U.S. SILICA HOLDINGS, INC.
Form 424B7
June 06, 2013
Table of Contents

Filed Pursuant to Rule 424(b)(7)
Registration No. 333-186406

PROSPECTUS SUPPLEMENT

(To prospectus dated March 8, 2013)

12,000,000 SHARES

U.S. Silica Holdings, Inc.

Common Stock

The selling stockholder identified in this prospectus supplement is offering 12,000,000 shares of our common stock. We will not receive any proceeds from the sale of shares offered by the selling stockholder. See Selling Stockholder.

Our common stock is traded on the New York Stock Exchange under the symbol SLCA. On June 5, 2013, the last reported sale price for our common stock on the New York Stock Exchange was $19.78 per share.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements in our public filings.

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page S-12 of this prospectus supplement.

	Price to Public	*Underwriting Discounts and Commissions(1)*	*Proceeds to Selling Stockholder*
Per share	*$19.60*	*$0.8428*	*$18.7572*
Total	*$235,200,000*	*$10,113,600*	*$225,086,400*

(1) The underwriters will receive reimbursement for certain expenses in addition to the underwriting discounts and commissions. See "Underwriters."

To the extent that the underwriters sell more than 12,000,000 shares of common stock, the underwriters have the option for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 1,800,000 shares from the selling stockholder at the initial public offering price less the underwriting discount.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on June 11, 2013.

MORGAN STANLEY *BofA MERRILL LYNCH*

SIMMONS & COMPANY INTERNATIONAL *JEFFERIES* *WELLS FARGO SECURITIES*

BB&T CAPITAL MARKETS *WILLIAM BLAIR* *COWEN AND COMPANY* *LAZARD CAPITAL MARKETS*

RBC CAPITAL MARKETS *SCOTIABANK / HOWARD WEIL* *STEPHENS INC.*

June 5, 2013

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which contains more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described in the accompanying prospectus under the headings Where You Can Find More Information and Incorporation by Reference of Certain Documents.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus or in any document incorporated by reference that was filed with the Securities and Exchange Commission (the Commission or the SEC) before the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a subsequently filed document deemed incorporated by reference in this prospectus supplement and the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

We and the selling stockholder have not authorized anyone to provide you with any different or additional information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We, the selling stockholder and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide.

Neither we, the selling stockholder, nor the underwriters are making an offer to sell our common stock in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus we have authorized for use in connection with this offering or any document incorporated by reference therein is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations, and prospects may have changed since that date. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

Adjusted EBITDA has been presented in this prospectus supplement and is a supplemental measure of financial performance that is not required by, or presented in accordance with, U.S. generally accepted accounting principles (GAAP). For a full description of Adjusted EBITDA and reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure, see note 1 to Summary Summary Historical Consolidated Financial and Operating Data.

Table of Contents

INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS

We are incorporating by reference specified documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus supplement. Later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus the documents listed below and any future filings (other than pursuant to Items 2.02 and 7.01 of Form 8-K) made with the SEC (other than any portion of such filings that are furnished under applicable SEC rules rather than filed) under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, including filings made after the date of this prospectus and prior to the termination of this offering:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2012;
- our Quarterly Report on Form 10-Q for the three months ended March 31, 2013;
- our Current Reports on Form 8-K filed on January 4, 2013, February 11, 2013, March 19, 2013, April 1, 2013 and April 30, 2013 (only with respect to Item 5.07); and
- our Registration Statement on Form 8-A filed on January 31, 2012.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus supplement modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. Our Commission File Number is 001-35416.

Our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, are available free of charge on our website at http://www.ussilica.com as soon as reasonably practicable after they are filed with, or furnished to, the SEC. Our website and the information contained on that site, or connected to that site, are not incorporated into and are not a part of this prospectus. You may also obtain a copy of these filings at no cost by writing or telephoning us at the office of our Corporate Secretary, U.S. Silica Holdings, Inc., (301) 682-0600.

Table of Contents

SUMMARY

This summary highlights material information regarding the offering contained elsewhere in this prospectus supplement, but may not contain all of the information that may be important to you. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the matters discussed under the caption Risk Factors in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2012 and the more detailed information and financial statements and related notes appearing in the documents incorporated by reference herein. As used herein, the Company, U.S. Silica, we, us and our refer to U.S. Silica Holdings, Inc. and its consolidated subsidiaries.

