Committee (or, where applicable, any duly authorized delegee of the Committee) shall have the sole and absolute discretionary authority to:

(a) take all actions and make all decisions (including factual decisions) with respect to the eligibility for, and the amount of, benefits payable under the Plan;

(b) formulate, interpret and apply rules, regulations and policies necessary to administer the Plan;

(c) decide questions, including legal or factual questions, relating to the calculation and payment of benefits, and all other determinations made, under the Plan;

(d) resolve and/or clarify any factual or other ambiguities, inconsistencies and omissions arising under the Plan or other Plan documents; and

(e) process, and approve or deny, benefit claims and rule on any benefit exclusions.

All determinations made by the Committee (or, where applicable, any duly authorized delegee of the Committee) with respect to any matter arising under the Plan shall be final and binding on the Employer, the Participant, any beneficiary, and all other parties affected thereby.

8.3 **Other Important Facts.**

The Committee keeps records of the Plan and is responsible for the administration of the Plan. The Committee will also answer any questions a Participant may have about the Plan.

Service of legal process may be made upon the Committee (at the address above) or the Company's General Counsel.

No individual may, in any case, become entitled to additional benefits or other rights under the Plan after the Plan is terminated. Under no circumstances, will any benefit under the Plan ever vest or become nonforfeitable.

EXHIBIT A

FORM OF GENERAL RELEASE

GENERAL RELEASE

I, __________________________, in consideration of and subject to the performance by U.S. Silica Holdings, Inc. (together with its subsidiaries, "Employer"), of its obligations under the Change in Control Severance Plan, (the "Plan"), do hereby release and forever discharge as of the date hereof the Employer and its respective current and former affiliated entities, insurers, successors and assigns, and all present, former and future direct and indirect owners, trustees, managers, directors, officers, employees, fiduciaries, agents, successors and assigns thereof, both individually and in their business capacities, and their employee benefit plans and

programs and their administrators and fiduciaries (collectively, the "Released Parties") to the extent provided below. The Released Parties, other than the Employer, are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by the Employer and all other Released Parties in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Plan.

1. I understand that any payments or benefits paid or granted to me under the Plan represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive any of the payments and benefits specified in the Plan unless I execute this General Release and deliver it to the Employer in accordance with the terms of the Plan, I do not revoke this General Release within the time period permitted hereafter, and this General Release becomes irrevocable within 60 days of my date of termination. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Employer or its affiliates.

2. Except as provided in paragraph 5 below and except for the provisions of the Plan which expressly survive the termination of my employment with the Employer, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Employer and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, whether known or unknown, suspected, or claimed against the Employer or any of the Released Parties which I or any of my heirs, executors, administrators or assigns, may have as of the date of execution of this General Release, including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; Sections 1981 through 1988 of the United States Code; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990, as amended; the Immigration Reform and Control Act; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974 (except for any vested benefits under any tax qualified benefit plan); the Fair Labor Standards Act; the Fair Credit Reporting Act; the Occupational Safety and Health Act; the Genetic Information Nondiscrimination Act; any applicable Executive Order Programs; any of the aforementioned laws' counterparts under any state or local law; any other federal, state or local civil or human rights law; any other local, state, or federal law, rule, regulation or ordinance; any public policy, contract, tort, or common law; and any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters (all of the foregoing collectively referred to herein as the "Claims").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I acknowledge and agree that my separation from employment with the Employer in compliance with the terms of the Plan shall not serve as the basis for any claim or action by me, my heirs, executors, administrators and assigns.

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any and all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that, if any Claim is not subject to release, to the extent permitted by law, I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge, investigation, proceeding or lawsuit, any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective, or multiparty action or proceeding based on any Claim not subject to release in which any of the Released Parties is a party. Additionally, I am not waiving (i) claims to payments specifically payable under the Plan, (ii) claims under COBRA, (iii) claims to vested accrued benefits under the Employer's 401(k) or other tax qualified retirement plans in accordance with the terms of such plans and applicable law, (iv) claims related to reimbursement of ordinary and reasonable business expenses in accordance with the Employer's policies in effect from time to time, (v) claims relating to any rights of indemnification under the Employer's organizational documents or otherwise, (vi) claims relating to any outstanding stock option or other equity-based award that remain outstanding on the date of termination, and (vii) claims relating to an Individual Severance Agreement.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I agree that I will not file or pursue any claims against any of the Released Parties related in any way to my employment and separation from employment with the Employer. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Employer would not have agreed to the terms of the Plan. I further agree that in the event I should bring a Claim seeking damages against the Employer, or in the event I should seek to recover against the Employer in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law.

