United States Short Oil Fund, LP
Form S-1
January 10, 2013
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As filed with the Securities and Exchange Commission on January 10, 2013

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITED STATES SHORT OIL FUND, LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**6770**	**26-2939256**

(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

United States Commodity Funds LLC
1999 Harrison Street, Suite 1530
Oakland, California 94612
510.522.9600
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Nicholas D. Gerber
1999 Harrison Street, Suite 1530
Oakland, California 94612
510.522.9600
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

W. Thomas Conner, Esq.

Reed Smith LLP

1301 K Street,

N.W. Washington, DC 20005-3317

202.414.9208

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
United States Short Oil Fund, LP	8,907,448	$ 37.36	$ 332,782,257.28	$ 45,391.50(2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(d) under the Securities Act of 1933.

(2) Pursuant to Rule 457(p) under the Securities Act of 1933, United States Short Oil Fund, LP is applying the filing fee of $45,391.50 associated with the registered but unissued securities under its Registration Statement on Form S-1 (333-152386) initially filed with the Securities and Exchange Commission on July 17, 2008 and declared effective on September 18, 2009 against the total filing fee of $45,391.50 that would otherwise be due in connection with this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Commission, acting pursuant to said Section 8(a), may determine.

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PROSPECTUS

United States Short Oil Fund®, LP

8,907,448 Units

United States Short Oil Fund, LP, a Delaware limited partnership, is a commodity pool that issues units that may be purchased and sold on the NYSE Arca, Inc. (NYSE Arca). United States Short Oil Fund, LP is referred to as USSO throughout this document. The investment objective of USSO is for the daily changes in percentage terms of its units net asset value to inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the daily changes in the price of the futures contract on light, sweet crude oil as traded on the New York Mercantile Exchange that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case the futures contract will be the next month contract to expire, less USSO s expenses.

The units may be purchased from USSO only in one or more blocks of 50,000 units as described in Creation and Redemption of Units. A block of 50,000 units is called a Basket. USSO issues and redeems units in Baskets on a continuous basis to certain authorized purchasers as described in Plan of Distribution. Each creation basket is offered and sold to an authorized purchaser at a price equal to the net asset value of 50,000 units on the day that the order to create the creation basket is accepted by the marketing agent.

The units are offered and sold to the public by authorized purchasers at prices that are expected to reflect, among other factors, the trading price of units on the NYSE Arca, the net asset value of USSO and the supply and demand for units at the time of sale. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Authorized purchasers will not receive from USSO or any of its affiliates, any fee or other compensation in connection with the sale of units. USSO will continuously offer creation baskets consisting of 50,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. A list of USSO s current authorized purchasers is available from the marketing agent. Through May 1, 2013, authorized purchasers will pay a transaction fee of $350 for each order placed to create one or more baskets. Beginning on May 2, 2013 and after, authorized purchasers will pay a transaction fee of $1,000 for each order placed to create one or more baskets. The units are listed on the NYSE Arca under the symbol DNO.

USSO is not a mutual fund registered under the Investment Company Act of 1940 and is not subject to regulation under such Act.

Some of the risks of investing in USSO include:

- Investing in crude oil interests subjects USSO to the risks of the crude oil industry which could result in large fluctuations in the price of USSO s units.

- If certain correlations do not exist, then investors may not be able to use USSO as a cost-effective way to invest inversely in crude oil or as a hedge against the risk of loss in crude oil-related transactions.

- USSO does not expect to make cash distributions.

- USSO and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

This is a best efforts offering; the marketing agent is not required to sell any specific number or dollar amount of units, but will use its best efforts to sell units. An authorized purchaser is under no obligation to purchase units. This is intended to be a continuous offering and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended if and when no suitable investments for USSO are available or practicable.

Investing in USSO involves other significant risks. See What Are the Risk Factors Involved with an Investment in USSO? beginning on page 11.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OFFERED IN THIS PROSPECTUS, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE COMMODITY FUTURES TRADING COMMISSION HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS THE COMMISSION PASSED ON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT.

This prospectus is in two parts: a disclosure document and a statement of additional information. These parts are bound together, and both contain important information.

	Per Unit	Per Basket
Price of the units*	$ 37.36	$ 1,868,000

* Based on USSO s closing net asset value on January 9, 2013. The price may vary based on net asset value on a particular day.

The date of this prospectus is January , 2013.

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COMMODITY FUTURES TRADING COMMISSION

RISK DISCLOSURE STATEMENT

YOU SHOULD CAREFULLY CONSIDER WHETHER YOUR FINANCIAL CONDITION PERMITS YOU TO PARTICIPATE IN A COMMODITY POOL. IN SO DOING, YOU SHOULD BE AWARE THAT COMMODITY INTEREST TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, AND ADVISORY AND BROKERAGE FEES. IT MAY BE NECESSARY FOR THOSE POOLS THAT ARE SUBJECT TO THESE CHARGES TO MAKE SUBSTANTIAL TRADING PROFITS TO AVOID DEPLETION OR EXHAUSTION OF THEIR ASSETS. THIS DISCLOSURE DOCUMENT CONTAINS A COMPLETE DESCRIPTION OF EACH EXPENSE TO BE CHARGED THIS POOL AT PAGE 67 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, AT PAGE 6.

THIS BRIEF STATEMENT CANNOT DISCLOSE ALL THE RISKS AND OTHER FACTORS NECESSARY TO EVALUATE YOUR PARTICIPATION IN THIS COMMODITY POOL. THEREFORE, BEFORE YOU DECIDE TO PARTICIPATE IN THIS COMMODITY POOL, YOU SHOULD CAREFULLY STUDY THIS DISCLOSURE DOCUMENT, INCLUDING A DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, AT PAGE 11.

YOU SHOULD ALSO BE AWARE THAT THIS COMMODITY POOL MAY TRADE FOREIGN FUTURES OR OPTIONS CONTRACTS. TRANSACTIONS ON MARKETS LOCATED OUTSIDE THE UNITED STATES, INCLUDING MARKETS FORMALLY LINKED TO A UNITED STATES MARKET, MAY BE SUBJECT TO REGULATIONS WHICH OFFER DIFFERENT OR DIMINISHED PROTECTION TO THE POOL AND ITS PARTICIPANTS. FURTHER, UNITED STATES REGULATORY AUTHORITIES MAY BE UNABLE TO COMPEL THE ENFORCEMENT OF THE RULES OF REGULATORY AUTHORITIES OR MARKETS IN NON-UNITED STATES JURISDICTIONS WHERE TRANSACTIONS FOR THIS POOL MAY BE EFFECTED.

SWAPS TRANSACTIONS, LIKE OTHER FINANCIAL TRANSACTIONS, INVOLVE A VARIETY OF SIGNIFICANT RISKS. THE SPECIFIC RISKS PRESENTED BY A PARTICULAR SWAP TRANSACTION NECESSARILY DEPEND UPON THE TERMS OF THE TRANSACTION AND YOUR CIRCUMSTANCES. IN GENERAL, HOWEVER, ALL SWAPS TRANSACTIONS INVOLVE SOME COMBINATION OF MARKET RISK, CREDIT RISK, COUNTERPARTY CREDIT RISK, FUNDING RISK, LIQUIDITY RISK, AND OPERATIONAL RISK.

HIGHLY CUSTOMIZED SWAPS TRANSACTIONS IN PARTICULAR MAY INCREASE LIQUIDITY RISK, WHICH MAY RESULT IN A SUSPENSION OF REDEMPTIONS. HIGHLY LEVERAGED TRANSACTIONS MAY EXPERIENCE SUBSTANTIAL GAINS OR LOSSES IN VALUE AS A RESULT OF RELATIVELY SMALL CHANGES IN THE VALUE OR LEVEL OF AN UNDERLYING OR RELATED MARKET FACTOR.

IN EVALUATING THE RISKS AND CONTRACTUAL OBLIGATIONS ASSOCIATED WITH A PARTICULAR SWAP TRANSACTION, IT IS IMPORTANT TO CONSIDER THAT A SWAP TRANSACTION MAY BE MODIFIED OR TERMINATED ONLY BY MUTUAL CONSENT OF THE ORIGINAL PARTIES AND SUBJECT TO AGREEMENT ON INDIVIDUALLY NEGOTIATED TERMS. THEREFORE, IT MAY NOT BE POSSIBLE FOR THE COMMODITY POOL OPERATOR TO MODIFY, TERMINATE, OR OFFSET THE POOL S OBLIGATIONS OR THE POOL S EXPOSURE TO THE RISKS ASSOCIATED WITH A TRANSACTION PRIOR TO ITS SCHEDULED TERMINATION DATE.

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UNITED STATES SHORT OIL FUND, LP

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PROSPECTUS SUMMARY

This is only a summary of the prospectus and, while it contains material information about USSO and its units, it does not contain or summarize all of the information about USSO and the units contained in this prospectus that is material and/or which may be important to you. You should read this entire prospectus, including What Are the Risk Factors Involved with an Investment in USSO? beginning on page 11, before making an investment decision about the units.

Overview of USSO

United States Short Oil Fund, LP, a Delaware limited partnership (USSO or Us or We), is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. It is managed and controlled by its general partner, United States Commodity Funds LLC (formerly known as Victoria Bay Asset Management, LLC) (General Partner). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005, that is registered as a commodity pool operator (CPO) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA).

The net assets of USSO consist primarily of investments in short positions in futures contracts for light sweet crude oil but may also consist of investments in short positions in other types of crude oil, heating oil, gasoline, natural gas and other petroleum-based fuels that are traded on the New York Mercantile Exchange (the NYMEX), the ICE Futures or other U.S. and foreign exchanges (such futures contracts are collectively referred to herein as Futures Contracts) and, to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, in other crude oil-related investments such as cash-settled options on Futures Contracts, forward contracts for crude oil and other petroleum-based fuels, cleared swap contracts and non-exchange traded over-the-counter transactions that are based on the price of crude oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, Other Crude Oil-Related Investments). Market conditions that the General Partner currently anticipates could cause USSO to invest in Other Crude Oil-Related Investments include those allowing USSO to obtain greater liquidity or to execute transactions with more favorable pricing. For convenience and unless otherwise specified, Futures Contracts and Other Crude Oil-Related Investments collectively are referred to as Crude Oil Interests in this prospectus.

The investment objective of USSO is for the daily changes in percentage terms of its units net asset value (NAV) to inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the daily changes in the price of the futures contract on light, sweet crude oil as traded on the NYMEX that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case the futures contract will be the next month contract to expire (the Benchmark Futures Contract), less USSO s expenses. It is not the intent of USSO to be operated in a fashion such that its NAV will equal, in dollar terms, the inverse of the spot price of crude oil or any particular futures contract based on crude oil. It is not the intent of USSO to be operated in a fashion such that its NAV will reflect the percentage change of the price of any particular features contract as measured over a time period greater than one day. The General Partner believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in Futures Contracts and Other Crude-Oil Related Investments. USSO may invest in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see What are Futures Contracts?

In order for a hypothetical investment in units to break even over the next 12 months, assuming a selling price of $40.30 per unit, the investment would have to generate a 1.12% return. For more information, see Breakeven Analysis.

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The General Partner endeavors to place USSO s trades in Futures Contracts and Other Crude Oil-Related-Investments and otherwise manage USSO s investments so that A will be within plus/minus 10 percent of B , where:

A is the average daily percentage change in USSO s NAV for any period of 30 successive valuation days, *i.e.,* any NYSE Arca trading day as of which USSO calculates its NAV; and

B is the inverse of the average daily percentage change in the price of the Benchmark Futures Contract over the same period.

The General Partner believes that market arbitrage opportunities cause daily changes in USSO s unit price on the NYSE Arca to closely track daily changes in USSO s NAV per unit. The General Partner further believes that the daily changes in prices of the Benchmark Futures Contract have historically tracked the daily changes in the spot price of crude oil. The General Partner believes that the net effect of these relationships and the relationships described above between USSO s NAV and the Benchmark Futures Contract will be that the daily changes in the price of USSO s units on NYSE Arca will closely track, in percentage terms, daily changes in the inverse of the spot price of light, sweet crude oil, less USSO s expenses.

The General Partner employs a neutral investment strategy intended to inversely track the changes in the price of the Benchmark Futures Contract regardless of whether the price goes up or goes down. USSO s neutral investment strategy is designed to permit investors generally to purchase and sell USSO s units for the purpose of taking short positions indirectly in crude oil in a cost-effective manner, and/or to permit participants in the crude oil or other industries to hedge the risk of losses in their crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with taking short positions in crude oil and/or the risks involved in hedging may exist. In addition, an investment in USSO involves the risk that the changes in the price of USSO s units will not accurately track the inverse of changes in the price of the Benchmark Futures Contract and that changes in the Benchmark Futures Contract will not closely correlate with changes in the spot prices of crude oil.

The Benchmark Futures Contract is changed from the near month contract to the next month contract over a four-day period. Each month the Benchmark Futures Contract changes starting at the end of the day on the date two weeks prior to expiration of the near month contract for that month. The anticipated dates that the monthly four-day roll period will commence are posted on USSO s website at www.unitedstatesshortoilfund.com, and are subject to change without notice. During the first three days of the period, the applicable value of the Benchmark Futures Contract is based on a combination of the near month contract and the next month contract as follows: (1) day 1 consists of 75% of the then near month contract s price plus 25% of the price of the next month contract, divided by 75% of the near month contract s prior day s price plus 25% of the price of the next month contract, (2) day 2 consists of 50% of the then near month contract s price plus 50% of the price of the next month contract, divided by 50% of the near month contract s prior day s price plus 50% of the price of the next month contract, and (3) day 3 consists of 25% of the then near month contract s price plus 75% of the price of the next month contract, divided by 25% of the near month contract s prior day s price plus 75% of the price of the next month contract. On day 4, the Benchmark Futures Contract is the next month contract to expire at that time and that contract remains the Benchmark Futures Contract until the beginning of the following month s change in the Benchmark Futures Contract over a four-day period. On each day during the four-day period, the General Partner anticipates it will roll USSO s positions in Crude Oil Interests by closing, or selling, a percentage of USSO s positions in Crude Oil Interests and reinvesting the proceeds from closing those positions in new Crude Oil Interests that reflect the change in the Benchmark Futures Contract.

USSO issues units only in blocks of 50,000 units called Creation Baskets and redeems units only in blocks of 50,000 units called Redemption Baskets. Only Authorized Purchasers may purchase or redeem Creation Baskets or Redemption Baskets, respectively. An Authorized Purchaser is under no obligation to create or redeem baskets, and an Authorized Purchaser is under no obligation to offer to the public units of any baskets it does create. Baskets are generally created when there is a demand for units including, but not limited to, when the market price per unit is at a premium to the NAV per unit. Authorized Purchasers will then sell such units, which will be listed on the NYSE Arca, to the public at per unit offering prices that are expected to reflect, among other factors, the trading price of the units on the NYSE Arca, the NAV of USSO at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Futures Contracts market and the market for Other Crude Oil-Related Investments. The prices of units offered by Authorized Purchasers are expected to fall between USSO s NAV and the trading price of the units on the NYSE Arca at the time of sale. Similarly, Baskets are generally redeemed when the market price per unit is at a discount to the NAV per unit. Retail investors seeking to purchase or sell units on any day will effect such transactions in the secondary market, on the NYSE Arca, at the market price per unit, rather than in connection with the creation or redemption of Baskets.

There is no specified limit on the maximum amount of Creation Baskets that can be sold. At some point, accountability levels and position limits on certain of the Futures Contracts in which USSO intends to take short positions may practically limit the number of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to USSO at that time will not enable it to meet its stated investment objective.

In managing USSO s assets, the General Partner does not use a technical trading system that automatically issues buy and sell orders. The General Partner instead employs quantitative methodologies whereby each time one or more baskets are purchased or redeemed, the General Partner will purchase or sell short positions in the Futures Contracts and Other Crude Oil-Related Investments with an aggregate market value that approximates the amount of Treasuries and/or cash received or paid upon the purchase or redemption of the Basket(s).

Note to Secondary Market Investors: The units can be directly purchased from or redeemed by USSO only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket consists of 50,000 units and is expected to be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with USSO. Some of the information contained in this prospectus, including information about buying and redeeming units directly from and to USSO is only relevant to Authorized Purchasers. Units are listed and traded on the NYSE Arca and may be purchased and sold as individual units. Individuals interested in purchasing units in the secondary market should contact their broker. Units purchased or sold through a broker may be subject to commissions.

Except when aggregated in Redemption Baskets, units are not redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.

Principal Offices of USSO and the General Partner

USSO s principal office is located at 1999 Harrison Street, Suite 1530 Oakland, California 94612. The General Partner s principal office is also located at 1999 Harrison Street, Suite 1530 Oakland, California 94612. The telephone number for each of USSO and the General Partner is 510.522.9600.

Principal Investment Risks of an Investment in USSO

An investment in USSO involves a degree of risk. Some of the risks you may face are summarized below. A more extensive discussion of these risks appears beginning on page 11 .

