

United States Brent Oil Fund, LP
Form S-1/A
April 11, 2013

As filed with the Securities and Exchange Commission on April 11, 2013

Registration No. 333-187501

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

**Pre-Effective Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER
*THE SECURITIES ACT OF 1933***

United States Brent Oil Fund, LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6770
(Primary Standard Industrial
Classification Code Number)

27-0925904
(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)

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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. o

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. o

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. o

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. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be	Proposed Maximum	Proposed Maximum	Amount of Registration
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	Registered	Offering	Aggregate	Fee
	Price	Price	Offering	
	Per Unit	Per Unit	Price	
Units of United States Brent Oil Fund, L.P.	*	*	*	*

Pursuant to Rule 416(a)(6) under the Securities Act of 1933, the Registrant is carrying forward unsold securities *previously registered in connection with File No. 333-162015. The Registrant previously registered 50,000,000 units in connection with File No. 333-162015, for which it paid \$139,500 in registration fees. The amount of unsold units remaining that is being applied to this registration statement is 45,450,000.

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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File No. 333-187501

PROSPECTUS

United States Brent Oil Fund®, LP

45,450,000 Units

United States Brent 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 Brent Oil Fund, LP is referred to as USBO throughout this document. The investment objective of USBO is for the daily changes in percentage terms of its units net asset value to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the daily changes in the price of the futures contract on Brent crude oil as traded on the ICE Futures 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 USBO's expenses.

The units may be purchased from USBO 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. USBO issues and redeems Baskets called creation baskets or redemption baskets, as the case may be, from certain authorized purchasers as described in Plan of Distribution. The price of a creation basket or a redemption 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 or redeem the redemption basket is accepted by the marketing agent.

Authorized purchasers that purchase creation baskets may offer and sell units from these baskets to the public at prices that are expected to reflect, among other factors, the trading price of units on the NYSE Arca, the net asset value of USBO and the supply and demand for units at the time of sale. The Securities and Exchange Commission (SEC) and its staff have advised that 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. The Financial Industry Regulatory Authority (FINRA), the self-regulatory organization regulating all securities firms in the United States, and its staff have advised us that any such difference is not considered underwriting compensation pursuant to FINRA. Authorized purchasers will not receive from USBO or any of its affiliates, any fee or other compensation in connection with the sale of units. USBO 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 USBO's current authorized purchasers is available from the marketing agent. Authorized purchasers will pay a transaction fee of \$350 through May 1, 2014 for each order they place to create or redeem one or more baskets; on May 2, 2014 and after, the transaction fee will be \$1,000. The units are listed on the NYSE Arca under the symbol BNO.

USBO 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 USBO include:

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

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

USBO does not expect to make cash distributions.

USBO 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 original prospectus, whichever is earlier, although the offering may be temporarily suspended if and when no suitable investments for USBO are available or practicable. In no event may the aggregate compensation paid to the Marketing Agent and any affiliate of the General Partner for distribution related services in connection with this offering exceed ten percent (10%) of the gross proceeds of this offering.

Investing in USBO involves other significant risks. See What Are the Risk Factors Involved with an Investment in USBO? beginning on page 10.

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	Per Basket
	Unit	
Price of the units*	\$81.49	\$4,074,500

Based on closing net asset value on March 22, 2013. The price may vary based on the net asset value on a particular day. No commissions or discounts are paid to authorized purchasers in connection with the sale of creation baskets.

* The General Partner pays certain fees to the ALPS Distributors, Inc. in its role as Marketing Agent of units of USBO. See Fees of USBO on page 66.

The date of this prospectus is May 1, 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 66 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 10.

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 THE 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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PROSPECTUS SUMMARY

This is only a summary of the prospectus and, while it contains material information about USBO and its units, it does not contain or summarize all of the information about USBO 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 USBO?" beginning on page 10, before making an investment decision about the units.

Overview of USBO

United States Brent Oil Fund, LP, a Delaware limited partnership (USBO or Us or We), is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. USBO 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 USBO consist primarily of investments in futures contracts for crude oil, heating oil, gasoline, natural gas and other petroleum-based fuels that are traded on the ICE Futures Exchange, New York Mercantile Exchange (the NYMEX), or other U.S. and foreign exchanges (collectively, Futures Contracts), and to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other crude oil-related investments such as cash-settled options on Futures Contracts, forward contracts for crude oil, cleared swap contracts and 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 USBO to invest in Other Crude Oil-Related Investments include those allowing USBO 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 USBO is for the daily changes in percentage terms of its units' net asset value (NAV) to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the daily changes in the price of the futures contract on Brent crude oil as traded on ICE Futures 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 (the Benchmark Futures Contract), less USBO's expenses. It is not the intent of USBO to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot crude oil or any particular futures contract based on crude oil. It is not the intent of USBO 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 any 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. USBO 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 \$86.06 per unit, the investment would have to generate a 0.92% return. For more information, see "Breakeven Analysis."