Company Overview

We are the second largest domestic producer of commercial silica, a specialized mineral that is a critical input into a variety of attractive end markets. During our 113-year history, we have developed core competencies in mining, processing, logistics and materials science that enable us to produce and cost-effectively deliver over 250 products to customers across these markets. In our largest end market, oil and gas proppants, our frac sand is used to stimulate and maintain the flow of hydrocarbons in horizontally drilled oil and natural gas wells. This segment of our business is experiencing rapid growth due to recent technological advances in the hydraulic fracturing process, which have made the extraction of large volumes of oil and natural gas from U.S. shale formations economically feasible. Our commercial silica is also used as an economically irreplaceable raw material in a wide range of industrial applications, including glassmaking and chemical manufacturing. Additionally, in recent years a number of attractive new end markets have developed for our high-margin, performance silica products, including high performance glass, specialty coatings, polymer additives and geothermal energy systems.

As of April 30, 2013, we operate 15 production facilities across the United States and control 306 million tons of reserves. We own one of the largest frac sand processing plants in the United States and control approximately 143 million tons of reserves that can be processed to meet the American Petroleum Institute (API) frac sand size specifications. We produce a wide range of frac sand sizes and are one of the few commercial silica producers capable of rail delivery of large quantities of API grade frac sand to most of the major U.S. shale basins. We believe that, due to a combination of these favorable attributes and robust drilling activity in the oil and natural gas industry, we have become a preferred commercial silica supplier to our customers in the oil and gas proppants end market and, consequently, have experienced high demand for our frac sand. To meet this demand, in 2011 we began to invest significant resources to increase our proppant production, including expanding our frac sand capabilities by approximately 1.2 million tons, or approximately 75% above tons sold in 2010, and began constructing a new facility that became fully operational in the first quarter of 2013 to produce resin-coated sand, which significantly expanded our addressable proppant market. During the second half of 2012, we expanded our production capacity with the development of a Greenfield site and construction of a production facility near Sparta, Wisconsin and expect the facility to be fully operational in the second half of 2013. We expect this new facility to increase our annual production by 1,700,000 tons when fully operational.

Our operations are organized into two segments based on end markets served: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products. Our segments are complementary because our ability to sell to a wide range of customers across end markets allows us to maximize recovery rates in our mining operations, optimize our asset utilization and reduce the cyclicality of our earnings. In 2012, we generated approximately $441.9 million of sales, $150.6 million of Adjusted EBITDA and $79.2 million of net income. These figures represent increases of 50%, 61% and 162%, respectively, compared to 2011. In the three months ended March 31, 2013, we generated approximately $122.3 million of sales, $38.8 million of Adjusted EBITDA and $17.3 million of net income. These figures represent increases of 19% and 5% and a decrease of 10%, respectively, compared to the three months ended March 31, 2012. In particular, the Oil & Gas Proppants segment contribution margin grew by

Table of Contents

107% in 2012 and 3% (although it declined slightly compared to the fourth quarter of 2012, due to a change in mix to lower margin products, higher demand from contract customers and reduced negotiated pricing, which margin and pricing trends are continuing) in the three months ended March 31, 2013, and represented approximately 72% and 73%, respectively, of total company segment contribution margin, compared to 56% and 74%, respectively, for 2011 and the three months ended March 31, 2012.

Our Competitive Strengths

We attribute our success to the following strengths:

Large-Scale Producer with a Diverse and High-Quality Reserve Base. Our 15 geographically dispersed production facilities control 306 million tons of reserves, including API size frac sand and large quantities of silica with distinct characteristics, giving us the ability to sell over 250 products to over 1,800 customers. Our large-scale production and logistics capabilities and long reserve life make us a preferred commercial silica supplier to our customers. Our consistent, reliable supply of large quantities of silica gives our customers the security to customize their production processes around our commercial silica. Furthermore, our large scale provides us earnings diversification and a larger addressable market.