The price relationship between the near month contract to expire and the next month contract to expire that compose the Benchmark Futures Contract will vary and may impact both the total return over time of USSO s NAV, as well as the degree to which its total return tracks the inverse of the Benchmark Futures Contract. In cases in which the near month contract s price is lower than the next month contract s price (a situation known as contango in the futures markets), then absent the impact of the overall movement in crude oil prices, the value of the Benchmark Futures Contract would tend to decline as it approaches expiration. In cases in which the near month contract s price is higher than the next month contract s price (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in crude oil prices the value of the Benchmark Futures Contract would tend to rise as it approaches expiration. Assuming that spot crude oil prices remain unchanged, and ignoring the impact of transaction costs, taxes, or other fees and expenses, USSO s total returns would tend to see a positive impact from the crude oil futures market being in contango and would tend to see a negative impact from the market being backwardation.

Unlike mutual funds, commodity pools or other investment pools that manage their investments in an attempt to realize income and gains and distribute such income and gains to their investors, USSO generally does not distribute cash to limited partners or other unitholders. You should not invest in USSO if you will need cash distributions from USSO to pay taxes on your share of income and gains of USSO, if any, or for any other reason.

Investors may choose to use USSO as a means of indirectly taking short positions in crude oil and there are risks involved in such investments. The risks and hazards that are inherent in the crude oil industry may cause the price of crude oil to widely fluctuate.

To the extent that investors use USSO as a means of indirectly taking short positions in crude oil, there is the risk that the daily changes in the price of USSO s units on the NYSE Arca will not closely track the inverse of the daily changes in the spot price of crude oil. This could happen if the price of units traded on the NYSE Arca does not correlate closely with USSO s NAV; the changes in USSO s NAV do not correlate closely with the inverse of changes in the price of the Benchmark Futures Contract; or the changes in the price of the Benchmark Futures Contract do not closely correlate with the changes in the cash or spot price of crude oil. This is a risk because if these correlations do not exist, then investors may not be able to use USSO as a cost-effective way to indirectly take short positions in crude oil or as a hedge against the risk of loss in crude oil-related transactions.

The structure and operation of USSO may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principals and affiliates may trade for themselves. In addition, the General Partner has sole current authority to manage the investments and operations, which may create a conflict with the unitholders best interests. The General Partner may also have a conflict to the extent that its trading decisions may be influenced by the effect they would have on the United States Oil Fund, LP (USOF), the United States Natural Gas Fund, LP (USNG), the United States 12 Month Oil Fund, LP (US12OF), the United States Gasoline Fund, LP (UGA), the United States Heating Oil Fund, LP (USHO), the United States 12 Month Natural Gas Fund, LP (US12NG), the United States Brent Oil Fund, LP (USBO), the United States Commodity Index Fund (USCI), the United States Metals Index Fund (USMI), the United States Agricultural Index Fund (USAG) and the United Stated Copper Index Fund (CPER) or any other commodity pool the General Partner may form and manage in the future. USOF, USNG, US12OF, UGA, USHO, US12NG, USBO, USCI, USMI, USAG and CPER are referred to herein as the Related Public Funds.

USSO takes short positions primarily in Futures Contracts that are traded in the United States, particularly in Futures Contracts traded on the NYMEX. However, a portion of USSO s trades may take place in markets and on exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. In some of these non-U.S. markets, the performance on a contract is the responsibility of the counterparty and is

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not backed by an exchange or clearing corporation and therefore exposes USSO to credit risk. Trading in non-U.S. markets also leaves USSO susceptible to fluctuations in the value of the local currency against the U.S. dollar.

You will have no rights to participate in the management of USSO and will have to rely on the duties and judgment of the General Partner to manage USSO.

USSO pays fees and expenses that are incurred regardless of whether it is profitable.

USSO seeks to have the daily changes in its units NAV in percentage terms inversely track the daily changes in the price of crude oil in percentage terms rather than profit from speculative trading of Crude Oil Interests. The General Partner therefore endeavors to manage USSO s positions in Crude Oil Interests so that USSO s assets are, unlike those of many other commodity pools, not leveraged (*i.e.,* so that the aggregate value of USSO s unrealized losses from its investments in such Crude Oil Interests at any time will not exceed the value of USSO s assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits USSO to become leveraged and if USSO s trading positions suddenly turn unprofitable, you could lose all or substantially all of your investment. These movements in price may be the result of factors outside of the General Partner s control and may not be anticipated by the General Partner.

USSO may also take short positions in Other Crude Oil-Related Investments, many of which are negotiated contracts that are not as liquid as Futures Contracts and expose USSO to credit risk that its counterparty may not be able to satisfy its obligations to USSO.

Regulation of the commodity interest and energy markets is extensive and constantly changing. On July 21, 2010, a broad financial regulatory reform bill, The Dodd-Frank Wall Street Reform and Consumer Protection Act, was signed into law that includes provisions altering the regulation of commodity interests. The CFTC, SEC and other federal regulators, have been tasked with developing the rules and regulations enacting the provisions noted above. The new law and the rules currently being promulgated thereunder may negatively impact USSO s ability to meet its investment objective either through limits or requirements imposed on it or upon its counterparties.

Cash or property will be distributed at the sole discretion of the General Partner, and the General Partner currently does not intend to make cash or other distributions with respect to units. You will be required to pay U.S. federal income tax and, in some cases, state, local, or foreign income tax on your allocable share of a USSO s taxable income, without regard to whether you receive distributions or the amount of any distributions. Therefore, your tax liability with respect to your units may exceed the amount of cash or value of property (if any) distributed.

For additional risks, see What Are the Risk Factors Involved with an Investment in USSO?

Financial Condition of USSO

USSO s NAV is calculated shortly after the close of the core trading session on the NYSE Arca.

Defined Terms

For a glossary of defined terms, see Appendix A.

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Breakeven Analysis

The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical investment in a single unit to equal the amount invested twelve months after the investment was made. For purposes of this breakeven analysis, we have assumed an initial selling price per unit of $40.30 which equals the net asset value per unit on October 31, 2012. This breakeven analysis refers to the redemption of baskets by Authorized Purchasers and is not related to any gains an individual investor would have to achieve in order to break even. The breakeven analysis is an approximation only.

Assumed initial selling price per unit	$ 40.30
Management Fee (0.60%)[1]	$ 0.25
Creation Basket Fee[2]	$ (0.01)
Estimated Brokerage Fee (0.018%)[3]	$ 0.01
Interest Income (0.110%)[4]	$ (0.05)
Registration Fees[5]	$ 0.00
New York Mercantile Exchange Licensing Fee[6]	$ 0.01
Independent Directors and Officers Fees[7]	$ 0.01
Fees and expenses associated with tax accounting and reporting[8]	$ 0.23
Amount of trading income (loss) required for the redemption value at the end of one year to equal the initial selling price of the unit	$ 0.45
Percentage of initial selling price per unit	1.12%

1 USSO is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of 0.60% per annum on average net assets.

2 Authorized Purchasers are required to pay a Creation Basket fee of $350 for each order they place to create one or more baskets. An order must be at least one basket, which is 50,000 units. This breakeven analysis assumes a hypothetical investment in a single unit so the Creation Basket fee is $.01 ($350/50,000).

3 This amount is based on the actual brokerage fees for USSO calculated on an annualized basis.

4 USSO earns interest on funds it deposits with the futures commission merchant and the Custodian and it estimates that the interest rate will be 0.11% based on the current interest rate on three-month Treasury Bills as of October 31, 2012. The actual rate may vary.

5 USSO pays fees to the SEC and Financial Industry Regulatory Authority (FINRA) to register its units for sale. USSO estimates that fees will be 0.000% based on $8,059,438 in assets under management through October 31, 2012. This fee may vary in future years.

6 The NYMEX licensing fee is 0.015% of the aggregate assets of USSO and the Related Public Funds (except for BNO, USCI, CPER, USAG and USMI). For more information see Fees of USSO.

7 The foregoing assumes that the assets of USSO are aggregated with those of the Related Public Funds, that the aggregate fees paid to the independent directors for 2012 was $540,000 that the allocable portion of the fees borne by USSO equals $1,009, and that USSO has $8,059,438 in assets which is the amount of assets as of October 31, 2012.

8 USSO estimates the aggregate costs attributable to tax accounting and reporting for 2012 is $45,000. The number in the break-even table assumes USSO has $8,059,438 in assets which is the amount of assets as of October 31, 2012.

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The Offering

Offering:	USSO is offering Creation Baskets consisting of 50,000 units through ALPS Distributors, Inc. (Marketing Agent) as marketing agent to Authorized Purchasers. Authorized Purchasers may purchase Creation Baskets consisting of 50,000 units at USSO s NAV. This is a continuous offering under Rule 415 of the Securities Act of 1933 (1933 Act) and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended during such period when suitable investments for USSO are not available or practicable. It is anticipated that when all registered units have been sold pursuant to this registration statement, additional units will be registered in subsequent registration statements.
Use of Proceeds:	The General Partner applies substantially all of USSO s assets toward trading short positions in Futures Contracts and Other Crude Oil-Related Investments and investing in Treasuries, cash and/or cash equivalents. The General Partner deposits a portion of USSO s net assets with the futures commission merchant, UBS Securities LLC, or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in short positions in Futures Contracts and Other Crude Oil-Related Investments. USSO uses only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner believes that all entities that hold or trade USSO s assets are based in the United States and are subject to United States regulations. Approximately 5% to 30% of USSO s assets will be committed as margin for its short positions in Futures Contracts and collateral for Other Crude Oil-Related Investments. However, from time to time, the percentage of assets committed as margin/collateral may be substantially more, or less, than such range. The remaining portion of USSO s assets, which are the vast majority, is held in Treasuries, cash and/or cash equivalents by its custodian Brown Brothers Harriman & Co. (the Custodian). All interest income earned on these investments is retained for USSO s benefit.
NYSE Arca Symbol:	DNO
Creation and Redemption:	Through May 1, 2013, Authorized Purchasers pay a $350 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets. Beginning on May 2, 2013 and after, Authorized Purchasers will pay a transaction fee of $1,000 for each order placed to create one or more baskets. Authorized Purchasers are not required to sell any specific number or dollar amount of units. The per unit price of units offered in Creation Baskets on any particular day is the total NAV of USSO calculated shortly after the close of the core trading on the NYSE Arca on that day divided by the number of issued and outstanding units. The General Partner shall notify the Depository Trust Company (DTC) of any change in the transaction fee and will not implement any increase in the fee for Creation or Redemption Baskets until 30 days after the date of notice.

Registration, Clearance and Settlement:

Individual certificates will not be issued for the units. Instead, units will be represented by one or more global certificates, which will be deposited by the Custodian with DTC and registered in the name of Cede & Co., as nominee for DTC.

The administrator, Brown Brothers Harriman & Co. (Administrator), has been appointed registrar and transfer agent for the purpose of registering and transferring units. The General Partner will recognize transfer of units only if such transfer is done in accordance with the LP Agreement, including the delivery of a transfer application.

Net Asset Value:

The NAV is calculated by taking the current market value of USSO s total assets, subtracting any liabilities and dividing that number by the total number of outstanding units. Under USSO s current operational procedures, the Administrator calculates the NAV of USSO s units once each NYSE Arca trading day. The NAV for a particular trading day is released after 4:00 p.m. New York time. Trading during the core trading session of the NYSE Arca typically closes at 4:00 p.m. New York time. The Administrator uses the NYMEX closing price (determined at the earlier of the close of the NYMEX or 2:30 p.m. New York time) for the contracts held on the NYMEX, but calculates or determines the value of all other USSO investments as of the earlier of the close of the New York Stock Exchange or 4:00 p.m. New York time. The NYSE Arca currently calculates an approximate NAV every 15 seconds throughout each day USSO s units are traded on the NYSE Arca for as long as the main pricing mechanisms are open for the Futures Exchanges upon which the Benchmark Futures Contract is traded.

Fund Expenses:

USSO pays the General Partner a management fee of 0.60% of NAV on its average net assets. Brokerage fees for Treasuries, Futures Contracts, and Other Crude Oil-Related Investments were 0.13% of average net assets on an annualized basis through February 29, 2012 and are paid to unaffiliated brokers. USSO also pays any licensing fees for the use of intellectual property. Registration fees paid to the SEC, FINRA, or other regulatory agency in connection with the initial offers and sales of the units and the legal, printing, accounting and other expenses associated with such registration were paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units will be borne by USSO. The licensing fee paid to the NYMEX is 0.015% of NAV. The assets of USSO are aggregated with those of the Related Public Funds, other than USBO, USCI, USMI, USAG, and CPER for the purpose of calculating the NYMEX licensing fee. USSO expressly disclaims any association with the NYMEX or endorsement of USSO by the NYMEX and acknowledges that NYMEX and New York Mercantile Exchange are registered trademarks of the NYMEX. USSO also is responsible for the fees and expenses, which may include directors and officers liability insurance, of the independent directors of the General Partner in connection with

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	their activities with respect to USSO. These director fees and expenses may be shared with other funds managed by the General Partner. These fees and expenses, in total, amounted to $320,000 for all funds for 2011, and USSO s portion of such fees and expenses was $766, although this amount may change in future years. The General Partner, and not USSO, is responsible for payment of the fees of USSO s Marketing Agent, Administrator and Custodian. USSO and/or the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances. USSO also pays the fees and expenses associated with its tax accounting and reporting requirements with the exception of certain initial implementation services fees and base services fees which were paid by the General Partner. The General Partner, though under no obligation to do so, agreed to pay certain expenses, including those relating to audit expenses and tax accounting and reporting requirements normally borne by USSO to the extent that such expenses exceeded 0.15% (15 basis points) of USSO s NAV, on an annualized basis. The General Partner has no obligation to continue such payment into subsequent years. The total amount of expenses waived was $121,023 for the year ended December 31, 2011.
Termination Events:	USSO shall continue in effect from the date of its formation in perpetuity, unless sooner terminated upon the occurrence of any one or more of the following events: the death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of a General Partner who is the sole remaining General Partner, unless a majority in interest of limited partners within ninety (90) days after such event elects to continue the partnership and appoints a successor general partner or the affirmative vote of a majority in interest of the limited partners subject to certain conditions. Upon termination of the partnership, the affairs of the partnership shall be wound up and all of its debts and liabilities discharged or otherwise provided for in the order of priority as provided by law. The fair market value of the remaining assets of the partnership shall then be determined by the General Partner. Thereupon, the assets of the partnership shall be distributed pro rata to the partners in accordance with their units.
Withdrawal:	As discussed in the LP Agreement, if the General Partner gives at least fifteen (15) days written notice to a limited partner, then the General Partner may for any reason, in its sole discretion, require any such limited partner to withdraw entirely from the partnership or to withdraw a portion of its partner capital account. If the General Partner does not give at least fifteen (15) days written notice to a limited partner, then it may only require withdrawal of all or any portion of the capital account of any limited partner in the following circumstances: (i) the unitholder made a misrepresentation to the General Partner in connection with its purchase of units; or (ii) the limited partner s ownership of units would result in the violation of any law or regulation applicable to the partnership or a partner.

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Authorized Purchasers:	USSO has entered into agreements with several Authorized Purchasers. A current list of Authorized Purchasers is available from the Marketing Agent. Authorized Purchasers must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not required to register as broker-dealers to engage in securities transactions, and (2) DTC Participants. To become an Authorized Purchaser, a person must enter into an Authorized Purchaser Agreement with the General Partner.

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WHAT ARE THE RISK FACTORS INVOLVED WITH AN INVESTMENT IN USSO?

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this prospectus, as well as information found in our periodic reports, which include USSO s financial statements and the related notes that are incorporated by reference. See Incorporation by Reference of Certain Information.

Risks Associated With Investing Directly or Indirectly in Crude Oil

Investing in Crude Oil Interests subjects USSO to the risks of the crude oil industry and this could result in large fluctuations in the price of USSO s units.

USSO is subject to the risks and hazards of the crude oil industry because it takes short positions in Crude Oil Interests. The risks and hazards that are inherent in the crude oil industry may cause the price of crude oil to widely fluctuate. If the changes in percentage terms of USSO s units accurately track the inverse of the changes in percentage terms of the Benchmark Futures Contract or the spot price of crude oil, then the price of its units may also fluctuate. The exploration and production of crude oil are uncertain processes with many risks. The cost of drilling, completing and operating wells for crude oil is often uncertain, and a number of factors can delay or prevent drilling operations or production of crude oil, including:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or repairs;
- fires or other accidents;
- adverse weather conditions;
- pipeline ruptures, spills or other supply disruptions; and
- shortages or delays in the availability of drilling rigs and the delivery of equipment.

Changes in the political climate could have negative consequences for crude oil prices.

Tensions with Iran, the world s fourth largest oil exporter, could put oil exports in jeopardy. Other global concerns include civil unrest and sabotage affecting the flow of oil from Nigeria, a large oil exporter. Meanwhile, friction continues between the governments of the United States and Venezuela, a major exporter of oil to the United States. Additionally, a series of production cuts by members of OPEC followed by a refusal to subsequently increase oil production have tightened world oil markets.

Fluctuations in the reserve capacity of crude oil could impact future prices.