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

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

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

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

The General Partner employs a neutral investment strategy intended to track the changes in the price of the Benchmark Futures Contract regardless of whether the price goes up or goes down. USBO's neutral investment strategy is designed to permit investors generally to purchase and sell USBO's units for the purpose of investing indirectly in Brent 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 Brent crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in Brent crude oil and/or the risks involved in hedging may exist. In addition, an investment in USBO involves the risk that the changes in the price of USBO's units will not accurately track the 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 price of Brent crude oil. If the Benchmark Futures Contract does not correlate with the spot price of Brent crude oil, this could cause changes in the price of USBO's units to substantially vary from the changes in the spot price of Brent crude oil. If this were to occur, then investors may not be able to effectively use USBO 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 USBO's NAV, as well as the degree to which its total return tracks other crude oil price indices' total returns.

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 USBO's website at www.unitedstatesbrentoilfund.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 USBO's positions in Crude Oil Interests by closing, or selling, a percentage of USBO'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.

USBO 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 USBO at the time the Authorized Purchaser purchased the Creation Basket and the NAV at the time of the offer of

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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 USBO'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 USBO intends to invest may practically limit the number of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to USBO at that time will not enable it to meet its stated investment objective.

In managing USBO'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 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 USBO 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 USBO. Some of the information contained in this prospectus, including information about buying and redeeming units directly from and to USBO 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 USBO and the General Partner

USBO's principal office is located at 1999 Harrison Street, Suite 1530, Oakland, CA, 94612. USBO is operated pursuant to the Third Amended and Restated Agreement of Limited Partnership (LP Agreement). USBO'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 USBO and the General Partner is 510.522.9600.

Principal Investment Risks of an Investment in USBO

An investment in USBO 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 10.

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 USBO's NAV, as well as the degree to which its total return tracks 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 market), then absent

the impact of the overall movement in Brent 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 market), then absent the impact of the overall movement in Brent crude oil prices the value of the Benchmark Futures Contract would tend to rise as it approaches expiration. Assuming that spot

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crude oil prices remain unchanged, and ignoring the impact of transaction costs, taxes, or other fees and expenses, USBO's total returns would tend to see a negative impact from the crude oil futures market being in contango and would tend to see a positive impact from the market being in 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, USBO generally does not distribute cash to limited partners or other unitholders. You should not invest in USBO if you will need cash distributions from USBO to pay taxes on your share of income and gains of USBO, if any, or for any other reason.

Investors may choose to use USBO as a means of investing indirectly in Brent 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 USBO as a means of investing indirectly in Brent crude oil, there is the risk that the daily changes in the price of USBO's units on NYSE Arca will not closely track the daily changes in the spot price of Brent crude oil. This could happen if the price of units traded on the NYSE Arca does not correlate closely with USBO's NAV; the changes in USBO's NAV do not correlate closely with the 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 Brent crude oil. This is a risk because if these correlations do not exist, then investors may not be able to use USBO as a cost-effective way to invest indirectly in Brent crude oil or as a hedge against the risk of loss in crude oil-related transactions.

The structure and operation of USBO 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 of USBO, 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 Diesel-Heating Oil Fund, LP (USDHO), the United States Short Oil Fund, LP (USSO), the United States 12 Month Natural Gas Fund, LP (US12NG), the United States Commodity Index Fund (USCI), the United States Metals Index Fund (USMI), the United States Agriculture Index Fund (USAG), the United States Copper Index Fund (CPER), and the United States Asian Commodities Basket Fund (UAC), or any other commodity pool the General Partner may form and manage in the future. UAC has been declared effective by the regulatory agencies which have regulatory authority over the General Partner and UAC, but at the time of filing this prospectus, UAC has not been made available to the public. USOF, USNG, US12OF, UGA, USDHO, USSO, US12NG, USCI, USMI, USAG and CPER are referred to herein as the Related Public Funds.

USBO invests primarily in Futures Contracts, and particularly in Futures Contracts traded on the ICE Futures Exchange, which involves certain risks including that changes in its NAV may not correlate with changes in the Benchmark Futures Contract.

USBO invests primarily in Futures Contracts that are traded 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 not backed by an exchange or clearing corporation and therefore exposes USBO to credit risk. However, Futures Contracts traded on the ICE Futures Exchange, including the Benchmark Futures Contract, are backed by the ICE Futures Exchange and do not expose USBO to the risks of some other non-U.S. exchanges or clearing corporations.