Geographically Advantaged Footprint with Intrinsic Transportation Advantages. The strategic location of our facilities and our logistics capabilities enable us to enjoy high customer retention and a larger addressable market. In our Oil & Gas Proppants segment, our network of frac sand production facilities with access to on-site rail and the strategic locations of our transloads serve to create an addressable market that includes every major U.S. shale basin. We believe we are one of the few frac sand producers capable of delivering API grade frac sand cost-effectively to most of the major U.S. shale basins by on-site rail. Additionally, due to the high weight-to-value ratio of many silica products in our Industrial & Specialty Products segment, the proximity of our facilities to our customers facilities often results in us being their sole supplier. This advantage has enabled us to enjoy strong customer retention in this segment, with our top five Industrial & Specialty Products segment customers purchasing from us for an average of over 50 years.

Low-Cost Operating Structure. We believe the combination of the following factors contributes to our low-cost structure and our high margins:

- our ownership of the vast majority of our reserves, resulting in mineral royalty rates that were less than 0.3% of our sales in 2012;
- the close proximity of our mines to their respective processing plants, which allows for a cost-efficient and highly automated production process;
- our processing expertise, which enables us to create over 250 products with unique characteristics while minimizing waste;
- our integrated logistics management expertise and geographically advantaged facility network, which enables us to reliably ship products by the most cost-effective method available, whether by truck, rail or barge;
- our large customer base across numerous end markets, which allows us to maximize our mining recovery rate and asset utilization; and

our large overall and plant-level operating scale.

Strong Reputation with our Customers and the Communities in which we Operate. We believe that we have built a strong reputation during our 113-year operating history. Our customers know us for our dependability and our high-quality, innovative products, as we have a long track record of timely delivery of our products according to customer specifications. We also have an extensive network of
technical resources, including materials science and petroleum engineering expertise, which enables us

Table of Contents

to collaborate with our customers to develop new products and improve the performance of their existing applications. We are also well known in the communities in which we operate as a preferred employer and a responsible corporate citizen, which generally serves us well in hiring new employees and securing difficult to obtain permits for expansions and new facilities.

Experienced Management Team. The members of our senior management team bring significant experience to the dynamic environment in which we operate. Their expertise covers a range of disciplines, including industry-specific operating and technical knowledge as well as experience managing high-growth businesses. We believe we have assembled a flexible, creative and responsive team with a mentality that is particularly well suited to the rapidly evolving unconventional oil and natural gas drilling landscape, which is currently the principal driver of our growth.

Our Growth Strategy

The key drivers of our growth strategy include:

Expand our Oil and Gas Proppant Production Capacity and Product Portfolio. Beginning in the fourth quarter of 2011, we executed several initiatives to increase our frac sand production capacity and augment our proppant product portfolio. At our Ottawa, Illinois facility, we implemented operating improvements and installed a new dryer and six mineral separators to increase our annual frac sand production capacity by 900,000 tons. At our Rockwood, Michigan facility, we added 250,000 tons of annual frac sand production capacity by installing an entirely new processing circuit. In the first quarter of 2013, our new resin-coated sand facility became fully operational. We expect the facility will resin coat up to 400 million pounds of sand annually and will significantly expand our addressable oil and gas proppant market. During the second half of 2012, we expanded our production capacity with the development of a Greenfield site and construction of a production facility near Sparta, Wisconsin and expect the facility to be fully operational in the second half of 2013. We expect this new facility will increase our annual production by 1,700,000 tons when fully operational.

Increase our Presence in Industrial and Specialty Products End Markets. We intend to increase our presence and market share in certain industrial and specialty products end markets that we believe are poised for growth. We will continue to work toward transforming our Industrial & Specialty Products segment from a commodity business to a more value-driven approach by developing capabilities and products that assist in enabling us to increase our presence in larger, more profitable markets.

Optimize Product Mix and Further Develop Value-Added Capabilities to Maximize Margins. We continue to actively manage our product mix at each of our plants to ensure we maximize our profit margins. This requires us to use our proprietary expertise in balancing key variables, such as mine geology, processing capacities, transportation availability, customer requirements and pricing. In 2012, while our tons sold increased by 14%, we believe this expertise helped enable us to increase our operating income by 96%. We also expect to continue investing in ways to increase the value we provide to our customers by expanding our product offerings, increasing our transportation assets, improving our supply chain management, upgrading our information technology, and creating a world class customer service model.