In the past, a supply disruption in one area of the world was softened by the ability of major oil-producing nations such as Saudi Arabia to increase output to make up the difference. Now, much of that spare reserve capacity has been absorbed by increased demand. The current global economic downturn, however, has led to a decrease in the demand for oil that lasted through 2009 and a corresponding increase in spare capacities. According to the United States Government s Energy Information Administration, global oil demand is expected to rise by 2 million barrels a day in 2012, to a total global consumption of 90 million barrels per day, up from 88 million barrels per day in 2011.

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Daily changes in USSO s per unit NAV may not inversely correlate with daily changes in the price of the Benchmark Futures Contract. If this were to occur, investors may not be able to effectively use USSO as a way to hedge against crude oil-related losses or as a way to indirectly invest inversely in crude oil.

The General Partner endeavors to invest USSO s assets as fully as possible in short-term Futures Contracts and Other Crude Oil-Related Investments so that the daily changes in percentage terms of the per unit NAV closely inversely correlate with the daily changes in percentage terms in the price of the Benchmark Futures Contract. However, daily changes in USSO s per unit NAV may not inversely correlate with the daily changes in the price of the Benchmark Futures Contract for several reasons as set forth below:

USSO (i) may not be able to sell/buy the exact amount of Futures Contracts and Other Crude Oil-Related Investments to have a perfect correlation with per unit NAV; (ii) may not always be able to buy and sell Futures Contracts or Other Crude Oil-Related Investments at the market price; and (iii) is required to pay fees, including brokerage fees and the management fee, which will have an effect on the correlation.

Short-term supply and demand for light, sweet crude oil may cause the changes in the market price of the Benchmark Futures Contract to vary from the changes in USSO s per unit NAV if USSO has fully invested in Futures Contracts that do not reflect such supply and demand and it is unable to replace such contracts with Futures Contracts that do reflect such supply and demand.

USSO sells and buys only as many Futures Contracts and Other Crude Oil-Related Investments that it can to get the daily changes in percentage terms of the per unit NAV as close as possible to the inverse of daily changes in percentage terms in the price of the Benchmark Futures Contract. The remainder of its assets are invested in Treasuries, cash and/or cash equivalents and are used to satisfy initial margin and additional margin requirements, if any, and to otherwise support its investments in Crude Oil Interests. Investments in Treasuries, cash and/or cash equivalents, both directly and as margin, provide rates of return that vary from changes in the price of the Benchmark Futures Contract.

Because USSO incurs certain expenses in connection with its investment activities, and holds most of its assets in more liquid short-term securities for margin and other liquidity purposes and for redemptions that may be necessary on an ongoing basis, the General Partner is generally not able to fully invest USSO s assets in Futures Contracts or Other Crude Oil-Related Investments and there cannot be perfect correlation between changes in USSO s per unit NAV and changes in the price of the Benchmark Futures Contract.

As USSO grows, there may be more or less correlation. For example, if USSO only has enough money to sell three Futures Contracts and it needs to sell four contracts to inversely track the price of oil then the correlation will be lower, but if it sells 20,000 Futures Contracts and it needs to sell 20,001 contracts then the correlation will be higher. At certain asset levels, USSO may be limited in its ability to purchase the Benchmark Futures Contract or other Futures Contracts due to accountability levels imposed by the relevant exchanges. To the extent that USSO invests in these other Futures Contracts or Other Crude Oil-Related Investments, the correlation with the Benchmark Futures Contract may be lower. If USSO is required to invest in other Futures Contracts and Other Crude Oil-Related Investments that are less correlated with the Benchmark Futures Contract, USSO would likely invest in over-the-counter contracts to increase the level of correlation of USSO s assets. Over-the-counter contracts entail certain risks described below under Over-the-Counter Contract Risk.

USSO may not be able to sell or buy the exact number of short positions in Futures Contracts and Other Crude Oil-Related Investments to have a perfect inverse correlation with the Benchmark Futures Contract if the purchase price of the short positions in Futures Contracts required to be fully invested in such contracts is higher than the proceeds received for the sale of a Creation Basket on the day the basket was sold. In such case, USSO could not invest the entire proceeds from the purchase of the Creation Basket in such short positions (for example, assume USSO receives $5,000,000 for the sale of a Creation Basket and assume that the value of the short position in a Futures Contract for crude oil is

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$105,000 based on a price of $105 per barrel, then USSO could only invest in only 47 short positions in such Futures Contracts with an aggregate value of $4,935,000), USSO would be required to invest a percentage of the proceeds in cash, Treasuries or other liquid securities to be deposited as margin with the futures commission merchant through which the contract was purchased. The remainder of the purchase price for the Creation Basket would remain invested in Treasuries, cash and/or cash equivalents or other liquid securities as determined by the General Partner from time to time based on factors such as potential calls for margin or anticipated redemptions. If the trading market for Futures Contracts is suspended or closed, USSO may not be able to sell or purchase these investments at the last reported price.

If daily changes in USSO s per unit NAV do not inversely correlate with daily changes in the price of the Benchmark Futures Contract, then investing in USSO may not be an effective way to hedge against crude oil-related losses or indirectly invest in crude oil.

The Benchmark Futures Contract may not correlate with the spot price of light, sweet crude oil and this could cause the inverse of the changes in the price of the units to substantially vary from the changes in the spot price of light, sweet crude oil. If this were to occur, then investors may not be able to effectively use USSO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil. In addition, the price relationship between the near month contract and the next month contract that compose the Benchmark Futures Contract will vary and may impact both the total return over time of USSO s NAV, as well as the degree to which its total return tracks other crude oil price indices total returns.

When using the Benchmark Futures Contract as a strategy to inversely track the spot price of light, sweet crude oil, at best the correlation between changes in prices of such Crude Oil Interests and the spot price of crude oil can be only approximate. The degree of imperfection of correlation depends upon circumstances such as variations in the speculative oil market, supply of and demand for such Oil Interests and technical influences in oil futures trading. If there is a weak correlation between the Crude Oil Interests and the spot price of light, sweet crude oil, then, even in situations where there is also tracking among the inverse of the price of units, the NAV of such units and Crude Oil Interests, the inverse of the price of units may not accurately track the spot price of light, sweet crude oil and investors may not be able to effectively use USSO as a way to hedge the risk of losses in their crude oil-related transactions or as a way to indirectly invest in crude oil.

Backwardation and contango may increase USSO s tracking error and/or negatively impact total return.

The design of USSO s Benchmark Futures Contract is such that every month it begins by using the near month contract to expire until the near month contract is within two weeks of expiration, when, over a four day period, it transitions to the next month contract to expire as its benchmark contract and keeps that contract as its benchmark until it becomes the near month contract and close to expiration. In the event of a crude oil futures market where near month contracts trade at a higher price than next month to expire contracts, a situation described as backwardation in the futures market, then absent the impact of the overall movement in crude oil prices, the value of the benchmark contract would tend to rise as it approaches expiration. As a result, the total return of the Benchmark Futures Contract would tend to track higher. Conversely, in the event of a crude oil futures market where near month contracts trade at a lower price than next month contracts, a situation described as contango in the futures market, then absent the impact of the overall movement in crude oil prices the value of the benchmark contract would tend to decline as it approaches expiration. As a result the total return of the Benchmark Futures Contract would tend to track lower. When compared to total return of other price indices, such as the spot price of crude oil, the impact of backwardation and contango may lead the total return of USSO s per unit NAV to vary significantly. In the event of a prolonged period of backwardation, and absent the impact of rising or falling oil prices, this could have a significant negative impact on USSO s per unit NAV and total return.

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USSO may experience a loss if it is required to sell Treasuries at a price lower than the price at which they were acquired.

The value of Treasuries generally moves inversely with movements in interest rates. If USSO is required to sell Treasuries at a price lower than the price at which they were acquired, USSO will experience a loss. This loss may adversely impact the price of the units and may decrease the correlation among the price of units, the NAV of units, the price of the Benchmark Futures Contract and Other Crude Oil-Related Investments, and the spot price of light, sweet crude oil.

Certain of USSO s investments could be illiquid which could cause large losses to investors at any time or from time to time.

USSO may not always be able to liquidate its positions in its investments at the desired price. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as a foreign government taking political actions that disrupt the market in its currency, its crude oil production or exports, or in another major export, can also make it difficult to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as accountability levels, position limits and daily price fluctuation limits, may contribute to a lack of liquidity with respect to some commodity interests.

Unexpected market illiquidity may cause major losses to investors at any time or from time to time. In addition, USSO has not and does not intend at this time to establish a credit facility, which would provide an additional source of liquidity and instead relies only on the Treasuries, cash and/or cash equivalents that it holds. The anticipated large value of the positions in Futures Contracts that the General Partner will acquire or enter into for USSO increases the risk of illiquidity. The Other Crude Oil-Related Investments that USSO invests in, such as negotiated over-the-counter contracts, may have a greater likelihood of being illiquid since they are contracts between two parties that take into account not only market risk, but also the relative credit, tax, and settlement risks under such contracts. Such contracts also have limited transferability that results from such risks and from the contract s express limitations.

Because both Futures Contracts and Other Crude Oil-Related Investments may be illiquid, USSO s Crude Oil Interests may be more difficult to liquidate at favorable prices in periods of illiquid markets and losses may be incurred during the period in which positions are being liquidated.

If the nature of hedgers and speculators in futures markets has shifted such that crude oil purchasers are the predominant hedgers in the market, USSO might have to reinvest at higher futures prices or choose Other Crude Oil-Related Investments.

The changing nature of the hedgers and speculators in the crude oil market influences whether futures prices are above or below the expected future spot price. In order to induce speculators to take the corresponding long side of the same futures contract, crude oil producers must generally be willing to sell futures contracts at prices that are below expected future spot prices. Conversely, if the predominant hedgers in the futures market are the purchasers of the crude oil who purchase futures contracts to hedge against a rise in prices, then speculators will only take the short side of the futures contract if the futures price is greater than the expected future spot price of crude oil. This can have significant implications for USSO when it is time to reinvest the proceeds from a maturing Futures Contract into a new Futures Contract.

While USSO does not intend to take physical delivery of crude oil under its Futures Contracts, physical delivery under such contracts impacts the value of the contracts.

While it is not the current intention of USSO to take physical delivery of crude oil under any of its Futures Contracts, futures contracts are not required to be cash-settled and it is possible to take delivery under some of these contracts. Storage costs associated with purchasing crude oil could result in costs and other liabilities that could impact the value of Futures Contracts or Other Crude Oil-Related Investments. Storage costs include the time value of money invested in crude oil as a physical commodity plus the actual costs of storing the crude oil less any benefits from ownership of crude oil that are not obtained by the holder of a futures contract. In general, Futures Contracts have a one-month delay for contract delivery and the back month (the back month is any future delivery month other than the spot month) includes storage costs. To the extent that these storage costs change for crude oil while USSO holds Futures Contracts or Other Crude Oil-Related Investments, the value of the Futures Contracts or Other Crude Oil-Related Investments, and therefore USSO s NAV, may change as well.

Regulation of the commodity interests and energy markets is extensive and constantly changing; future regulatory developments are impossible to predict but may significantly and adversely affect USSO.

The futures markets are subject to comprehensive statutes, regulations, and margin requirements. In addition, the CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily price limits and the suspension of trading.

The regulation of commodity interest transactions in the United States is a rapidly changing area of law and is subject to ongoing modification by governmental and judicial action. Considerable regulatory attention has been focused on non-traditional investment pools that are publicly distributed in the United States. Under the Dodd-Frank Act and otherwise, there is a possibility of future regulatory changes within the United States altering, perhaps to a material extent, the nature of an investment in USSO or the ability of USSO to continue to implement its investment strategy. In addition, various national governments outside of the United States have expressed concern regarding the disruptive effects of speculative trading in the energy markets and the need to regulate the derivatives markets in general. The effect of any future regulatory change on USSO is impossible to predict, but it could be substantial and adverse.

An investment in USSO may provide little or no diversification benefits. Thus, in a declining market, USSO may have no gains to offset losses from other investments, and an investor may suffer losses on an investment in USSO while incurring losses with respect to other asset classes.

Historically, Futures Contracts and Other Crude Oil-Related Investments have generally been non-correlated to the performance of other asset classes such as stocks and bonds. Non-correlation means that there is a low statistically valid relationship between the performance of futures and other commodity interest transactions, on the one hand, and stocks or bonds, on the other hand. However, there can be no assurance that such non-correlation will continue during future periods. If, contrary to historic patterns, USSO s performance were to move in the same general direction as the financial markets, investors will obtain little or no diversification benefits from an investment in the units. In such a case, USSO may have no gains to offset losses from other investments, and investors may suffer losses on their investment in USSO at the same time they incur losses with respect to other investments.

Variables such as drought, floods, weather, embargoes, tariffs and other political events may have a larger impact on crude oil prices and crude oil-linked instruments, including Futures Contracts and Other Crude Oil-Related Investments, than on traditional securities. These additional variables may create additional investment risks that subject USSO s investments to greater volatility than investments in traditional securities.

Non-correlation should not be confused with negative correlation, where the performance of two asset classes would be opposite of each other. There is no historic evidence that the spot price of crude oil and prices of other financial assets, such as stocks and bonds, are negatively correlated. In the absence of negative correlation, USSO cannot be expected to be automatically profitable during unfavorable periods for the stock market, or vice versa.

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USSO s Operating Risks

USSO is not a registered investment company so unitholders do not have the protections of the 1940 Act.

USSO is not an investment company subject to the 1940 Act. Accordingly, investors do not have the protections afforded by that statute which, for example, requires investment companies to have a majority of disinterested directors and regulates the relationship between the investment company and its investment manager.

The General Partner is leanly staffed and relies heavily on key personnel to manage trading activities.

In managing and directing the day-to-day activities and affairs of USSO, the General Partner relies heavily on Messrs. Howard Mah and John Hyland. If Messrs. Mah or Hyland were to leave or be unable to carry out their present responsibilities, it may have an adverse effect on the management of USSO. Furthermore, Messrs. Mah and Hyland are currently involved in the management of the Related Public Funds. The General Partner has also filed registration statements to register units of USSF, UNGD, USGO and USABF, each a series of the United States Commodity Funds Trust I. Mr. Mah is also employed by Ameristock Corporation, a registered investment adviser that manages a public mutual fund. It is estimated that Mr. Mah will spend approximately 90% of his time on USSO and Related Public Fund matters. Mr. Hyland will spend approximately 100% of his time on USSO and Related Public Fund matters. To the extent that the General Partner establishes additional funds, even greater demands will be placed on Messrs. Mah and Hyland, as well as the other officers of the General Partner and its Board.

Accountability levels, position limits, and daily price fluctuation limits set by the exchanges have the potential to cause a tracking error, which could cause the price of units to substantially vary from the price of the Benchmark Futures Contract and prevent investors from being able to effectively use USSO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

U.S. designated contract markets such as the NYMEX have established accountability levels and position limits on the maximum net long or net short futures contracts in commodity interests that any person or group of persons under common trading control (other than as a hedge, which an investment by USSO is not) may hold, own or control. In addition to accountability levels and position limits, the NYMEX also sets daily price fluctuation limits on futures contracts. The daily price fluctuation limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day s settlement price. Once the daily price fluctuation limit has been reached in a particular futures contract, no trades may be made at a price beyond that limit.

Additionally, on October 18, 2011, the CFTC adopted new rules, which establish position limits and limit formulas for certain physical commodity futures contracts including Futures Contracts and options on Futures Contracts, executed pursuant to the rules of designated contract markets (*i.e*., certain regulated exchanges) and commodity swaps that are economically equivalent to such futures and options contracts. The CFTC also adopted aggregate position limits that would apply across different trading venues to contracts based on the same underlying commodity. All of these limits may potentially cause a tracking error between the price of the units and the price of the Benchmark Futures Contract. This may in turn prevent investors from being able to effectively use USSO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

USSO has not limited the size of its offering and is committed to utilizing substantially all of its proceeds to purchase short positions in Futures Contracts and Other Crude Oil-Related Investments. If USSO encounters accountability levels, position limits, or price fluctuation limits for Futures Contracts on the NYMEX, it may then, if permitted under applicable regulatory requirements, purchase Futures Contracts on the ICE Futures or other exchanges that trade listed crude oil futures. The Futures Contracts available on the ICE Futures are comparable to the contracts on the NYMEX, but they may have different underlying commodities, sizes, deliveries, and prices. In addition, certain of the Futures Contracts available on the ICE Futures are subject to accountability levels and position limits.

To the extent that the General Partner uses spreads and straddles as part of its trading strategy, there is the risk that the NAV may not closely track the changes in the Benchmark Futures Contract.

If the General Partner were to utilize a spread or straddle position and the spread performed differently than expected, the results could impact USSO s tracking error. This could affect USSO s investment objective of having its NAV closely track the changes in the Benchmark Futures Contract. Additionally, a loss on a spread position would negatively impact USSO s absolute return.

USSO and the General Partner may have conflicts of interest, which may permit them to favor their own interests to the detriment of unitholders.