7. I affirm that I have been granted any leave to which I was entitled under the Family and Medical Leave Act and/or any related state or local leave or disability accommodation laws.

8. I affirm that I have no known workplace injuries or occupational diseases.

9. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Employer, any Released Party or myself of any improper or unlawful conduct.

10. I agree that this General Release and the Plan are confidential and agree not to disclose any information regarding the terms of this General Release or the Plan, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

11. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity. However, I agree that, in the event I (or my attorney) receive such an inquiry, I will immediately notify the Employer and provide the Employer with information sufficient to identify the relevant proceeding and a copy of any relevant subpoena or other document compelling the disclosure. Nothing in this General Release limits my ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "SEC") or any other federal, state, or local governmental agency or commission (each, a "Government Agency") regarding possible legal violations, without disclosure to the Employer. The Employer may not retaliate against me for any of these activities, and nothing in this General Release requires me to waive any monetary award or other payment that I might be entitled to from the SEC or any other Government Agency.

12. I hereby acknowledge that this General Release does not affect the enforceability of any provisions of the Plan intended to apply after the termination of my employment.

13. I represent that I have not filed, have not caused to be filed, and am not presently a party to any claim against any of the Released Parties. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

14. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Employer or by any Released Party of the Plan after the date hereof.

15. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

16. I affirm that this General Release, and the associated Plan, reflect both my and the Employer's intent, and thus no provision of them shall be construed for or against any party because that party or its attorney draft the provision.

17. I agree that in the event of a breach of this General Release, either party may instate an action specifically to enforce any term of this General Release and/or seek damages for any breach.

18. I agree that this General Release sets forth the entire agreement between the parties hereto, and fully supersedes any prior agreements or understandings between the parties, except the Plan and any other stock option/confidentiality agreement/etc. if applicable, which are incorporated herein by reference to the extent they do not conflict with specific terms of this General Release.

19. If my signature is made on a faxed or electronically mailed copy of this General Release or if my signature is transmitted via facsimile or electronic mail, I agree that it will have the same effect as an original signature.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE NOT RELIED ON ANY REPRESENTATIONS OR PROMISES MADE TO ME IN CONNECTION WITH MY DECISION TO ACCEPT THIS GENERAL RELEASE, EXCEPT THOSE SET FORTH IN THIS GENERAL RELEASE AND THE PLAN.

6. I WAS ALLOWED AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED 21-DAY PERIOD;

7. I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

8. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

9. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE EMPLOYER AND BY ME.

EMPLOYEE:____________ DATED:________

FOR EMPLOYER:__________ DATED:________

Exhibit 31.1

CERTIFICATION

I, Bryan A. Shinn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of U.S. Silica Holdings, Inc. (the "Company") for the quarter ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 1, 2020

/s/ BRYAN A. SHINN

Name: Bryan A. Shinn

Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Donald A. Merril, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of U.S. Silica Holdings, Inc. (the "Company") for the quarter ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 1, 2020

/s/ DONALD A. MERRIL

Name: Donald A. Merril

Title: Executive Vice President and Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Bryan A. Shinn, Chief Executive Officer, U.S. Silica Holdings, Inc. (the “Company”), hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

i. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2020

/s/ BRYAN A. SHINN

Name: Bryan A. Shinn

Title: Chief Executive Officer

A signed copy of this original statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, Donald A. Merril, Chief Financial Officer, U.S. Silica Holdings, Inc. (the “Company”), hereby certify, on the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

i. The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

ii. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 1, 2020

/s/ DONALD A. MERRIL

Name: Donald A. Merril

Title: Executive Vice President and Chief Financial Officer

A signed copy of this original statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

Exhibit 95.1

Mine Safety Disclosure

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the "Mine Act").