Expand our Supply Chain Network and Leverage our Logistics Capabilities to meet our Customers Needs in each Strategic Oil and Gas Basin. We continue to expand our transload network to ensure product is available to meet the growing in-basin needs of our customers. This approach allows us to provide strong customer service and puts us in a position to take advantage of opportunistic spot market sales. Our plant sites are strategically located to provide access to all Class I railroads, which enables us to cost effectively send product to each of the strategic basins in North America. We can ship product by truck, barge and rail with an ability to connect to short-line railroads as necessary to

S-3

meet our customers evolving in-basin product needs. For example, in 2013, we opened our San Antonio, Texas unit-train receiving transload facility, which was built in partnership with BNSF railroad to support the Eagle Ford basin market. We believe that our supply chain network and logistics capabilities are a competitive advantage that enables us to provide superior service for our customers.

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

Evaluate both Greenfield and Brownfield Expansion Opportunities. We will continue to leverage our reputation, processing capabilities and infrastructure to increase production, as well as explore other opportunities to expand our reserve base. We may accomplish this by developing Greenfield projects, where we can capitalize on our technical knowledge of geology, mining and processing and our strong reputation within local communities. For instance, we are in active discussions to acquire additional Greenfield sites to be used in the production, transportation and logistics of frac sand, which if successfully acquired and developed at an expected cost comparable to our recently developed Greenfield sites, we anticipate would increase our annual production by approximately 1.5 million tons when fully operational by 2015. While we are not party to any definitive agreements to acquire these additional sites, we may execute such agreements shortly after pricing this offering, although we can provide no assurances. Additionally, we may pursue other opportunistic acquisitions, taking advantage of our asset footprint, our management s experience with high-growth businesses and our strong customer relationships. We may also evaluate international acquisitions as unconventional oil and natural gas drilling expands globally.

Maintain Financial Strength and Flexibility. We intend to maintain financial strength and flexibility to enable us to pursue acquisitions and new growth opportunities as they arise, including the acquisition and build-out of our potential Greenfield sites as discussed above. On December 31, 2012, we amended our asset-based revolving line-of-credit to, among other items, increase the availability under the agreement by $15.0 million and extend the termination date of the agreement to October 31, 2016. Although no commitments exist at this time, we expect that we may seek to further amend our credit facilities to increase our capacity for Greenfield expansions and other corporate purposes. As of March 31, 2013, we had $42.9 million of cash on hand and $29.0 million of available borrowings under our credit facilities.

Industry Overview

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

Demand

U.S. demand for commercial silica has been growing steadily. According to The Freedonia Group, Inc. (Freedonia), demand for commercial silica grew at a 4% compound annual growth rate (CAGR) from 2001 to 2011. This increase in demand was driven primarily by hydraulic fracturing, which grew at a 27% CAGR from 2001 to 2011, according to a Freedonia report dated October 2012. More recently, the recovery of the U.S. housing and automotive markets has also positively affected silica segments related to those markets such as

Table of Contents

glass, building materials, foundry and fillers and extenders. In the hydraulic fracturing market, although low prices for natural gas in 2012 caused horizontal rig count to decline, frac sand demand continued to increase. This occurred because the growth in demand is also the result of an increase in the amount of frac sand used per rig, which is growing as a result of the following factors:

- improved drill rig productivity, resulting in more wells drilled per year, per rig;
- the increase in the number of fracturing sites within each well where fracturing occurs and proppant is needed;
- the increase in the length of the horizontal distance covered in lateral wells due to advances in horizontal drilling technologies; and
- the increase in proppant use per foot completed in each fracturing stage.

Freedonia projects demand for commercial silica to grow at a CAGR of 6% until 2016, driven by hydraulic fracturing, flat and other glass (non-container) and building products markets according to their report dated October 2012.

Supply

During 2012, the market increased supply to meet recent shortages and appears to be balanced, though shortages persist in certain coarse grades. The year was also marked by the entry of multiple new players in the silica mining business, concentrated in Wisconsin and Minnesota. New entrants faced serious hurdles to establish their operations, including:

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

Many projects were abandoned, postponed or delayed due to these difficulties. The new entrants who were able to establish themselves often had high cost structures which resulted from these factors.