USSO and the General Partner may have inherent conflicts to the extent the General Partner attempts to maintain USSO s asset size in order to preserve its fee income and this may not always be consistent with USSO s objective of having the value of its units NAV track the changes in the Benchmark Futures Contract. The General Partner s officers, directors and employees do not devote their time exclusively to USSO. These persons are directors, officers or employees of other entities that may compete with USSO for their services. They could have a conflict between their responsibilities to USSO and to those other entities.

In addition, the General Partner s principals, officers, directors or employees may trade futures and related contracts for their own account. A conflict of interest may exist if their trades are in the same markets and at the same time as USSO trades using the clearing broker to be used by USSO. A potential conflict also may occur if the General Partner s principals, officers, directors or employees trade their accounts more aggressively or take positions in their accounts which are opposite, or ahead of, the positions taken by USSO.

The General Partner has sole current authority to manage the investments and operations of USSO, and this may allow it to act in a way that furthers its own interests which may create a conflict with the best interests of investors. Limited partners have limited voting control, which will limit the ability to influence matters such as amendment of the LP Agreement, change in USSO s basic investment policy, dissolution of this fund, or the sale or distribution of USSO s assets.

The General Partner serves as the general partner to each of USSO, USOF, USNG, US12OF, UGA, USHO, US12NG and USBO and the sponsor for USCI, CPER and USAG and will serve as the sponsor for USMI, USSF, UNGD, USGO and USABF if such funds offer their securities to the public or begin operations. The General Partner may have a conflict to the extent that its trading decisions for USSO may be influenced by the effect they would have on the other funds it manages. These trading decisions may be influenced since the General Partner also serves as the general partner or sponsor for all of the funds and is required to meet all of the funds investment objectives as well as USSO s. If the General Partner believes that a trading decision it made on behalf of USSO might (i) impede its other funds from reaching their investment objectives, or (ii) improve the likelihood of meeting its other funds objectives, then the General Partner may choose to change its trading decision for USSO, which could either impede or improve the opportunity for USSO to meet its investment objective. In addition, the General Partner is required to indemnify the officers and directors of its other funds if the need for indemnification arises. This potential indemnification will cause the General Partner s assets to decrease. If the General Partner s other sources of income are not sufficient to compensate for the indemnification, then the General Partner may terminate and investors could lose their investment.

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Unitholders may only vote on the removal of the General Partner and limited partners have only limited voting rights. Unitholders and limited partners will not participate in the management of USSO and do not control the General Partner so they will not have influence over basic matters that affect USSO. In addition, USSO could terminate at any time and cause the liquidation and potential loss of an investor s investment and could upset the overall maturity and timing of an investor s investment portfolio.

Limited partners will have limited voting rights with respect to USSO s affairs. Unitholders must apply to become limited partners, and unitholders that have not applied to become limited partners have no voting rights, other than to remove the General Partner as the general partner of USSO. Even then, unitholders may remove the General Partner only if 66 2/3% of the unitholders elect to do so. Unitholders and limited partners will not be permitted to participate in the management or control of USSO or the conduct of its business. Unitholders and limited partners must therefore rely upon the duties and judgment of the General Partner to manage USSO s affairs.

USSO may terminate at any time, regardless of whether USSO has incurred losses, subject to the terms of the LP Agreement. In particular, unforeseen circumstances, including the death, adjudication of incompetence, bankruptcy, dissolution, or removal of the General Partner as the general partner of USSO could cause USSO to terminate unless a majority interest of the limited partners within 90 days of the event elects to continue the partnership and appoints a successor general partner, or the affirmative vote of a majority in interest of the limited partners subject to certain conditions. However, no level of losses will require the General Partner to terminate USSO. USSO s termination would cause the liquidation and potential loss of an investor s investment. Termination could also negatively affect the overall maturity and timing of an investor s investment portfolio.

The General Partner may manage a large amount of assets and this could affect USSO s ability to trade profitably.

Increases in assets under management may affect trading decisions. In general, the General Partner does not intend to limit the amount of assets of USSO that it may manage. The more assets the General Partner manages, the more difficult it may be for it to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance and of managing risk associated with larger positions.

Limited partners may have limited liability in certain circumstances, including potentially having liability for the return of wrongful distributions.

Under Delaware law, a limited partner might be held liable for USSO s obligations as if it were a general partner if the limited partner participates in the control of the partnership s business and the persons who transact business with the partnership think the limited partner is the general partner.

A limited partner will not be liable for assessments in addition to its initial capital investment in any of USSO s capital securities representing units. However, a limited partner may be required to repay to USSO any amounts wrongfully returned or distributed to it under some circumstances. Under Delaware law, USSO may not make a distribution to limited partners if the distribution causes USSO s liabilities (other than liabilities to partners on account of their partnership interests and nonrecourse liabilities) to exceed the fair value of USSO s assets. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the law will be liable to the limited partnership for the amount of the distribution for three years from the date of the distribution.

With adequate notice, a limited partner may be required to withdraw from the partnership for any reason.

If the General Partner gives at least fifteen (15) days written notice to a limited partner, then the General Partner may for any reason, in its sole discretion, require any such limited partner to withdraw entirely from the partnership or to withdraw a portion of its partner capital account. The General Partner may require withdrawal even in situations where the limited partner has complied completely with the provisions of the LP Agreement.

USSO does not expect to make cash distributions.

USSO has not previously made any cash distributions and intends to re-invest any realized gains in additional Crude Oil Interests rather than distributing cash to limited partners. Therefore, unlike mutual funds, commodity pools or other investment pools that actively manage their investments in an attempt to realize income and gains from their investing activities and distribute such income and gains to their investors, USSO generally does not expect to distribute cash to limited partners. An investor should not invest in USSO if it will need cash distributions from USSO to pay taxes on its share of income and gains of USSO, if any, or for any other reason. Although USSO does not intend to make cash distributions, the income earned from its investments held directly or posted as margin may reach levels that merit distribution, *e.g.*, at levels where such income is not necessary to support its underlying investments in Crude Oil Interests and investors adversely react to being taxed on such income without receiving distributions that could be used to pay such tax. If this income becomes significant then cash distributions may be made.

There is a risk that USSO will not earn trading gains sufficient to compensate for the fees and expenses that it must pay and as such USSO may not earn any profit.

USSO pays brokerage charges of approximately 0.13% based on futures commission merchant fees of $3.50 per buy or sell, management fees of 0.60% of NAV on its average net assets, and over-the-counter spreads and extraordinary expenses (*e.g.,* subsequent offering expenses, other expenses not in the ordinary course of business, including the indemnification of any person against liabilities and obligations to the extent permitted by law and required under the LP Agreement and under agreements entered into by the General Partner on USSO s behalf and the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expenses and the settlement of claims and litigation) that cannot be quantified.

These fees and expenses must be paid in all cases regardless of whether USSO s activities are profitable. Accordingly, USSO must earn trading gains sufficient to compensate for these fees and expenses before it can earn any profit.

If offerings of the units do not raise sufficient funds to pay USSO s future expenses and no other source of funding of expenses is found, USSO may be forced to terminate and investors may lose all or part of their investment.

Prior to the offering of units that commenced on September 24, 2009, all of USSO s expenses were funded by the General Partner and its affiliates. These payments by the General Partner and its affiliates were designed to allow USSO the ability to commence the public offering of its units. USSO now directly pays certain of these fees and expenses. The General Partner will continue to pay other fees and expenses, as set forth in the LP Agreement. If the General Partner and USSO are unable to raise sufficient funds to cover their expenses or locate any other source of funding, USSO may be forced to terminate and investors may lose all or part of their investment.

USSO may incur higher fees and expenses upon renewing existing or entering into new contractual relationships.

The clearing arrangements between the clearing brokers and USSO generally are terminable by the clearing brokers once the clearing broker has given USSO notice. Upon termination, the General Partner may be required to renegotiate or make other arrangements for obtaining similar services if USSO intends to continue trading in Futures Contracts or Other Crude-Oil Related Investments at its present level of capacity. The services of any clearing broker may not be available, or even if available, these services may not be available on the terms as favorable as those of the expired or terminated clearing arrangements.

USSO may miss certain trading opportunities because it will not receive the benefit of the expertise of independent trading advisors.

The General Partner does not employ trading advisors for USSO; however, it reserves the right to employ them in the future. The only advisor to USSO is the General Partner. A lack of independent trading advisors may be disadvantageous to USSO because it will not receive the benefit of a trading advisor s expertise.

An unanticipated number of redemption requests during a short period of time could have an adverse effect on the NAV of USSO.

If a substantial number of requests for redemption of Redemption Baskets are received by USSO during a relatively short period of time, USSO may not be able to satisfy the requests from USSO s assets not committed to trading. As a consequence, it could be necessary to liquidate positions in USSO s trading positions before the time that the trading strategies would otherwise dictate liquidation.

The financial markets are currently in a period of disruption and USSO does not expect these conditions to improve in the near future.

Since 2008, the financial markets have experienced very difficult conditions and volatility as well as significant adverse trends. The conditions in these markets have resulted in a decrease in availability of corporate credit and liquidity and have led indirectly to the insolvency, closure or acquisition of a number of major financial institutions and have contributed to further consolidation within the financial services industry. In addition, the Administration and Congress have periodically been reaching impasses in passing a fiscal budget which could create long-term concerns regarding the credit of the United States and interest earned, as well as the United States Government s ability to pay its obligations to holders of Treasuries. If low interest rates on Treasuries continues or if USSO is not able to redeem its investments in Treasuries prior to maturity and the U.S. Government cannot pay its obligations, USSO would be negatively impacted. In addition, USSO might also be negatively impacted by its use of money market mutual funds to the extent those funds might themselves be using Treasuries. Although the financial markets saw signs of recovery beginning in late 2010, economic growth in 2011 and early 2012 has been slow and the financial markets are still fragile and could fall into another recession. Another recession could adversely affect the financial condition and results of operations of USSO s service providers and Authorized Purchasers, which would impact the ability of the General Partner to achieve USSO s investment objective.

The failure or bankruptcy of a clearing broker or USSO s Custodian could result in a substantial loss of USSO s assets and could impair USSO in its ability to execute USSO s trades.

Under CFTC regulations, a clearing broker maintains customers assets in a bulk segregated account. If a clearing broker fails to do so, or even if the customers funds are segregated by the clearing broker but the clearing broker is unable to satisfy a substantial deficit in a customer account, the clearing broker s other customers may be subject to risk of a substantial loss of their funds in the event of that clearing broker s bankruptcy. In that event, the clearing broker s customers, such as USSO, are entitled to recover, even in respect of property specifically traceable to them, only a proportional share of all property available for distribution to all of that clearing broker s customers. The bankruptcy of a clearing broker could result in the complete loss of USSO s assets posted with the clearing broker; though the majority of USSO s assets are held in Treasuries, cash and/or cash equivalents with the Custodian and would not be impacted by the bankruptcy of a clearing broker. USSO also may be subject to the risk of the failure of, or delay in performance by, any exchanges and markets and their clearing organizations, if any, on which commodity interest contracts are traded.

In addition, to the extent USSO s clearing broker is required to post USSO s assets as margin to a clearinghouse, the margin will be maintained in an omnibus account containing the margin of all of the clearing broker s customers. If USSO s clearing broker defaults to a clearinghouse because of a default by one of the

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clearing broker s other customers or otherwise, then the clearinghouse can look to all of the margin in the omnibus account, including margin posted by USSO and any other non-defaulting customers of the clearing broker to satisfy the obligations of the clearing broker.

From time to time, the clearing brokers may be subject to legal or regulatory proceedings in the ordinary course of their business. A clearing broker s involvement in costly or time-consuming legal proceedings may divert financial resources or personnel away from the clearing broker s trading operations, which could impair the clearing broker s ability to successfully execute and clear USSO s trades.

In addition, the majority of USSO s assets are held in Treasuries, cash and/or cash equivalents with the Custodian. The insolvency of the Custodian could result in a complete loss of USSO s assets held by that Custodian, which, at any given time, would likely comprise a substantial portion of USSO s total assets.

Third parties may infringe upon or otherwise violate intellectual property rights or assert that the General Partner has infringed or otherwise violated their intellectual property rights, which may result in significant costs and diverted attention.

Third parties may utilize USSO s intellectual property or technology, including the use of its business methods, trademarks and trading program software, without permission. The General Partner has a patent for USSO s business method and it has registered its trademarks. USSO does not currently have any proprietary software. However, if it obtains proprietary software in the future, then any unauthorized use of USSO s proprietary software and other technology could also adversely affect its competitive advantage. USSO may not have adequate resources to implement procedures for monitoring unauthorized uses of its patents, trademarks, proprietary software and other technology. Also, third parties may independently develop business methods, trademarks or proprietary software and other technology similar to that of the General Partner or claim that the General Partner has violated their intellectual property rights, including their copyrights, trademark rights, trade names, trade secrets and patent rights. As a result, the General Partner may have to litigate in the future to protect its trade secrets, determine the validity and scope of other parties proprietary rights, defend itself against claims that it has infringed or otherwise violated other parties rights, or defend itself against claims that its rights are invalid. Any litigation of this type, even if the General Partner is successful and regardless of the merits, may result in significant costs, divert its resources from USSO, or require it to change its proprietary software and other technology or enter into royalty or licensing agreements.

The success of USSO depends on the ability of the General Partner to accurately implement trading systems, and any failure to do so could subject USSO to losses on such transactions.

The General Partner uses mathematical formulas built into a generally available spreadsheet program to decide whether it should buy or sell Crude Oil Interests each day. Specifically, the General Partner uses the spreadsheet to make mathematical calculations and to monitor positions in Crude Oil Interests and Treasuries and correlations to the Benchmark Futures Contract. The General Partner must accurately process the spreadsheets outputs and execute the transactions called for by the formulas. In addition, USSO relies on the General Partner to properly operate and maintain its computer and communications systems.

Extraordinary transaction volume, hardware or software failure, power or telecommunications failure, a natural disaster or other catastrophe could cause the computer systems to operate at an unacceptably slow speed or even fail. Any significant degradation or failure of the systems that the General Partner uses to gather and analyze information, enter orders, process data, monitor risk levels and otherwise engage in trading activities may result in substantial losses on transactions, liability to other parties, lost profit opportunities, damages to the General Partner s and USSO s reputations, increased operational expenses and diversion of technical resources. Any failure, inaccuracy or delay in implementing any of the formulas or systems, including implementing upgrades and compatibility with the computer systems of third parties, and executing USSO s transactions could

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impair its ability to achieve USSO s investment objective. It could also result in decisions to undertake transactions based on inaccurate or incomplete information. This could cause substantial losses on transactions.

The occurrence of a terrorist attack, or the outbreak, continuation or expansion of war or other hostilities could disrupt USSO s trading activity and materially affect USSO s profitability.

The operations of USSO, the exchanges, brokers and counterparties with which USSO does business, and the markets in which USSO does business could be severely disrupted in the event of a major terrorist attack or the outbreak, continuation or expansion of war or other hostilities. Global anti-terrorism initiatives, political unrest in the Middle East and Southeast Asia, as well as political hostility towards the United States, continue to fuel this concern.

Risk of Leverage and Volatility

If the General Partner permits USSO to become leveraged, investors could lose all or substantially all of their investment if USSO s trading positions suddenly turn unprofitable.

Commodity pools trading positions in futures contracts or other commodity interests are typically required to be secured by the deposit of margin funds that represent only a small percentage of a futures contract s (or other commodity interests) entire market value. This feature permits commodity pools to leverage their assets by purchasing or selling futures contracts (or other commodity interests) with an aggregate value in excess of the commodity pool s assets. While this leverage can increase the pool s profits, relatively small adverse movements in the price of the pool s futures contracts can cause significant losses to the pool. While the General Partner has not and does not currently intend to leverage USSO s assets, it is not prohibited from doing so under the LP Agreement or otherwise.

The price of crude oil is volatile which could cause large fluctuations in the price of units.

Movements in the price of crude oil may be the result of factors outside of the General Partner s control and may not be anticipated by the General Partner. Among the factors that can cause volatility in the price of crude oil are:

- worldwide or regional demand for energy, which is affected by economic conditions;
- the domestic and foreign supply and inventories of oil and gas;
- weather conditions, including abnormally mild winter or summer weather, and abnormally harsh winter or summer weather;
- availability and adequacy of pipeline and other transportation facilities;
- availability of storage facilities;
- domestic and foreign governmental regulations and taxes;
- political conditions in gas or oil producing regions;
- technological advances relating to energy usage or relating to technology for exploration, production, refining and petrochemical manufacturing;

the ability of members of OPEC to agree upon and maintain oil prices and production levels;

the price and availability of alternative fuels;

the impact of energy conservation efforts; and

the impact of environmental and other governmental regulations.

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Over-the-Counter Contract Risk

Currently, over-the-counter transactions are subject to little regulation.

A portion of USSO s assets may be used to trade over-the-counter Crude Oil Interests, such as forward contracts or swap or spot contracts. Currently, over-the-counter contracts are typically contracts traded on a principal-to-principal basis through dealer markets that are dominated by major money center and investment banks and other institutions and that prior to the passage of the Dodd-Frank Act had been essentially unregulated by the CFTC. The markets for over-the-counter contracts have relied upon the integrity of market participants in lieu of the additional regulation imposed by the CFTC on participants in the futures markets. While the Dodd-Frank Act and certain regulations adopted thereunder are intended to provide additional protections to participants in the over-the-counter market, the current regulation of the over-the-counter contracts could expose USSO in certain circumstances to significant losses in the event of trading abuses or financial failure by participants.