Mine Safety Information. Whenever the Federal Mine Safety and Health Administration ("MSHA") believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA District's approach to enforcement. Due to timing and other factors, the data below may not agree with the mine data retrieval system maintained by the MSHA at www.MSHA.gov

The following table details the citations and orders issued and civil penalties assessed to us(in whole dollars) by MSHA during the quarter ended March 31, 2020:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed (1)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Berkley Springs, WV / 4602805	0	0	0	0	0	$1,150.00	0	No	No	0	4	0
Celatom Mine, OR / 3503237	0	0	0	0	0	$0.00	0	No	No	0	0	0
Celatom Plant, OR / 3503236	0	0	0	0	0	$1,070.00	0	No	No	0	0	0
Cheto Mine, AZ / 0200103	0	0	0	0	0	$0.00	0	No	No	0	0	0
Clark, NV / 2600677	0	0	0	0	0	$0.00	0	No	No	0	0	0
Columbia, SC / 3800138	0	0	0	0	0	$0.00*	0	No	No	0	0	0
Crane, TX / 4105331	1	0	0	0	0	$5,132.00	0	No	No	0	0	0
Dubberly, LA / 1600489	0	0	0	0	0	$0.00	0	No	No	0	0	0
Fernley, NV / 2601950	0	0	0	0	0	$294.00	0	No	No	0	0	0
Festus, MO / 2302377	0	0	0	0	0	$280.00	0	No	No	0	0	0
Fowlkes Mine, MS / 2200460	0	0	0	0	0	$0.00	0	No	No	0	0	0
Hazen Mine, NV/ 2600679	0	0	0	0	0	$0.00	0	No	No	0	0	0
Hurtsboro, AL / 100617	0	0	0	0	0	$0.00	0	No	No	0	0	0
Jackson, MS / 2200415	1	0	0	0	0	$3,292.00	0	No	No	0	3	0
Jackson, TN / 4002937	0	0	0	0	0	$0.00	0	No	No	0	0	0
Kosse, TX / 4100262	0	0	0	0	0	$123.00	0	No	No	0	0	0
Lamesa, TX / 4105363	0	0	0	0	0	$658.00	0	No	No	0	0	0
Lovelock (Colado Plant) / 2600680	1	0	0	0	0	$2,460.00	0	No	No	3	0	7
Lovelock, NV (Colado Mine) / 2600672	0	0	0	0	0	$0.00	0	No	No	0	0	0
Mapleton, PA / 3603122	0	0	0	0	0	$0.00	0	No	No	0	0	0
Mauricetown, NJ / 2800526	0	0	0	0	0	$526.00	0	No	No	0	0	0
Middletown, TN / 4002968	1	0	0	0	0	$123.00*	0	No	No	0	0	0
Mill Creek Mine, OK / 3400836	0	0	0	0	0	$242.00	0	No	No	0	0	0
Mill Creek Plant, OK / 3400377	0	0	0	0	0	$0.00	0	No	No	0	0	0
Millen, GA / 0901232	0	0	0	0	0	$0.00	0	No	No	0	0	0
Montpelier, VA / 4402829	0	0	0	0	0	$0.00 *	0	No	No	0	0	0
Ottawa, IL / 1101013	6	0	0	0	0	$3,990.00	0	No	No	0	0	0
Pacific, MO / 2300544	1	0	0	0	0	$1,509.00	0	No	No	0	0	0
Popcorn Mine, NV / 2602236	0	0	0	0	0	$0.00	0	No	No	0	0	0
Port Elizabeth, NJ / 2800510	0	0	0	0	0	$123.00	0	No	No	0	0	0
Rockwood, MI / 2000608	0	0	0	0	0	$0.00*	0	No	No	0	0	0
Seagraves, TX / 4105004	0	0	0	0	0	$0.00	0	No	No	0	0	0
Sparta, WI / 4703644	0	0	0	0	0	$0.00	0	No	No	0	0	0
Tyler, TX /4104182	0	0	0	0	0	$0.00	0	No	No	0	0	0
Utica, IL / 1103268	0	0	0	0	0	$0.00	0	No	No	0	0	0
Voca, TX / 4104855	0	0	0	0	0	$0.00	0	No	No	0	0	0

Amounts included are the total dollar value of proposed assessments received from MSHA on or before March 31, 2020, regardless of whether the assessment has been challenged or appealed. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by the MSHA District's approach to enforcement and vary depending on the size and type of the operation

* As of March 31, 2020 MSHA had not yet proposed an assessment for 6 non-S&S citations at Columbia, SC.
* As of March 31, 2020 MSHA had not yet proposed an assessment for 1 S&S citation at Middleton, TN.
* As of March 31, 2020 MSHA had not yet proposed an assessment for 3 non-S&S citations at Montpelier, VA.
* As of March 31, 2020 MSHA had not yet proposed an assessment for 5 S&S citations and 12 non-S&S citations at Ottawa, IL.
* As of March 31, 2020 MSHA had not yet proposed an assessment for 2 non-S&S at Rockwood, MI.