Pricing

Historically, commercial silica has been characterized by regional markets created by the high weight-to-value ratio of silica. Since 2000, the increased demand for commercial silica from our customers in both the oil and gas proppants end market and industrial and specialty products end markets and limited supply increases have resulted in favorable pricing trends in both of our operating segments. From 2001 to 2011, North America commercial silica prices increased at an average annual rate of 5.9%, according to a Freedonia report dated October 2012.

Table of Contents

The increased demand from the industrial and specialty products end market has assisted the oil and gas end market by using supply and increasing prices. If the use of hydraulic fracturing continues to increase, and if the general economic recovery continues to result in increased demand from our customers in industrial and specialty products end markets, we expect the prices that our products command will continue to increase.

Corporate Information

We were incorporated as a Delaware corporation in 2008 in connection with our acquisition by an affiliate of Golden Gate Private Equity, Inc. (Golden Gate Capital). We began operations 113 years ago in Ottawa, Illinois. Since that time, we have merged with and acquired many additional commercial silica mining and production facilities. Consistent with our growth strategy discussed above, we continue to evaluate a number of potential acquisition and Greenfield expansion opportunities, some of which may be material.

Following the consummation of this offering, we will no longer qualify as a controlled company under the NYSE corporate governance standards. As a result, within one year of the date of this offering, our board of directors will be required to be comprised of a majority of independent directors and our Compensation and Governance Committee will be required to be comprised entirely of independent directors. We intend to comply with these requirements within the required timeframe.

Our corporate headquarters is located at 8490 Progress Drive, Suite 300, Frederick, Maryland 21701. Our telephone number is (301) 682-0600. Our website address is http://www.ussilica.com. The information on our website is not deemed to be part of this prospectus supplement.

Table of Contents

THE OFFERING

Common stock offered by the selling stockholder	12,000,000 shares (or 13,800,000 shares if the underwriters option to purchase additional shares is exercised in full).
Selling stockholder	GGC USS Holdings, LLC (GGC Holdings)
Common stock outstanding immediately after this offering	52,995,936 shares
Option to purchase additional shares	The underwriters have the option to purchase up to 1,800,000 additional shares from the selling stockholder. The underwriters can exercise this option at any time within 30 days from the date of this prospectus supplement.
Use of proceeds	We will not receive any proceeds from this offering. See Use of Proceeds.
Dividend policy	We have paid special dividends in the past, and recently declared a quarterly cash dividend of $0.125 per share to stockholders of record at close of business on June 19, 2013. We may pay additional dividends in the future, but any determination will be at the discretion of our board of directors. In addition, 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.
Risk factors	Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-12 of this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Symbol for trading on the New York Stock Exchange	SLCA

Unless otherwise indicated, all information in this prospectus supplement relating to the number of shares of our common stock to be outstanding immediately after this offering:

- includes 60,000 shares of currently unvested restricted stock granted pursuant to the 2011 Incentive Compensation Plan (the 2011 Plan);
- excludes 1,787,372 shares of our common stock issuable upon the exercise of options outstanding as of May 22, 2013 pursuant to the 2011 Plan, of which 541,363 options are currently exercisable;
- excludes 152,163 shares of our common stock issuable upon the vesting of restricted stock units and performance share units (assuming at target performance) outstanding as of May 22, 2013 pursuant to the 2011 Plan;
- excludes 4,957,464 shares of our common stock reserved for future grants under the 2011 Plan; and
- assumes no exercise by the underwriters of their option to purchase up to 1,800,000 additional shares from the selling stockholder.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table sets forth our summary consolidated financial and operating information as of the dates and for the periods indicated. The summary historical statement of operations data and statement of cash flows data for the fiscal years ended December 31, 2012, December 31, 2011 and December 31, 2010 have been derived from our historical audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 and incorporated by reference herein. The summary historical statement of operations data and statement of cash flows data for the three months ended March 31, 2013 and March 31, 2012 and balance sheet data as of March 31, 2013 have been derived from our historical unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the three months ended March 31, 2013 and incorporated by reference herein.

The summary historical consolidated data presented below should be read in conjunction with Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes and other financial data included in our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Report on Form 10-Q for the three months March 31, 2013, incorporated by reference herein.