USSO will be subject to credit risk with respect to counterparties to over-the-counter contracts entered into by USSO or held by special purpose or structured vehicles.

USSO faces the risk of non-performance by the counterparties to the over-the-counter contracts. Unlike in futures contracts, the counterparty to these contracts is generally a single bank or other financial institution, rather than a clearing organization backed by a group of financial institutions. As a result, there will be greater counterparty credit risk in these transactions. A counterparty may not be able to meet its obligations to USSO, in which case USSO could suffer significant losses on these contracts.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, USSO may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. USSO may obtain only limited recovery or may obtain no recovery in such circumstances.

USSO may be subject to liquidity risk with respect to its over-the-counter contracts.

Over-the-counter contracts are less marketable because they are not traded on an exchange, do not have uniform terms and conditions, and are entered into based upon the creditworthiness of the parties and the availability of credit support, such as collateral, and in general, they are not transferable without the consent of the counterparty. These conditions make such contracts less liquid than standardized futures contracts traded on a commodities exchange and could adversely impact USSO s ability to realize the full value of such contracts. In addition, even if collateral is used to reduce counterparty credit risk, sudden changes in the value of over-the-counter transactions may leave a party open to financial risk due to a counterparty default since the collateral held may not cover a party s exposure on the transaction in such situations.

In general, valuing over-the-counter derivatives is less certain than valuing actively traded financial instruments such as exchange traded futures contracts and securities or cleared swaps because the price and terms on which such over-the-counter derivatives are entered into or can be terminated are individually negotiated, and those prices and terms may not reflect the best price or terms available from other sources. In addition, while market makers and dealers generally quote indicative prices or terms for entering into or terminating over-the-counter contracts, they typically are not contractually obligated to do so, particularly if they are not a party to the transaction. As a result, it may be difficult to obtain an independent value for an outstanding over-the-counter derivatives transaction.

Risk of Trading in International Markets

Trading in international markets could expose USSO to credit and regulatory risk.

USSO invests primarily in short positions in Futures Contracts, a significant portion of which are traded on United States exchanges, including the NYMEX. However, a portion of USSO s trades may take place on markets and exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. The CFTC, NFA and the domestic exchanges have little, if any, regulatory authority over the activities of any foreign boards of trade or exchanges, including the execution, delivery and clearing of transactions, and have little, if any, power to compel enforcement of the rules of a foreign board of trade or exchange or of any applicable non-U.S. laws. Similarly, the rights of market participants, such as USSO, in the event of the insolvency or bankruptcy of a non-U.S. market or broker are also likely to be more limited than in the case of U.S. markets or brokers. As a result, in these markets, USSO has less legal and regulatory protection than it does when it trades domestically.

In some of these non-U.S. markets, the performance on a contract is the responsibility of the counterparty and is not backed by an exchange or clearing corporation and therefore exposes USSO to credit risk. Trading in non-U.S. markets also leaves USSO susceptible to swings in the value of the local currency against the U.S. dollar. Additionally, trading on non-U.S. exchanges is subject to the risks presented by exchange controls, expropriation, increased tax burdens and exposure to local economic declines and political instability. An adverse development with respect to any of these variables could reduce the profit or increase the loss earned on trades in the affected international markets.

USSO s international trading could expose it to losses resulting from non-U.S. exchanges that are less developed or less reliable than United States exchanges.

Some non-U.S. exchanges may be in a more developmental stage so that prior price histories may not be indicative of current price dynamics. In addition, USSO may not have the same access to certain positions on foreign trading exchanges as do local traders, and the historical market data on which the General Partner bases its strategies may not be as reliable or accessible as it is for U.S. exchanges.

Tax Risk

An investor s tax liability may exceed the amount of distributions, if any, on its units.

Cash or property will be distributed at the sole discretion of the General Partner. The General Partner has not and does not currently intend to make cash or other distributions with respect to units. Investors will be required to pay U.S. federal income tax and, in some cases, state, local, or foreign income tax, on their allocable share of USSO s taxable income, without regard to whether they receive distributions or the amount of any distributions. Therefore, the tax liability of an investor with respect to its units may exceed the amount of cash or value of property (if any) distributed.

An investor s allocable share of taxable income or loss may differ from its economic income or loss on its units.

Due to the application of the assumptions and conventions applied by USSO in making allocations for tax purposes and other factors, an investor s allocable share of USSO s income, gain, deduction or loss may be different than its economic profit or loss from its units for a taxable year. This difference could be temporary or permanent and, if permanent, could result in it being taxed on amounts in excess of its economic income.

Items of income, gain, deduction, loss and credit with respect to units could be reallocated if the IRS does not accept the assumptions and conventions applied by USSO in allocating those items, with potential adverse consequences for an investor.

The U.S. tax rules pertaining to partnerships are complex and their application to large, publicly traded partnerships such as USSO is in many respects uncertain. USSO applies certain assumptions and conventions in an attempt to comply with the intent of the applicable rules and to report taxable income, gains, deductions, losses and credits in a manner that properly reflects unitholders economic gains and losses. These assumptions and conventions may not fully comply with all aspects of the Internal Revenue Code (the Code) and applicable Treasury Regulations, however, and it is possible that the U.S. Internal Revenue Service will successfully

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challenge USSO s allocation methods and require USSO to reallocate items of income, gain, deduction, loss or credit in a manner that adversely affects investors. If this occurs, investors may be required to file an amended tax return and to pay additional taxes plus deficiency interest.

USSO could be treated as a corporation for federal income tax purposes, which may substantially reduce the value of the units.

USSO has received an opinion of counsel that, under current U.S. federal income tax laws, USSO will be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, provided that (i) at least 90 percent of USSO s annual gross income consists of qualifying income as defined in the Code, (ii) USSO is organized and operated in accordance with its governing agreements and applicable law and (iii) USSO does not elect to be taxed as a corporation for federal income tax purposes. Although the General Partner anticipates that USSO has satisfied and will continue to satisfy the qualifying income requirement for all of its taxable years, that result cannot be assured. USSO has not requested and will not request any ruling from the IRS with respect to its classification as a partnership not taxable as a corporation for federal income tax purposes. If the IRS were to successfully assert that USSO is taxable as a corporation for federal income tax purposes in any taxable year, rather than passing through its income, gains, losses and deductions proportionately to unitholders, USSO would be subject to tax on its net income for the year at corporate tax rates. In addition, although the General Partner does not currently intend to make distributions with respect to units, any distributions would be taxable to unitholders as dividend income. Taxation of USSO as a corporation could materially reduce the after-tax return on an investment in units and could substantially reduce the value of the units.

PROSPECTIVE INVESTORS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE POSSIBLE TAX CONSEQUENCES TO THEM OF AN INVESTMENT IN UNITS; SUCH TAX CONSEQUENCES MAY DIFFER IN RESPECT OF DIFFERENT INVESTORS

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THE OFFERING

What Is USSO?

USSO is a Delaware limited partnership organized on June 30, 2008. USSO maintains its main business office at 1999 Harrison Street, Suite 1530 Oakland, California 94612. USSO is a commodity pool. It operates pursuant to the terms of the LP Agreement, which grants full management control to the General Partner.

USSO is a publicly traded limited partnership which seeks to have the daily changes in percentage terms of its units NAV inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the daily changes in the price of the futures contract on light, sweet crude oil as traded on the NYMEX, less USSO s expenses. The General Partner does not intend to operate USSO in a fashion such that its per unit NAV will equal, in dollar terms, the inverse of the spot price of crude oil or any particular futures contract based on crude oil. It is not the intent of USSO to be operated in a fashion such that its NAV will reflect the percentage change of the price of any particular futures contract as measured over a time period greater than one day. USSO invests in a mixture of listed crude oil futures contracts, other non-listed crude oil related investments, Treasuries, cash and cash equivalents. USSO s units began trading on September 24, 2009. As of February 2012, USSO had total net assets of $6,654,982 and had outstanding units of 200,000.

Who Is the General Partner?

Our sole General Partner is United States Commodity Funds LLC, a single member limited liability company that was formed in the state of Delaware on May 10, 2005. Prior to June 13, 2008, the General Partner was known as Victoria Bay Asset Management, LLC. It maintains its main business office at 1999 Harrison Street, Suite 1530 Oakland, California 94612. The General Partner is a wholly-owned subsidiary of Wainwright Holdings, Inc., a Delaware corporation (Wainwright). Mr. Nicholas Gerber (discussed below) controls Wainwright by virtue of his ownership of Wainwright s shares. Wainwright is a holding company. Wainwright previously owned an insurance company organized under Bermuda law, which has been liquidated, and a registered investment advisor firm named Ameristock Corporation, which has been distributed to the Wainwright shareholders. The General Partner is a member of the NFA and is registered with the CFTC as of December 1, 2005. The General Partner s registration as a CPO with the NFA was approved on December 1, 2005.

See Composite Performance Data for USSO on page 33. See also Prior Performance of the General Partner and Related Public Funds on page 34.

The General Partner is required to evaluate the credit risk of USSO to the futures commission merchant, oversee the purchase and sale of USSO s units by certain Authorized Purchasers, review daily positions and margin requirements of USSO, and manage USSO s investments. The General Partner also pays the fees of the Marketing Agent, the Administrator, and the Custodian.

Limited partners have no right to elect the General Partner on an annual or any other continuing basis. If the General Partner voluntarily withdraws, however, the holders of a majority of our outstanding units (excluding for purposes of such determination units owned by the withdrawing General Partner and its affiliates) may elect its successor. The General Partner may not be removed as general partner except upon approval by the affirmative vote of the holders of at least 66 2/3% of our outstanding units (excluding limited partner units owned by the General Partner and its affiliates), subject to the satisfaction of certain conditions set forth in the LP Agreement.

The business and affairs of our General Partner are managed by a board of directors (the Board), which is comprised of three management directors some of whom are also its executive officers (the Management Directors) and three independent directors who meet the independent director requirements established by the NYSE Arca Equities Rules and the Sarbanes-Oxley Act of 2002. Notwithstanding the foregoing, the

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Management Directors have the authority to manage the General Partner pursuant to its Limited Liability Company Agreement. Through its Board, the General Partner manages the day-to-day operations of USSO. The Board has an audit committee which is made up of the three independent directors (Peter M. Robinson, Gordon L. Ellis, and Malcolm R. Fobes III). The audit committee is governed by an audit committee charter that is posted on USSO s website. The board of directors has determined that each member of the audit committee meets the financial literacy requirements of the NYSE Arca and the audit committee charter.

Mr. Nicholas Gerber and Mr. Howard Mah serve as executive officers of the General Partner. USSO has no executive officers. Its affairs are generally managed by the General Partner. The following individuals serve as Management Directors of the General Partner.

Nicholas Gerber has been the President and CEO of the General Partner since June 9, 2005 and a Management Director of the General Partner since May 10, 2005. He maintains his main business office at 1999 Harrison Street, Suite 1530 Oakland, California 94612. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005, as Branch Manager of the General Partner since May 15, 2009 and registered with the CFTC as an Associated Person of the General Partner on December 1, 2005. Mr. Gerber also served as Vice President/Chief Investment Officer of Lyon s Gate Reinsurance Company, Ltd., a company formed to reinsure workmen s compensation insurance, from June 2003 to December 2009. Mr. Gerber has an extensive background in securities portfolio management and in developing investment funds that make use of indexing and futures contracts. He is also the founder of Ameristock Corporation, a California-based investment adviser registered under the Investment Advisers Act of 1940, that has been sponsoring and providing portfolio management services to mutual funds since March 1995. Since August 1995, Mr. Gerber has been the portfolio manager of the Ameristock Mutual Fund, Inc. a mutual fund registered under the Investment Company Act of 1940, focused on large cap U.S. equities that, as of February 29, 2012, had $209,835,862 in assets. He has also been a Trustee for the Ameristock ETF Trust since June 2006, and served as a portfolio manager for the Ameristock/Ryan 1 Year, 2 Year, 5 Year, 10 Year and 20 Year Treasury ETF from June 2007 to June 2008 when such funds were liquidated. In these roles, Mr. Gerber has gained extensive experience in evaluating and retaining third-party service providers, including custodians, accountants, transfer agents, and distributors. Mr. Gerber has passed the Series 3 examination for associated persons. He holds an MBA in finance from the University of San Francisco and a BA from Skidmore College. Mr. Gerber is 49 years old.

In concluding that Mr. Gerber should serve as Management Director of the General Partner, the General Partner considered his broad business experiences in the industry including: forming and managing investment companies and commodity pools, raising capital for such entities and founding and managing non-finance related companies.

Howard Mah has been a Management Director of the General Partner since May 10, 2005, Secretary of the General Partner since June 9, 2005, Chief Financial Officer of the General Partner since May 23, 2006 and Treasurer of the General Partner since February 23, 2012. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005. In these roles, Mr. Mah is currently involved in the management of USSO and the Related Public Funds and will be involved in the management of USMI, USSF, UNGD, USGO and USABF, if such funds commence operations. Mr. Mah also serves as the General Partner s Chief Compliance Officer. He received a Bachelor of Education from the University of Alberta in1986 and an MBA from the University of San Francisco in 1988. He served as Secretary and Chief Compliance Officer of the Ameristock ETF Trust from February 2007 until June 2008 when the trust was liquidated, Chief Compliance Officer of Ameristock Corporation since January 2001; a tax and finance consultant in private practice since January 1995, Secretary of Ameristock Mutual Fund since June 1995 and Ameristock Focused Value Fund from December 2000 to January 2005; Chief Compliance Officer of Ameristock Mutual Fund since August 2004 and the Co-Portfolio Manager of the Ameristock Focused Value Fund from December 2000 to January 2005. Mr. Mah is 47 years old.

In concluding that Mr. Mah should serve as Management Director of the General Partner, the General Partner considered his background in accounting and finance, as well as his experience as Chief Compliance Officer for the General Partner and Ameristock Corporation.

Andrew F. Ngim has been a Management Director of the General Partner since May 10, 2005 and Treasurer of the General Partner from June 9, 2005 to February 23, 2012. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005. Mr. Ngim is currently involved in the management of USSO and the Related Public Funds and will be involved in the management of USMI, USSF, UNGD, USGO and USABF, if such funds commence operations. He received a Bachelor of Arts from the University of California at Berkeley in 1983. Mr. Ngim has been Ameristock Corporation s Managing Director since January 1999 and co-portfolio manager of Ameristock Corporation since January 2000, Trustee of the Ameristock ETF Trust since February 2007, and served as a portfolio manager for the Ameristock/Ryan 1 Year, 2 Year, 5 Year, 10 Year and 20 Year Treasury ETF from June 2007 to June 2008 when such funds were liquidated. Mr. Ngim is 52 years old.

In concluding that Mr. Ngim should serve as Management Director of the General Partner, the General Partner considered his broad career in the financial services industry as well as experience as co-Portfolio Manager of the Ameristock Mutual Fund.

The following individuals provide significant services to USSO but are employed by the General Partner.

John P. Love has acted as the Portfolio Operations Manager for USSO since it commenced operations in September 2009 and the Related Public Funds since January 2006 and, effective March 1, 2010, became the Senior Portfolio Manager for USSO and the Related Public Funds. He is expected to be Senior Portfolio Manager for USMI, USSF, USGO, UNGD and USABF , if such funds commence operations. Mr. Love is also employed by the General Partner. He has been listed with the CFTC as a Principal of the General Partner since January 17, 2006. Mr. Love also served as the operations manager of Ameristock Corporation from October 2002 to January 2007, where he was responsible for back office and marketing activities for the Ameristock Mutual Fund and Ameristock Focused Value Fund and for the firm in general. Mr. Love holds a Series 3 license and was registered with the CFTC as an Associated Person of the General Partner from December 1, 2005 through April 16, 2009. Mr. Love has passed the Level I and Level II Chartered Financial Analyst examinations. He holds a BFA in cinema-television from the University of Southern California. Mr. Love is 40 years old.