	Year Ended December 31,			Quarter Ended March 31,	
	2010	2011	2012	2012	2013
				(Unaudited)	
	(Amounts in thousands, excluding per ton figures)				
Statement of Operations Data:					
Sales	$ 244,953	$ 295,596	$ 441,921	$ 102,591	$ 122,311
Operating income	45,991	60,803	118,988	29,788	27,217
Income before income taxes	13,721	37,415	109,805	26,145	23,763
Net income	11,392	30,253	79,154	19,113	17,277
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	$ 36,738	$ 42,565	$ 100,950	$ 1,549	$ (4,912)
Investing activities	(15,163)	(66,639)	(104,461)	(13,761)	(22,707)
Financing activities	28,451	18,773	5,334	37,654	9,516
Other Financial Data:					
Adjusted EBITDA[(1)]	$ 72,152	$ 93,557	$ 150,589	$ 36,987	$ 38,787
Capital expenditures	15,241	66,745	105,719	14,986	22,707
Operating Data:					
Total tons sold	5,965	6,289	7,170	1,743	1,886
Average realized price (per ton)	$ 41.07	$ 47.00	$ 61.63	$ 58.86	$ 64.85
Production costs (per ton)[(2)]	26.49	28.81	35.76	32.66	39.45
Oil & Gas Proppants:					
Sales	$ 69,556	$ 107,074	$ 243,765	$ 53,810	$ 73,582
Segment contribution margin[(3)]	43,118	67,590	140,070	35,065	36,162
Industrial & Specialty Products:					
Sales	$ 175,397	$ 188,522	$ 198,156	$ 48,781	$ 48,729
Segment contribution margin[(3)]	46,031	53,013	53,601	12,357	13,246

Table of Contents

		As of March 31, 2013 (Unaudited) (Amounts in thousands)
Balance Sheet Data:		
Cash and cash equivalents	$	42,919
Total assets		694,061
Long-term debt (including current portion)		265,368
Total liabilities		443,106
Total stockholders equity		250,955

(1) Adjusted EBITDA has been presented in this prospectus supplement and is a supplemental measure of financial performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA is defined as net income (loss) before depreciation and amortization, interest expense (net) and amortization of debt issuance costs and discounts and provision for income taxes (EBITDA), adjusted to exclude the items set forth in the table below.

Adjusted EBITDA is included in this prospectus supplement because it is a key metric used by management to assess our operating performance and by our lenders to evaluate our covenant compliance. Our target performance goals under our incentive compensation plan are tied to our Adjusted EBITDA. In addition, our revolving credit facility (the Revolver) contains a fixed charge coverage ratio covenant that we must meet if our excess availability (as defined in the Revolver) falls below $10.0 million, and our senior secured term loan facility (the Term Loan) contains a consolidated leverage ratio covenant that we must meet at the end of each fiscal quarter, both of which are calculated based on our Adjusted EBITDA. Noncompliance with the financial ratio covenants contained in the Revolver and the Term Loan could result in the acceleration of our obligations to repay all amounts outstanding under those agreements. 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.

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

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

	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Quarter Ended March 31, 2012 (Unaudited)	Quarter Ended March 31, 2013 (Unaudited)
	(Amount in thousands)				
Net income	$ 11,392	$ 30,253	$ 79,154	$ 19,113	$ 17,277
Total interest expense, net of interest income	22,989	18,347	13,615	3,763	3,552
Provisions for taxes	2,329	7,162	30,651	7,032	6,486
Total depreciation, depletion and amortization expenses	19,305	20,999	25,099	5,978	8,278
EBITDA	56,015	76,761	148,519	35,886	35,593
Non-cash deductions, losses and charges[(a)]	1,364	(526)	379		
Non-recurring expenses (income)[(b)]		(2,028)	(4,206)	(439)	
Transaction expenses[(c)]	10,669	6,043	156	156	
Permitted management fees and expenses[(d)]	1,250	9,250			
Non-cash incentive compensation[(e)]	383	1,237	2,330	654	678
Post-employment expenses (excluding service costs)[(f)]	2,113	1,689	1,794	605	586
Other adjustments allowable under our existing credit agreements[(g)]	358	1,131	1,617	125	1,930
Adjusted EBITDA	$ 72,152	$ 93,557	$ 150,589	$ 36,987	$ 38,787

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

(b) Includes the (gain) on insurance settlements of $(3,734), $(2,028) and $0 for the years ended December 31, 2012, 2011 2010, respectively. Includes the (gain) on sale of assets of $(472), $0, and $(439) for the year ended December 31, 2012, and the three months ended March 31, 2013 and 2012, respectively.

(c) Includes natural gas hedging losses, purchase accounting adjustments, management bonuses and other expenses related to the Golden Gate Capital acquisition, as well as unamortized transaction fees and expenses arising from the refinancing of the Term Loan and the Revolver.

(d) Includes fees and expenses paid to Golden Gate Capital for ongoing consulting and management services provided pursuant to an Advisory Agreement entered into in connection with the Golden Gate Capital acquisition; this advisory agreement was terminated in connection with our initial public offering.

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

(f) Includes net pension cost and net post-retirement cost relating to pension and other post-retirement benefit obligations during the applicable period, but in each case excluding the service cost relating to benefits earned during such period. See Note Q to our Consolidated Financial Statements in Part I, Item 1 of our Quarterly Report on Form 10-Q for the three months ended March 31, 2013.

(g) Reflects miscellaneous adjustments permitted under our existing credit agreements, including such items as expenses related to compliance with the Sarbanes-Oxley Act of 2002, a secondary stock offering by GGC Holdings in March 2013 and reviewing growth initiatives and potential acquisitions.

(2) Production costs (per ton) equal cost of goods sold including shipping cost, divided by total tons sold.

(3) In the second quarter of 2011, we changed our segment reporting structure to two segments: (1) Oil & Gas Proppants and (2) Industrial & Specialty Products, and we recast the historical financial statements presented within our Annual Report on Form 10-K and as required by GAAP. See Note T to our Consolidated Financial Statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2012.

Table of Contents

RISK FACTORS

Our business is subject to uncertainties and risks. You should carefully consider and evaluate all of the information included and incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors under the caption Risk Factors incorporated by reference to our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2013. Our business, financial condition, liquidity or results of operations could be materially adversely affected by any of these risks.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), that are based on current expectations, estimates, forecasts and projections about us, our future performance, our liquidity, the commercial silica industry, our beliefs and management s assumptions. Words such as anticipate, assume, believe, estimate, expect, intend seek, project, target, goal and variations of such words and similar expressions are intended to identify such forward-looking statements. All statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein regarding our business strategy, future operations, financial position, cost savings, prospects, plans and objectives, as well as information concerning industry trends and expected actions of third parties, are forward-looking statements, including statements about our current Greenfield expansion. All forward-looking statements speak only as of the date on which they are made. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions concerning future events that are difficult to predict. Therefore, actual future events or results may differ materially from these statements. We believe that the factors that could cause our actual results to differ materially include the factors that we describe under the caption Risk Factors. These factors, risks and uncertainties include, but are not limited to, the following:

fluctuations in demand for commercial silica;

the cyclical nature of our customers businesses;

operating risks that are beyond our control, such as changes in the price and availability of transportation, natural gas or electricity; unusual or unexpected geological formations or pressures; pit wall failures or rock falls; or unanticipated ground, grade or water conditions;

our dependence on two of our plants for a significant portion of our sales;

the level of activity in the natural gas and oil industries;

decreased demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing;

federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related regulatory action or litigation affecting our customers operations;

our rights and ability to mine our properties and our renewal or receipt of the required permits and approvals from governmental authorities and other third parties;

our ability to implement our capacity expansion plans, including Greenfield developments, within our current timetable and budget and our ability to secure demand for our increased production capacity, and the actual operating costs once we have completed the capacity expansion;

our ability to succeed in competitive markets;

loss of, or reduction in, business from our largest customers;

increasing costs or a lack of dependability or availability of transportation services or infrastructure

increases in the prices of, or interruptions in the supply of, natural gas and electricity, or any other energy sources;

increases in the price of diesel fuel;

diminished access to water;

our ability to effectively integrate the manufacture of resin-coated sand with our existing processes;

our ability to successfully complete acquisitions or integrate acquired businesses;