John T. Hyland, CFA acts as a Portfolio Manager and as the Chief Investment Officer for the General Partner. Mr. Hyland is employed by the General Partner. He registered with the CFTC as an Associated Person of the General Partner on December 1, 2005, and has been listed with the CFTC as a Principal of the General Partner since January 17, 2006. Mr. Hyland became the Portfolio Manager for USSO, USOF, USNG, US12OF, UGA, USHO, US12NG, USBO, USCI, CPER and USAG in September 2009, April 2006, April 2007, December 2007, February 2008, April 2008, November 2009, June 2010, August 2010, November 2011 and April 2012, respectively, and as Chief Investment Officer of the General Partner since January 2008, and acts in such capacity on behalf of USSO and the Related Public Funds. He will also be the Portfolio Manager for USMI, USSF, UNGD, USGO and USABF, if such funds commence operations. As part of his responsibilities for USSO and the Related Public Funds, Mr. Hyland handles day-to-day trading, helps set investment policies, and oversees USSO s and the Related Public Funds activities with their futures commission brokers, custodian-administrator, and marketing agent. Mr. Hyland has an extensive background in portfolio management and research with both equity and fixed income securities, as well as in the development of new types of complex investment funds. In July 2001, Mr. Hyland founded Towerhouse Capital Management, LLC, a firm that, through December 2009, provided portfolio management and new fund development expertise to non-U.S. institutional investors. Since January 2010, Towerhouse Capital Management has been inactive. Mr. Hyland was a Principal for Towerhouse in charge of portfolio research and product development regarding U.S. and non-U.S. real estate related securities. Mr. Hyland received his Chartered Financial Analyst (CFA) designation in 1994. Mr. Hyland is a member of the CFA Institute (formerly AIMR) and is a member and former president of the CFA Society of San

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Francisco. He is also a member of the National Association of Petroleum Investment Analysts, a not-for-profit organization of investment professionals focused on the oil industry. He is a graduate of the University of California, Berkeley. Mr. Hyland is 52 years old.

Ray W. Allen acts as a Portfolio Operations Manager for USOF, US12OF, USSO and USBO. He has been employed by the General Partner since January 14, 2008. He holds a Series 3 license and registered with the CFTC as an Associated Person of the General Partner on March 25, 2008. He has been listed with the CFTC as a Principal of the General Partner since March 18, 2009. Mr. Allen s responsibilities include daily trading and operations for USOF, US12OF, USSO and USBO. Mr. Allen also acted as a Portfolio Operations Manager for UGA, USHO and US12NG until March 1, 2010. In addition, from February 2002 to October 2007, Mr. Allen was responsible for analyzing and evaluating the creditworthiness of client companies at Marble Bridge Funding Group Inc., in Walnut Creek, CA. Marble Bridge Funding Group Inc. is a commercial finance company providing capital to entrepreneurial companies. From the period October 2007 to January 14, 2008, Mr. Allen was not employed by the General Partner and did not engage in any business-related activity. Mr. Allen received a BA in Economics from the University of California at Berkeley in 1980. Mr. Allen is 55 years old.

The following individuals serve as independent directors of the General Partner.

Peter M. Robinson has been an independent director of the General Partner since September 30, 2005 and, as such, serves on the Board of the General Partner, which acts on behalf of USSO and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since December 2005. Mr. Robinson has been employed as a Research Fellow with the Hoover Institution since 1993. The Hoover Institution is a public policy think tank located on the campus of Stanford University. Mr. Robinson graduated from Dartmouth College in 1979 and Oxford University in 1982. Mr. Robinson received an MBA from the Stanford University Graduate School of Business. Mr. Robinson has also written three books and has been published in the *New York Times*, *Red Herring*, and *Forbes ASAP* and he is the editor of *Can Congress Be Fixed?: Five Essays on Congressional Reform* (Hoover Institution Press, 1995). Mr. Robinson is 54 years old.

In concluding that Mr. Robinson should serve as independent director of the General Partner, the General Partner considered his broad experience in the United States government, including his employment at the SEC, and his knowledge of and insight into public policy.

Gordon L. Ellis has been an independent director of the General Partner since September 30, 2005 and, as such, serves on the Board of the General Partner, which acts on behalf of USSO and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since November 2005. Mr. Ellis has been Chairman of International Absorbents, Inc., a holding company of Absorption Corp., since July 1988, President and Chief Executive Officer since November 1996 and a Class I Director of the company since July 1985. Mr. Ellis is also a director of Absorption Corp., International Absorbents, Inc. s wholly-owned subsidiary which is engaged in developing, manufacturing and marketing a wide range of animal care and industrial absorbent products. Mr. Ellis is a director/trustee of Polymer Solutions, Inc., a former publicly-held company that sold all of its assets effective as of February 3, 2004 and is currently winding down its operations and liquidating following such sale. Polymer Solutions previously manufactured paints, coatings, stains and primers for wood furniture manufacturers. Mr. Ellis is a professional engineer with an MBA in international finance. Mr. Ellis is 65 years old.

In concluding that Mr. Ellis should serve as independent director of the General Partner, the General Partner considered his experience serving as the Chairman and Chief Executive Officer of a former publicly-traded corporation as well as his experience as an entrepreneur.

Malcolm R. Fobes III has been an independent director of the General Partner since September 30, 2005 and, as such, serves on the Board of the General Partner, which acts on behalf of USSO and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since November 2005. Mr. Fobes

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is the founder, Chairman and Chief Executive Officer of Berkshire Capital Holdings, Inc., a California-based investment adviser registered under the Investment Advisers Act of 1940, that has been sponsoring and providing portfolio management services to mutual funds since June 1997. Since June 1997, Mr. Fobes has been the Chairman and President of The Berkshire Funds, a mutual fund investment company registered under the Investment Company Act of 1940. Mr. Fobes also serves as portfolio manager of the Berkshire Focus Fund, a mutual fund registered under the Investment Company Act of 1940, which concentrates its investments in the electronic technology industry. From April 2000 to July 2006, Mr. Fobes also served as co-portfolio manager of The Wireless Fund, a mutual fund registered under the Investment Company Act of 1940, which concentrates its investments in companies engaged in the development, production, or distribution of wireless-related products or services. In these roles, Mr. Fobes has gained extensive experience in evaluating and retaining third-party service providers, including custodians, accountants, transfer agents, and distributors. Mr. Fobes was also contributing editor of *Start a Successful Mutual Fund: The Step-by-Step Reference Guide to Make It Happen* (JV Books, 1995). Mr. Fobes holds a B.S. degree in Finance and Economics from San Jose State University in California. Mr. Fobes is 47 years old.

In concluding that Mr. Fobes should serve as independent director of the General Partner, the General Partner considered his background as founder, Chairman and Chief Executive Officer of a registered investment adviser as well as Chairman, President, Chief Financial Officer and Portfolio Manager of a mutual fund investment company.

The following are individual Principals, as that term is defined in CFTC Rule 3.1, for the General Partner: Nicholas Gerber, Melinda Gerber, the Nicholas and Melinda Gerber Living Trust, Howard Mah, Andrew Ngim, Peter Robinson, Gordon Ellis, Malcolm Fobes, John Love, John Hyland, Ray Allen, Wainwright Holdings Inc. and Margaret Johnson. These individuals are Principals due to their positions, however, Nicholas Gerber and Melinda Gerber are also Principals due to their controlling stake in Wainwright. None of the Principals owns or has any other beneficial interest in USSO. Ray Allen and John Hyland make trading and investment decisions for USSO. John Love and Ray Allen execute trades on behalf of USSO. In addition, Nicholas Gerber, John Hyland and Ray Allen are registered with the CFTC as Associated Persons of the General Partner and are NFA Associate Members.

Compensation to the General Partner and Other Compensation

USSO does not directly compensate any of the executive officers noted above. The executive officers noted above are compensated by the General Partner for the work they perform on behalf of USSO and other entities controlled by the General Partner. USSO does not reimburse the General Partner for, nor does it set the amount or form of any portion of, the compensation paid to the executive officers by the General Partner. USSO pays fees to the General Partner pursuant to the LP Agreement under which it is obligated to pay the General Partner an annualized fee of 0.60% of its average daily net assets. For 2011, USSO paid the General Partner aggregate management fees of $61,594.

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Director Compensation

The following table sets forth compensation earned during the year ended December 31, 2011, by the Directors of the General Partner. USSO s portion of the aggregate fees paid to the Directors for the year ended December 31, 2011 was $766.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Plan	All Other Compensation	Total
Management Directors							
Nicholas Gerber	$ 0	NA	NA	NA	$ 0	$ 0	$ 0
Andrew F. Ngim	$ 0	NA	NA	NA	$ 0	$ 0	$ 0
Howard Mah	$ 0	NA	NA	NA	$ 0	$ 0	$ 0
Independent Directors							
Peter M. Robinson	$ 100,000.00	NA	NA	NA	$ 0	$	$ 100,000.00
Gordon L. Ellis	$ 100,000.00	NA	NA	NA	$ 0	$	$ 100,000.00
Malcolm R. Fobes III(1)	$ 120,000.00	NA	NA	NA	$ 0	$	$ 120,000.00

(1) Mr. Fobes serves as chairman of the audit committee of the General Partner and receives additional compensation in recognition of the additional responsibilities he has undertaken in this role.

Market Price of Units

USSO s units have traded on the NYSE Arca under the symbol DNO since September 24, 2009. The following table sets forth the range of reported high and low sales prices of the units as reported on NYSE Arca for the periods indicated below.

	High	Low
Fiscal year 2011		
First quarter	$ 43.85	$ 40.42
Second quarter	$ 41.50	$ 33.70
Third quarter	$ 46.42	$ 37.72
Fourth quarter	$ 47.57	$ 35.28
Fiscal year 2010		
First quarter	$ 48.54	$ 41.81
Second quarter	$ 52.05	$ 40.07
Third quarter	$ 50.82	$ 43.94
Fourth quarter	$ 46.05	$ 40.42

As of December 31, 2011, USSO had 3,288 holders of units.

Prior Performance of USSO

USSO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USSO is for the daily changes in percentage terms of its units NAV to inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma as measured by the changes in the price of the futures contract for light, sweet crude oil traded on the NYMEX, less USSO s expenses. USSO s units began trading on September 24, 2009 and are offered on a continuous basis. USSO may invest in short positions in listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash

equivalents. As of October 31, 2012, the total amount of money raised by USSO from its authorized purchasers was $72,091,061; the total number of authorized purchasers of USSO was 13; the number of baskets purchased by authorized purchasers of USSO was 23; the number of baskets redeemed by authorized purchasers of USSO was 21; and the aggregate amount of units purchased was 1,750,000.

Since the commencement of the offering of USSO units to the public on September 24, 2009 to October 31, 2012, the inverse of the simple average daily change in its benchmark futures contract was (0.006)%, while the simple average daily change in the NAV of USSO over the same time period was (0.010)%. The average daily difference was 0.004% (or 0.4 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the inverse of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was (1.197)%, meaning that over this time period USSO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USSO:

Experience in Raising and Investing in USSO through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 1,250,000,000
Dollar Amount Raised	$ 72,091,061
Organizational and Offering Expenses:**	
SEC registration fee	$ 49,125
FINRA registration fee	$ 55,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 0
Legal fees and expenses	$ 408,335
Printing expenses	$ 23,945
Length of USSO offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the General Partner.

Compensation to the General Partner and Other Compensation USSO:

Expenses paid by USSO through October 31, 2012 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 239,921
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 50,676
Other Amounts Paid or Accrued*	$ 648,813
Total Expenses Paid or Accrued	$ 939,410
Expenses Waived**	$ (578,126)
Total Expenses Paid or Accrued Including Expenses Waived	$ 361,284

* Includes expenses relating to legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of USSO s NAV, on an annualized basis, through at least December 31, 2012. The General Partner has no obligation to continue such payment into subsequent periods.

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Expenses paid by USSO through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.60% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.13% annualized
Other Amounts Paid or Accrued	1.61% annualized
Total Expenses Paid or Accrued	2.34% annualized
Expenses Waived	(1.44)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.90% annualized
USSO Performance:	
Name of Commodity Pool	USSO
Type of Commodity Pool	Exchange traded security
Inception of Trading	September 24, 2009
Aggregate Subscriptions (from inception through October 31, 2012)	$72,091,061
Total Net Assets as of October 31, 2012	$8,059,438
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$40.30
Worst Monthly Percentage Draw-down	Oct 2011 (16.00)%
Worst Peak-to-Valley Draw-down	Aug 2010 February 2012 (33.97)%
Number of Unitholders (as of December 31, 2011)	3,288

COMPOSITE PERFORMANCE DATA FOR USSO

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*			
Month	**2009**	**2010**	**2011**	**2012**
January		9.05%	(0.64)%	0.11%
February		(8.94)%	(1.94)%	(8.09)%
March		(4.92)%	(8.89)%	3.88%
April		(2.50)%	(6.27)%	(1.62)%
May		20.18%	9.28%	20.85%
June		(1.42)%	7.21%	0.61%
July		(4.17)%	(0.30)%	(3.97)%
August		9.61%	6.24%	(8.92)%
September	(2.90)%**	(8.75)%	10.71%	4.59%
October	(8.65)%	(1.59)%	(16.00)%	6.56%
November	(0.25)%	(3.18)%	(7.78)%	
December	(0.57)%	(7.74)%	(1.03)%	
Annual Rate of Return	(12.02)%	(8.12)%	(10.54)%	11.45%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from September 24, 2009.

*** Through October 31, 2012

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Worst Peak-to-Valley Draw-down: The largest percentage decline in the NAV per unit over the history of the fund. This need not be a continuous decline, but can be a series of positive and negative returns where the negative returns are larger than the positive returns. Worst Peak-to-Valley Draw-down represents the greatest percentage decline from any month-end NAV per unit that occurs without such month-end NAV per unit being equaled or exceeded as of a subsequent month-end. For example, if the NAV per unit declined by $1 in each of January and February, increased by $1 in March and declined again by $2 in April, a peak-to-valley drawdown analysis conducted as of the end of April would consider that drawdown to be still continuing and to be $3 in amount, whereas if the NAV per unit had increased by $2 in March, the January February drawdown would have ended as of the end of February at the $2 level.

Prior Performance of the General Partner and Related Public Funds

The General Partner is also currently the general partner of USDHO, USNG, USOF, U12OF, US12NG, UGA and USBO and the sponsor of USCI, CPER, USAG and USMI (collectively referred to herein as the Related Public Funds). Each of the General Partner/Sponsor and the Related Public Funds is located in California.

USDHO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USDHO is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of heating oil for delivery to the New York harbor, as measured by the changes in the price of the futures contract on heating oil traded on the NYMEX, less USDHO s expenses. USDHO s units began trading on April 9, 2008 and are offered on a continuous basis. USDHO may invest in a mixture of listed heating oil futures contracts, other non-listed heating oil-related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USDHO from its Authorized Purchasers was $33,857,235; the total number of Authorized Purchasers of USDHO was 12; the number of baskets purchased by Authorized Purchasers of USDHO was 10; the number of baskets redeemed by Authorized Purchasers of USDHO was 9; and the aggregate amount of units purchased was 1,000,000.

Since the commencement of the offering of USDHO units to the public on April 9, 2008 to October 31, 2012, the simple average daily change in its Benchmark Futures Contract was (0.007)%, while the simple average daily change in the NAV of USDHO over the same time period was (0.009)%. The average daily difference was 0.002% (or 0.2 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the Benchmark Futures Contract, the average error in daily tracking by the NAV (0.838)%, meaning that over this time period USDHO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USNG is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USNG is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana as measured by the changes in the price of the futures contract for natural gas traded on the NYMEX, less USNG s expenses. USNG s units began trading on April 18, 2007 and are offered on a continuous basis. USNG may invest in a mixture of listed natural gas futures contracts, other non-listed natural gas related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USNG from its authorized purchasers was $16,027,916,431; the total number of authorized purchasers of USNG was 17; the number of baskets purchased by authorized purchasers of USNG was 12,142; the number of baskets redeemed by authorized purchasers of USNG was 8,019; and the aggregate amount of units purchased was 11,969,650,000.

Since the commencement of the offering of USNG units to the public on April 18, 2007 to October 31, 2012, the simple average daily change in its benchmark futures contract was (0.162)% while the simple average daily change in the NAV of USNG over the same time period was (0.166)%. The average daily difference was 0. 004% (or 0.4 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was 1.632%, meaning that over this time period USNG s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

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USOF is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USOF is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the price of the futures contract on light, sweet crude oil traded on the NYMEX, less USOF s expenses. USOF s units began trading on April 10, 2006 and are offered on a continuous basis. USOF may invest in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USOF from its authorized purchasers was $34,823,610,125; the total number of authorized purchasers of USOF was 19; the number of baskets purchased by authorized purchasers of USOF was 7,891; the number of baskets redeemed by authorized purchasers of USOF was 7,488; and the aggregate amount of units purchased was 770,600,000. For more information on the performance of USOF, see the Performance Tables below.

Since the commencement of the offering of USOF units to the public on April 10, 2006 to October 31, 2012, the simple average daily change in its benchmark oil futures contract was (0.019)%, while the simple average daily change in the NAV of USOF over the same time period was (0.017)%. The average daily difference was (0.002)% (or (0.2) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark oil futures contract, the average error in daily tracking by the NAV was 0.520%, meaning that over this time period USOF s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

US12OF is a commodity pool and issues units traded on the NYSE Arca. The investment objective of US12OF is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of 12 futures contracts on light, sweet crude oil traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following 11 months, for a total of 12 consecutive months contracts, less US12OF s expenses. US12OF s units began trading on December 6, 2007 and are offered on a continuous basis. US12OF may invest in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by US12OF from its authorized purchasers was $456,604,020; the total number of authorized purchasers of US12OF was 10; the number of baskets purchased by authorized purchasers of US12OF was 150; the number of baskets redeemed by authorized purchasers of US12OF was 132 and the aggregate amount of units purchased was 131,500,000.

Since the commencement of the offering of US12OF units to the public on December 6, 2007 to October 31, 2012, the simple average daily change in the average price of its benchmark futures contracts was 0.004%, while the simple average daily change in the NAV of US12OF over the same time period was 0.002%. The average daily difference was (0.001)% (or (0.1) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the average price of the benchmark futures contracts, the average error in daily tracking by the NAV was (0.544)%, meaning that over this time period US12OF s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

US12NG is a commodity pool and issues units traded on the NYSE Arca. The investment objective of US12NG is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the average of the prices of 12 futures contracts on natural gas traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following 11 months, for a total of 12 consecutive months contracts, less US12NG s expenses. US12NG s units began trading on November 18, 2009 and are offered on a continuous basis. US12NG may invest in a mixture of listed natural gas futures contracts, other non-listed natural gas related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by US12NG from its authorized purchasers was $114,646,859; the total number of authorized purchasers of US12NG was 9; the number of baskets purchased by authorized purchasers of US12NG was 50; the number of baskets redeemed by authorized purchasers of US12NG was 14; and the aggregate amount of units purchased was 3,650,000.

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Since the commencement of the offering of US12NG units to the public on November 18, 2009 to October 31, 2012, the simple average daily change in the average price of its benchmark futures contracts was (0.109)%, while the simple average daily change in the NAV of US12NG over the same time period was (0.112)%. The average daily difference was 0.004% (or 0.4 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the average price of the benchmark futures contracts, the average error in daily tracking by the NAV was (0.588)%, meaning that over this time period US12NG s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

UGA is a commodity pool and issues units traded on the NYSE Arca. The investment objective of UGA is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms in the spot price of unleaded gasoline for delivery to the New York harbor, as measured by the changes in the price of the futures contract on gasoline traded on the NYMEX, less UGA s expenses. UGA s units began trading on February 26, 2008 and are offered on a continuous basis. UGA may invest in a mixture of listed gasoline futures contracts, other non-listed gasoline related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by UGA from its authorized purchasers was $341,146,803 the total number of authorized purchasers of UGA was 13; the number of baskets purchased by authorized purchasers of UGA was 90; the number of baskets redeemed by authorized purchasers of UGA was 96; and the aggregate amount of units purchased was 8,700,000.

Since the commencement of the offering of UGA units to the public on February 26, 2008 to October 31, 2012, the simple average daily change in its benchmark futures contract was 0.042%, while the simple average daily change in the NAV of UGA over the same time period was 0.039%. The average daily difference was (0.002)% (or (0.2) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was (0.818)%, meaning that over this time period UGA s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USBO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USBO is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the changes in the price of the futures contract for Brent crude oil traded on the ICE Futures, less USBO s expenses. USBO s units began trading on June 2, 2010 and are offered on a continuous basis. USBO may invest in a mixture of listed oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USBO from its authorized purchasers was $300,295,559; the total number of authorized purchasers of USBO was 9; the number of baskets purchased by authorized purchasers of USBO was 46; the number of baskets redeemed by authorized purchasers of USBO was 44; and the aggregate amount of units purchased was 4,050,000.

Since the commencement of the offering of USBO units to the public on June 2, 2010 to October 31, 2012, the simple average daily change in its benchmark futures contract was 0.092%, while the simple average daily change in the NAV of USBO over the same time period was 0.088%. The average daily difference was (0.004)% (or (0.4) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was (0.840)%, meaning that over this time period USBO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USCI is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USCI is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Commodity Index Total Return (Commodity Index), less USCI s expenses. USCI s units began trading on August 10, 2010 and are offered on a continuous basis. USCI may invest in a mixture of listed futures contracts, other non-listed related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USCI from its authorized purchasers was $403,303,876;

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the total number of authorized purchasers of USCI was 8; the number of baskets purchased by authorized purchasers of USCI was 127; the number of baskets redeemed by authorized purchasers of USCI was 29; and the aggregate amount of units purchased was 14,050,000.

Since the commencement of the offering of USCI units to the public on August 10, 2010 to October 31, 2012, the simple average daily change in the Commodity Index was 0.040%, while the simple average daily change in the NAV of USCI over the same time period was 0.035%. The average daily difference was (0.005)% (or (0.5) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the Commodity Index, the average error in daily tracking by the NAV was (2.430)%, meaning that over this time period USCI s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

CPER is a commodity pool and issues units traded on the NYSE Arca. The investment objective of CPER is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Copper Index Total Return, less CPER s expenses. CPER s units began trading on November 15, 2011 and are offered on a continuous basis. CPER may invest in a mixture of listed futures contracts, other non-listed related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by CPER from its authorized purchasers was $2,500,000; the total number of authorized purchasers of CPER was 6; the number of baskets purchased by authorized purchasers of CPER was 1; the number of baskets redeemed by authorized purchasers of CPER was 0; and the aggregate amount of units purchased was 100,000.

Since the commencement of the offering of CPER units to the public on November 15, 2011 to October 31, 2012, the simple average daily change in the Copper Index was 0.004%, while the simple average daily change in the NAV of CPER over the same time period was 0.009%. The average daily difference was 0.004% (or 0.4 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the Commodity Index, the average error in daily tracking by the NAV was (2.477)%.

USAG is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USAG is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Agriculture Index Total Return, less USAG s expenses. USAG s units began trading on April 13, 2012 and are offered on a continuous basis. USAG may invest in a mixture of listed futures contracts, other non-listed related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USAG from its authorized purchasers was $2,500,000; the total number of authorized purchasers of USAG was 6; the number of baskets purchased by authorized purchasers of USAG was 3; the number of baskets redeemed by authorized purchasers of USAG was 2; and the aggregate amount of units purchased was 150,000.

Since the commencement of the offering of USAG units to the public on April 13, 2012 to October 31, 2012, the simple average daily change in its index was 0.061%, while the simple average daily change in the NAV of USAG over the same time period was 0.055%. The average daily difference was (0.006)% or (0.6) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark component futures contracts, the average error in daily tracking by the NAV was 6.810%.

USMI is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USMI is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Metals Index Total Return, less USMI s expenses. USMI s units began trading on June 19, 2012 and are offered on a continuous basis. USMI may invest in a mixture of listed futures contracts, other non-listed related investments, Treasuries, cash and cash equivalents. As of October 31, 2012, the total amount of money raised by USMI from its authorized purchasers was $4,909,773; the total number of authorized purchasers of USMI was 6; the number of baskets purchased by authorized purchasers of USMI was 3; the number of baskets redeemed by authorized purchasers of USMI was 1; and the aggregate amount of units purchased was 150,000.

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Since the commencement of the offering of USMI units to the public on June 19, 2012 to October 31, 2012, the simple average daily change in its index was 0.034%, while the simple average daily change in the NAV of USMI over the same time period was 0.028%. The average daily difference was (0.006)% or (0.6) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark component futures contracts, the average error in daily tracking by the NAV was (3.033)%.

The table below shows the relationship between the trading prices of the units of USSO and each of the Related Public Funds and the daily NAV of such fund, since inception through October 31, 2012. The first row shows the average amount of the variation between the Related Public Fund s closing market price and NAV, computed on a daily basis since inception, while the second and third rows depict the maximum daily amount of the end of day premiums and discounts to NAV since inception, on a percentage basis. Management of the General Partner believes that maximum and minimum end of day premiums and discounts typically occur because trading in the units continues on the NYSE Arca until 4:00 p.m. New York time while regular trading in the benchmark futures contract on the NYMEX ceases at 2:30 p.m. New York time and the value of the relevant benchmark futures contract, for purposes of determining its end of day NAV, can be determined at that time. One known exception to this conclusion were the premiums on trading in USNG units that occurred between July 8, 2009 and September 28, 2009, when USNG suspended the issuance of Creation Baskets as a result of regulatory concern relating to the size of USNG s positions in the natural gas futures and cleared swap markets, and there was continued demand for such units and other similar natural gas futures linked investments in the market.

	USOF	USNG	US12OF	UGA	USDHO	USSO	US12NG	USCI	CPER	USAG	USMI	USBO
Average Difference	$ (0.00)	$ 0.40	$ (0.04)	$ 0.00	$ 0.01	$ 0.00	$ 0.01	$ 0.05	$ (0.06)	$ 0.05	$ 0.11	$ (0.05)
Max Premium %	3.88%	2.37%	4.11%	6.29%	5.75%	3.08%	6.68%	2.03%	4.31%	4.33%	4.23%	2.06%
Max Discount %	(4.51)%	(2.42)%	(9.72)%	(4.50)%	(3.85)%	(3.41)%	(6.52)%	(1.34)%	(5.45)%	(1.68)%	(9.28)%	(3.13)%

There are significant differences between investing in the Funds and the Related Public Funds and investing directly in the futures market. The Sponsor s results with USSO and the Related Public Funds may not be representative of results that may be experienced with a fund directly investing in futures contracts or other managed funds investing in futures contracts. Moreover, given the different investment objectives of USSO and the Related Public Funds, the performance of USSO may not be representative of the results that may be experienced by the other Related Public Funds. For more information on the performance of the Related Public Funds see the Performance Tables below.

Performance of the Related Public Funds

USDHO:

Experience in Raising and Investing in USDHO through October 31, 2012:

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 1,940,500,000
Dollar Amount Raised	$ 33,857,235
Organizational and Offering Expenses:**	
SEC registration fee	$ 142,234
FINRA registration fee	$ 151,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 127,303
Printing expenses	$ 31,751
Length of USDHO Offering	Continuous

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* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** Through August 31, 2009, the initial offering costs and a portion of expenses were paid for by the General Partner. Following August 31, 2009, USDHO has recorded these expenses.

Compensation to the General Partner and Other Compensation

Expenses paid by USDHO through October 31, 2012 in dollar terms:

Expenses:	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 272,904
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 41,543
Other Amounts Paid or Accrued*	$ 850,436
Total Expenses Paid or Accrued:	$ 1,164,883
Expenses Waived**	$ (751,017)
Total Expenses Paid or Accrued Including Expenses Waived	$ 413,866

* Includes expenses relating to the registration of additional units, legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of USDHO s NAV, on an annualized basis, through at least December 31, 2012. The General Partner has no obligation to continue such payment into subsequent periods.

Expenses paid by USDHO through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses:	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.60% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.09% annualized
Other Amounts Paid or Accrued	1.89% annualized
Total Expenses Paid or Accrued	2.58% annualized
Expenses Waived	(1.67)% annualized
Total Expenses Paid Including Expenses Waived	0.91% annualized
USDHO Performance:	
Name of Commodity Pool	USDHO
Type of Commodity Pool	Exchange traded security
Inception of Trading	April 9, 2008
Aggregate Subscriptions (from inception through October 31, 2012)	$33,857,235
Total Net Assets as of October 31, 2012	$6,843,795
Initial NAV Per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$34.22
Worst Monthly Percentage Draw-down	Oct 2008 (28.63)%
Worst Peak-to-Valley Draw-down	June 2008 Feb 2009 (69.17%)
Number of Unitholders (as of December 31, 2011)	2,256

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COMPOSITE PERFORMANCE DATA FOR USDHO

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

			Rates of Return*		
Month	**2008**	**2009**	**2010**	**2011**	**2012**
January		0.05%	(10.17)%	7.58%	4.73%
February		(11.34)%	5.78%	6.98%	5.62%
March		6.73%	6.42%	5.45%	(1.46)%
April	2.84%**	(3.85)%	5.13%	4.75%	0.17%
May	15.93%	23.13%	(14.14)%	(7.17)%	(15.28)%
June	5.91%	4.55%	(0.40)%	(4.01)%	0.03%
July	(12.18)%	0.39%	2.48%	4.68%	4.98%
August	(8.41)%	(2.71)%	(5.88)%	(0.85)%	11.24%
September	(9.77)%	(0.48)%	12.75%	(10.18)%	(0.68)%
October	(28.63)%	7.60%	(2.20)%	10.10%	(2.76)%
November	(18.38)%	0.19%	2.97%	(1.36)%	
December	(17.80)%	2.23%	8.75%	(4.12)%	
Annual Rate of Return	(56.12)%	25.52%	8.28%	9.96%	4.36%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.
** Partial from April 9, 2008
*** Through October 31, 2012
For a definition of draw-down, please see text below Composite Performance Data for USSO.

USNG:

Experience in Raising and Investing in USNG through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 24,056,500,000
Dollar Amount Raised	$ 16,027,916,431
Organizational and Offering Expenses:**	
SEC registration fee	$ 1,341,530
FINRA registration fee	$ 377,500
Listing fee	$ 5,000
Auditor s fees and expenses	$ 39,350
Legal fees and expenses	$ 621,670
Printing expenses	$ 76,946
Length of USNG Offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.
** Through April 18, 2007, these expenses were paid for by the General Partner. Following April 18, 2007, USNG has recorded these expenses.

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Compensation to the General Partner and Other Compensation

Expenses paid by USNG through October 31, 2012 in dollar terms:

Expenses:	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 50,936,683
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 27,562,716
Other Amounts Paid or Accrued*	$ 27,082,730
Total Expenses Paid or Accrued	$ 105,582,129

* Includes expenses relating to the registration of additional units, legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

Expenses paid by USNG through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses:	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.54% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.29% annualized
Other Amounts Paid or Accrued	0.28% annualized
Total Expenses Paid or Accrued	1.11% annualized
Expenses Waived	0.12% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.99% annualized
USNG Performance:	
Name of Commodity Pool	USNG
Type of Commodity Pool	Exchange traded security
Inception of Trading	April 18, 2007
Aggregate Subscriptions (from inception through October 31, 2012)	$16,027,916,431
Total Net Assets as of October 31, 2012	$1,260,039,922
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$21.74
Worst Monthly Percentage Draw-down	July 2008 (32.13)%
Worst Peak-to-Valley Draw-down	June 2008 March 2012 (96.81)%
Number of Unitholders (as of December 31, 2011)	237,227

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COMPOSITE PERFORMANCE DATA FOR USNG

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*					
Month	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
January		8.87%	(21.49)%	(7.65)%	(0.17)%	(17.62)%
February		15.87%	(5.47)%	(6.02)%	(10.02)%	(2.49)%
March		6.90%	(11.81)%	(21.05)%	6.68%	(22.99)%
April	4.30%**	6.42%	(13.92)%	(0.87)%	5.39%	2.19%
May	(0.84)%	6.53%	10.37%	8.19%	(2.23)%	3.00%
June	(15.90)%	13.29%	(4.63)%	5.14%	(7.00)%	14.36%
July	(9.68)%	(32.13)%	(8.70)%	6.43%	(4.90)%	13.96%
August	(13.37)%	(13.92)%	(27.14)%	(22.95)%	(2.58)%	(14.16)%
September	12.28%	(9.67)%	26.03%	(3.13)%	(11.85)%	13.32%
October	12.09%	(12.34)%	(13.31)%	(5.83)%	0.33%	1.78%
November	(16.16)%	(6.31)%	(11.86)%	(1.37)%	(13.40)%	
December	0.75%	(14.32)%	13.91%	4.53%	(17.26)%	
Annual Rate of Return	(27.64)%	(35.68)%	(56.73)%	(40.42)%	(46.08)%	(16.00)%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from April 18, 2007

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

USOF:

Experience in Raising and Investing in USOF through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 71,257,630,000
Dollar Amount Raised	$ 34,823,610,125
Organizational and Offering Expenses:**	
SEC registration fee	$ 2,485,175
FINRA registration fee	$ 604,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 77,850
Legal fees and expenses	$ 1,681,130
Printing expenses	$ 68,417
Length of USOF offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the General Partner.

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Compensation to the General Partner and Other Compensation USOF:

Expenses paid by USOF through October 31, 2012 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 40,981,356
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 11,881,889
Other Amounts Paid or Accrued*	$ 13,704,922
Total Expenses Paid or Accrued	$ 66,568,167

* Includes expenses relating to legal fees, auditing fees, printing expenses, licensing fee, tax reporting fees and miscellaneous expenses.