our ability to make capital expenditures to maintain, develop and increase our asset base and our ability to obtain needed capital or financing on satisfactory terms;

substantial indebtedness and pension obligations;

restrictions imposed by our indebtedness on our current and future operations;

the accuracy of our estimates of mineral reserves and resource deposits;

a shortage of skilled labor and rising costs in the mining industry;

our ability to attract and retain key personnel;

our ability to maintain satisfactory labor relations;

our reliance on trade secrets and contractual restrictions, rather than patents, to protect our proprietary rights;

our significant unfunded pension obligations and post-retirement health care liabilities;

our ability to maintain effective quality control systems at our mining, processing and production facilities;

seasonal and severe weather conditions;

fluctuations in our sales and results of operations due to seasonality and other factors;

- interruptions or failures in our information technology systems;
- the impact of a terrorist attack or armed conflict;
- our failure to maintain adequate internal controls;
- extensive and evolving environmental, mining, health and safety, licensing, reclamation and other regulation (and changes in their enforcement or interpretation);
- silica-related health issues and corresponding litigation;
- our ability to acquire, maintain or renew financial assurances related to the reclamation and restoration of mining property; and
- other risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein. These risks and uncertainties, as well as other risks of which we are not aware or which we currently do not believe to be material, may cause our actual future results to be materially different than those expressed in our forward-looking statements. We caution you not to place undue reliance on these forward-looking statements. We do not undertake any obligation to make any revisions to these forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events, except as required by law, including the securities laws of the United States and rules and regulations of the SEC.

Table of Contents

USE OF PROCEEDS

All shares of our common stock offered by this prospectus supplement and the accompanying prospectus will be sold by the selling stockholder. We will not receive any proceeds from this offering. We will pay transaction expenses, other than the underwriting discounts and commissions, associated with the sale of shares of common stock by the selling stockholder estimated at $0.5 million.

SELLING STOCKHOLDER

The selling stockholder is offering to sell 12,000,000 shares of our common stock.

The table below sets forth information regarding the beneficial ownership of our common stock by the selling stockholder as of the date of this prospectus supplement.

Name	Shares Beneficially Owned Prior to this Offering #	%	Shares to be Sold in This Offering Assuming No Exercise of the Option to Purchase Additional Shares #	Shares to be Sold in this Offering Assuming Full Exercise of the Option to Purchase Additional Shares #	Shares Beneficially Owned Assuming No Exercise of the Option to Purchase Additional Shares #	%	Shares Beneficially Owned after this Offering Assuming Full Exercise of the Option to Purchase Additional Shares #	%
GGC USS Holdings, LLC[1]	31,401,471	59.3	12,000,000	13,800,000	19,401,471	36.6	17,601,471	33.2

(1) Interests in GGC Holdings are held directly or indirectly by a private investor group, including funds managed by Golden Gate Capital; Charles Shaver, the chairman of our board of directors; and Bryan A. Shinn, our President and Chief Executive Officer. Although Messrs. Shaver and Shinn do not have voting or dispositive power over securities owned by GGC Holdings, each owns interests of GGC Holdings with varying rights to participate in distributions by GGC Holdings. The following table sets forth information as of the date of this prospectus supplement regarding the beneficial ownership of our common stock if GGC Holdings were to distribute the common stock to its members. All of the amounts and percentages below are calculated using the offering price.

Name	Shares Beneficially Owned Prior to this Offering #	%	Shares to be Sold in this Offering Assuming No Exercise of the Option to Purchase Additional Shares #	Shares to be Sold in this Offering Assuming Full Exercise of the Option to Purchase Additional Shares #	Shares Beneficially Owned Assuming No Exercise of the Option to Purchase Additional Shares #	%	Shares Beneficially Owned after this Offering Assuming Full Exercise of the Option to Purchase Additional Shares #	%

Funds managed by Golden Gate Capital	29,302,137	55.3	11,195,452	12,875,326	18,106,685	34.2	16,426,811	31.0
Charles Shaver	53,589	*	8,209	12,419	45,380	*	41,170	*
Bryan A. Shinn[(a)]	381,336	*	148,441	170,048	232,895	*	211,288	*
Other Investors	1,664,409	3.1	647,898	742,207				