Expenses paid by USOF through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.46% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.13% annualized
Other Amounts Paid or Accrued	0.15% annualized
Total Expenses Paid or Accrued	0.74% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.74% annualized
USOF Performance:	
Name of Commodity Pool	USOF
Type of Commodity Pool	Exchange traded security
Inception of Trading	April 10, 2006
Aggregate Subscriptions (from inception through October 31, 2012)	$34,823,610,125
Total Net Assets as of October 31, 2012	$1,282,081,528
Initial NAV per Unit as of Inception	$67.39
NAV per Unit as of October 31, 2012	$31.81
Worst Monthly Percentage Draw-down	Oct 2008 (31.57)%
Worst Peak-to-Valley Draw-down	June 2008 Feb 2009 (75.84)%
Number of Unitholders (as of December 31, 2011)	158,586

COMPOSITE PERFORMANCE DATA FOR USOF

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*					
Month	2007	2008	2009	2010	2011	2012
January	(6.55)%	(3.98)%	(14.60)%	(8.78)%	(0.62)%	(0.60)%
February	5.63%	11.03%	(6.55)%	8.62%	1.21%	8.25%
March	4.61%	0.63%	7.23%	4.61%	8.78%	(4.27)%
April	(4.26)%	12.38%	(2.38)%	2.04%	6.12%	1.25%
May	(4.91)%	12.80%	26.69%	(17.96)%	(10.43)%	(17.83)%
June	9.06%	9.90%	4.16%	0.47%	(7.65)%	(2.24)%
July	10.55%	(11.72)%	(2.30)%	3.57%	(0.24)%	3.14%
August	(4.93)%	(6.75)%	(1.98)%	(9.47)%	(7.66)%	9.18%
September	12.11%	(2.97)%	0.25%	8.97%	(11.08)%	(4.82)%
October	16.98%	(31.57)%	8.43%	0.89%	17.32%	(6.93)%

November	(4.82)%	(20.65)%	(0.51)%	2.53%	7.76%	
December	8.66%	(22.16)%	(0.03)%	8.01%	(1.78)%	
Annual Rate of Return	46.15%	(54.75)%	14.14%	(0.49)%	(2.31)%	(16.44)%**

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

US12OF:

Experience in Raising and Investing US12OF through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered	$ 3,718,000,000
Dollar Amount Raised	$ 456,604,020
Organizational and Offering Expenses:**	
SEC registration fee	$ 129,248
FINRA registration fee	$ 151,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 10,700
Legal fees and expenses	$ 258,912
Printing expenses	$ 44,402
Length of US12OF Offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** Through March 31, 2009, a portion of these expenses was paid for by an affiliate of the General Partner in connection with the public offering. Following March 31, 2009, US12OF has recorded these expenses.

Compensation to the General Partner and Other Compensation

Expenses paid by US12OF through October 31, 2012 in dollar terms:

Expenses:	**Amount in Dollar Terms**
Amount Paid or Accrued to General Partner	$ 3,838,237
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 113,877
Other Amounts Paid or Accrued*	$ 1,821,715
Total Expenses Paid or Accrued	$ 5,773,829
Expenses Waived**	$ (262,220)
Total Expenses Paid or Accrued Including Expenses Waived	$ 5,511,609

* Includes expenses relating to the registration of additional units, legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of US12OF s NAV, on an annualized basis, through March 31, 2009, after which date payment was no longer necessary. The General Partner has no obligation to continue such payment in subsequent periods.

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Expenses paid by US12OF through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses:	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.60% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.02% annualized
Other Amounts Paid or Accrued	0.28% annualized
Total Expenses Paid or Accrued	0.90% annualized
Expenses Waived	(0.04)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.86% annualized
US12OF Performance:	
Name of Commodity Pool	US12OF
Type of Commodity Pool	Exchange traded security
Inception of Trading	December 6, 2007
Aggregate Subscriptions (from inception through October 31, 2012)	$456,604,020
Total Net Assets as of October 31, 2012	$104,753,421
Initial NAV per Unit as of Inception	$50.60
NAV per Unit as of October 31, 2012	$38.09
Worst Monthly Percentage Draw-down	Oct 2008 (29.59)%
Worst Peak-to-Valley Draw-down	Jun 2008 Feb 2009 (66.97)%
Number of Unitholders (as of December 31, 2011)	14,016

COMPOSITE PERFORMANCE DATA FOR US12OF

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*					
Month	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
January		(2.03)%	(7.11)%	(8.40)%	3.38%	0.92%
February		10.48%	(4.34)%	6.73%	1.89%	7.71%
March		(0.66)%	9.22%	4.16%	7.30%	(3.03)%
April		11.87%	(1.06)%	6.37%	5.94%	0.65%
May		15.47%	20.40%	(15.00)%	(8.91)%	(16.94)%
June		11.59%	4.51%	(1.00)%	(6.43)%	(1.04)%
July		(11.39)%	1.22%	4.16%	(0.43)%	2.59%
August		(6.35)%	(2.85)%	(5.92)%	(8.42)%	8.54%
September		(13.12)%	(0.92)%	7.02%	(11.50)%	(4.27)%
October		(29.59)%	8.48%	0.05%	15.03%	(5.72)%
November		(16.17)%	2.31%	1.86%	7.72%	
December	8.46%**	(12.66)%	(1.10)%	9.10%	(0.75)%	
Annual Rate of Return	8.46	(42.39)%	29.23%	6.29%	1.28%	(12.36)%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from December 6, 2007

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

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US12NG:

Experience in Raising and Investing in US12NG through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 1,500,000,000
Dollar Amount Raised	$ 114,646,859
Organizational and Offering Expenses:**	
SEC registration fee	$ 80,910
FINRA registration fee	$ 70,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 202,011
Printing expenses	$ 31,588
Length of US12NG offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the General Partner.

Compensation to the General Partner and Other Compensation US12NG:

Expenses paid by US12NG through October 31, 2012 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 738,804
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 38,549
Other Amounts Paid or Accrued*	$ 640,211
Total Expenses Paid or Accrued	$ 1,417,564
Expenses Waived**	$ (474,876)
Total Expenses Paid or Accrued Including Expenses Waived	$ 942,688

* Includes expenses relating to legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of US12NG s NAV, on an annualized basis, through at least December 31, 2012. The General Partner has no obligation to continue such payment into subsequent periods.

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Expenses paid by US12NG through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.74% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.04% annualized
Other Amounts Paid or Accrued	0.63% annualized
Total Expenses Paid or Accrued	1.41% annualized
Expenses Waived	(0.47)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.94% annualized
US12NG Performance:	
Name of Commodity Pool	US12NG
Type of Commodity Pool	Exchange traded security
Inception of Trading	November 18, 2009
Aggregate Subscriptions (from inception through October 31, 2012)	$114,646,859
Total Net Assets as of October 31, 2012	$49,316,594
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$18.97
Worst Monthly Percentage Draw-down	March 2010 (15.47)%
Worst Peak-to-Valley Draw-down	Dec 09 March 2012 (69.56)%
Number of Unitholders (as of December 31, 2011)	3,978

COMPOSITE PERFORMANCE DATA FOR US12NG

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*			
Month	**2009**	**2010**	**2011**	**2012**
January		(5.93)%	(0.68)%	(12.16)%
February		(5.18)%	(6.49)%	(0.32)%
March		(15.47)%	5.32%	(11.85)%
April		0.07%	3.53%	0.00%
May		3.11%	(2.23)%	0.06%
June		1.27%	(6.11)%	6.11%
July		(0.05)%	(5.28)%	6.62%
August		(13.53)%	(1.43)%	(9.39)%
September		(6.23)%	(8.12)%	11.26%
October		(1.78)%	(1.72)%	1.55%
November	(0.02)%**	(0.92)%	(10.27)%	
December	7.56%	4.88%	(13.92)%	
Annual Rate of Return	7.54%	(34.83)%	(39.47)%	(10.56)%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from November 18, 2009.

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

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UGA:

Experience in Raising and Investing in UGA through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 3,431,000,000
Dollar Amount Raised	$ 341,146,803
Organizational and Offering Expenses:**	
SEC registration fee	$ 184,224
FINRA registration fee	$ 151,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 192,407
Printing expenses	$ 44,881
Length of UGA Offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** Through August 31, 2009, initial offering costs and a portion of ongoing expenses were paid for by the General Partner. Following August 31, 2009, UGA has recorded these expenses.

Compensation to the General Partner and Other Compensation

Expenses paid by UGA through October 31, 2012 in dollar terms:

Expenses:	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 2,067,222
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 294,889
Other Amounts Paid or Accrued*	$ 991,125
Total Expenses Paid or Accrued	$ 3,353,236
Expenses Waived**	$ (344,138)
Total Expenses Paid or Accrued Including Expenses Waived	$ 3,009,098

* Includes expenses relating to the registration of additional units, legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of UGA s NAV, on an annualized basis, through at least December 31, 2012. The General Partner has no obligation to continue such payment into subsequent periods.

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Expenses paid by UGA through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses:	**Amount As a Percentage of Average Daily Net Assets**
Amount Paid or Accrued to General Partner	0.60% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.09% annualized
Other Amounts Paid or Accrued	0.28% annualized
Total Expenses Paid or Accrued	0.97% annualized
Expenses Waived	(0.10)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.87% annualized
UGA Performance:	
Name of Commodity Pool	UGA
Type of Commodity Pool	Exchange traded security
Inception of Trading	February 26, 2008
Aggregate Subscriptions (from inception through October 31, 2012)	$341,146,803
Total Net Assets as of October 31, 2012	$60,508,381
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$55.01
Worst Monthly Percentage Draw-down:	Oct 2008 (38.48)%
Worst Peak-to-Valley Draw-down:	June 2008 Dec 2008 (69.02)%
Number of Unitholders (as of December 31, 2011)	26,024

COMPOSITE PERFORMANCE DATA FOR UGA

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*				
Month	**2008**	**2009**	**2010**	**2011**	**2012**
January		16.23%	(7.47)%	2.19%	8.37%
February	(0.56)%**	0.26%	7.33%	9.52%	6.83%
March	(2.39)%	2.59%	5.42%	7.16%	1.59%
April	10.94%	2.07%	3.15%	10.45%	(3.45)%
May	15.60%	30.41%	(15.54)%	(9.21)%	(11.05)%
June	4.79%	1.65%	1.93%	(0.99)%	(0.61)%
July	(12.79)%	6.24%	2.95%	4.67%	9.60%
August	(3.88)%	(3.71)%	(10.42)%	(1.53)%	13.02%
September	(9.36)%	(3.38)%	9.45%	(11.02)%	0.96%
October	(38.48)%	10.96%	2.19%	3.90%	(9.42)%
November	(21.35)%	1.00%	8.19%	(2.05)%	
December	(15.72)%	0.55%	11.33%	3.49%	
Annual Rate of Return	(59.58)%	80.16%	15.52%	15.00%	13.73%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from February 26, 2008

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

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USBO:

Experience in Raising and Investing in USBO through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 2,500,000,000
Dollar Amount Raised	$ 300,295,559
Organizational and Offering Expenses:**	
SEC registration fee	$ 139,500
FINRA registration fee	$ 75,500
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 268,670
Printing expenses	$ 39,072
Length of USBO offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the General Partner.

Compensation to the General Partner and Other Compensation USBO:

Expenses paid by USBO through October 31, 2012 in Dollar Terms:

Expenses	**Amount in Dollar Terms**
Amount Paid or Accrued to General Partner	$ 700,707
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 65,833
Other Amounts Paid or Accrued*	$ 384,887
Total Expenses Paid or Accrued	$ 1,151,427
Expenses Waived**	$ (252,754)
Total Expenses Paid or Accrued Including Expenses Waived	$ 898,673

* Includes expenses relating to legal fees, auditing fees, printing expenses, printing expenses, tax reporting fees, prepaid insurance expenses and miscellaneous expenses and fees and expenses paid to the independent directors of the General Partner.

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of USBO s NAV, on an annualized basis, through at least December 31, 2012. The General Partner has no obligation to continue such payment into subsequent periods.

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Expenses paid by USBO October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner	0.74% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.07% annualized
Other Amounts Paid or Accrued	0.41% annualized
Total Expenses Paid or Accrued	1.22% annualized
Expenses Waived	(0.27)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.95% annualized
USBO Performance:	
Name of Commodity Pool	USBO
Type of Commodity Pool	Exchange traded security
Inception of Trading	June 2, 2010
Aggregate Subscriptions (from inception through October 31, 2012)	$300,295,559
Total Net Assets as of October 31, 2012	$43,468,217
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$79.03
Worst Monthly Percentage Draw-down	May 2012 (14.59)%
Worst Peak-to-Valley Draw-down	March 2012 June 2012 (19.62)%
Number of Unitholders (as of December 31, 2011)	7,959

COMPOSITE PERFORMANCE DATA FOR USBO

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*		
Month	**2010**	**2011**	**2012**
January		6.61%	3.64%
February		10.42%	10.78%
March		4.92%	0.84%
April		7.44%	(2.36)%
May		(7.17)%	(14.59)%
June	1.94%**	(3.40)%	(3.61)%
July	3.83%	3.94%	7.50%
August	(4.84)%	(1.55)%	10.61%
September	9.79%	(9.85)%	(1.55)%
October	0.61%	8.51%	(2.67)%
November	3.00%	1.90%	
December	10.09%	(2.65)%	
Annual Rate of Return	26.16%	18.17%	6.02%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from June 2, 2010.

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

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USCI:

Experience in Raising and Investing in USCI through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 2,500,000,000
Dollar Amount Raised	$ 403,303,876
Organizational and Offering Expenses:**	
SEC registration fee	$ 178,247
FINRA registration fee	$ 75,500
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 625,066
Printing expenses	$ 50,395
Length of USCI offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the Sponsor.

Compensation to the Sponsor and Other Compensation USCI:

Expenses paid by USCI through October 31, 2012 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to Sponsor	$ 7,225,175
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 588,850
Other Amounts Paid or Accrued*	$ 1,022,552
Total Expenses Paid or Accrued	$ 8,836,577
Expenses Waived**	$ (51,397)
Total Expenses Paid or Accrued Including Expenses Waived	$ 8,785,180

* Includes expenses relating to legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees and miscellaneous expenses.

** The Sponsor, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of USCI s NAV, on an annualized basis, through at least March 2011, after which date, payment was no longer necessary. The Sponsor has no obligation to continue such payment in subsequent periods.

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Expenses paid by USCI through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to Sponsor	0.95% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.08% annualized
Other Amounts Paid or Accrued	0.13% annualized
Total Expenses Paid or Accrued	1.16% annualized
Expenses Waived	(0.01)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	1.15% annualized
USCI Performance:	
Name of Commodity Pool	USCI
Type of Commodity Pool	Exchange traded security
Inception of Trading	August 10, 2010
Aggregate Subscriptions (from inception through October 31, 2012)	$403,303,876
Total Net Assets as of October 31, 2012	$491,713,839
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of October 31, 2012	$59.24
Worst Monthly Percentage Draw-down	Sep 2011 (11.69)%
Worst Peak-to-Valley Draw-down	April 2011 May 2012 (21.60)%
Number of Unitholders (as of December 31, 2011)	33,783

COMPOSITE PERFORMANCE DATA FOR USCI

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*		
Month	**2010**	**2011**	**2012**
January		4.01%	4.45%
February		5.27%	4.01%
March		(0.14)%	(3.49)%
April		1.89%	(0.62)%
May		(5.77)%	(7.76)%
June		(5.03)%	2.35%
July		3.52%	6.52%
August	(0.04)%**	(0.33)%	1.34%
September	8.38%	(11.69)%	(1.18)%
October	6.31%	5.08%	(3.44)%
November	0.76%	(1.16)%	
December	10.93%	(3.72)%	
Annual Rate of Return	28.72%	(9.17)%	1.32%***

* The monthly rate of return is calculated by dividing the ending NAV of a given month by the ending NAV of the previous month, subtracting 1 and multiplying this number by 100 to arrive at a percentage increase or decrease.

** Partial from August 10, 2010.

*** Through October 31, 2012

For a definition of draw-down, please see text below Composite Performance Data for USSO.

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CPER:

Experience in Raising and Investing in CPER through October 31, 2012

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*	$ 2,500,000,000
Dollar Amount Raised	$ 2,500,000
Organizational and Offering Expenses:**	
SEC registration fee	$ 64,675
FINRA registration fee	$ 25,183
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 177,733
Printing expenses	$ 26,742
Length of CPER offering	Continuous

* Reflects the offering price per unit set forth on the cover page of the registration statement registering such units filed with the SEC.

** These expenses were paid for by the Sponsor.

Compensation to the Sponsor and Other Compensation CPER:

Expenses paid by CPER through October 31, 2012 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to Sponsor	$ 20,120
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 804
Other Amounts Paid or Accrued*	$ 91,911
Total Expenses Paid or Accrued	$ 112,835
Expenses Waived**	$ (87,722)
Total Expenses Paid or Accrued Including Expenses Waived	$ 25,113

* Includes expenses relating to legal fees, auditing fees, printing expenses, licensing fees, tax reporting fees and miscellaneous expenses.

** The Sponsor, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of CPER s NAV, on an annualized basis, through at least December 31, 2012. The Sponsor has no obligation to continue such payment into subsequent periods.

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Expenses paid by CPER through October 31, 2012 as a Percentage of Average Daily Net Assets:

Expenses	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to Sponsor	0.82% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.03% annualized
Other Amounts Paid or Accrued	3.73% annualized
Total Expenses Paid or Accrued	4.58% annualized
Expenses Waived	(3.56)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	1.02% annualized
CPER Performance:	
Name of Commodity Pool	CPER
Type of Commodity Pool	Exchange traded security
Inception of Trading	November 15, 2011
Aggregate Subscriptions (from inception through October 31, 2012)	$2,500,000
Total Net Assets as of October 31, 2012	$2,460,519
Initial NAV per Unit as of Inception	$25.00
NAV per Unit as of October 31, 2012	$24.61
Worst Monthly Percentage Draw-down	May 2012 (11.91)%
Worst Peak-to-Valley Draw-down	February 2012 May 2012 (13.60)%
Number of Unitholders (as of December 31, 2011)	