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Trading in non-U.S. markets also leaves USBO susceptible to fluctuations in the value of the local currency against the U.S. dollar for contracts not traded in U.S. dollars. The Benchmark Futures Contract, however, is traded in U.S. dollars and does not expose USBO to the risk of currency fluctuations.

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

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

USBO seeks to have the daily changes in its units' NAV in percentage terms track the daily changes in the price of Brent crude oil in percentage terms rather than profit from speculative trading of Crude Oil Interests. The General Partner therefore endeavors to manage USBO's positions in Crude Oil Interests so that USBO's assets are, unlike those of other commodity pools, not leveraged (*i.e.*, so that the aggregate value of USBO's unrealized losses from its investments in such Crude Oil Interests at any time will not exceed the value of USBO's assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits USBO to become leveraged, and if USBO'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.

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

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, the 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 USBO'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 USBO'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 USBO?

Financial Condition of USBO

USBO'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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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 \$86.06, which equals the net asset value per unit on January 31, 2013. 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	\$ 86.06
Management Fee (0.75%) ⁽¹⁾	\$ 0.65
Creation Basket Fee ⁽²⁾	\$ (0.01)
Estimated Brokerage Fee (0.071%) ⁽³⁾	\$ 0.06
Interest Income (0.07%) ⁽⁴⁾	\$ (0.07)
Independent Directors and Officers Fees	\$ 0.02
Fees and expenses associated with tax accounting and reporting ⁽⁶⁾	\$ 0.14
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	\$ 0.79
Percentage of initial selling price per unit	0.92 %

(1) USBO is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of 0.75% per annum on average daily 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 USBO calculated on an annualized basis.

(4) USBO earns interest on funds it deposits with the FCM and the custodian and it estimates that the interest rate will be 0.07% based on the current interest rate on three-month Treasury Bills as of January 31, 2013. The actual rate may vary.

(5) The foregoing assumes that the assets of USBO are aggregated with those of USOF, USNG, US12OF, UGA, USDHO, USSO, US12NG, USMI, USAG, USCI and CPER, that the aggregate fees paid to the independent directors in 2012 was \$540,586, that the allocable portion of the fees borne by USBO equals \$9,844, and that USBO has \$47,334,729 in assets, which is the amount of assets as of January 31, 2013.

(6) USBO assumed the aggregate costs attributable to tax accounting and reporting for 2012 was \$75,000. The number in the break-even table assumes USBO has \$47,334,729 in assets which is the amount of assets as of January 31, 2013.

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THE OFFERING

Offering:

USBO 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 USBO'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 original prospectus, whichever is earlier, although the offering may be temporarily suspended during such period when suitable investments for USBO 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 USBO's assets toward trading 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 USBO's net assets with the futures commission merchant (FCM), 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 Futures Contracts and Other Crude Oil-Related Investments. USBO uses only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner believes that all entities that hold or trade USBO's assets are based in the United States and are subject to United States regulations. Approximately 5% to 30% of USBO's assets will be committed as margin for 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 USBO's assets 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 USBO's benefit.

NYSE Arca Symbol:

BNO

Creation and Redemption:

Currently and through May 1, 2014, Authorized Purchasers pay a \$350 fee for each order they place to create or redeem one or more Creation Baskets or Redemption Baskets; on and after May 2, 2014, the fee is \$1,000. 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 USBO 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 the 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

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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 USBO's total assets, subtracting any liabilities and dividing that number by the total number of outstanding units. Under USBO's current operational procedures, the Administrator calculates the NAV of USBO 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 ICE Futures Exchange settlement price (a weighted average price of trades during a three minute settlement period from 2:27 p.m. to 2:30 p.m. New York time) for the contracts traded on the ICE Futures Exchange, but calculates or determines the value of all other USBO investments as of the earlier of the close of the NYSE Arca or 4:00 p.m. New York time.

Fund Expenses:

USBO pays the General Partner a management fee of 0.75% of NAV on its average net assets. Brokerage fees for Treasuries, Futures Contracts, and Other Crude Oil-Related Investments were 0.071% of average net assets on an annualized basis through January 31, 2013 and were paid to unaffiliated brokers. USBO 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 registrations were paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units are borne by USBO. USBO 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 their activities with respect to USBO. These director fees and expenses may be shared with other funds managed by the General Partner. These fees and expenses, in total amounted to \$540,586 for all funds for 2012, and USBO's portion of such fees and expenses was \$9,844, although this amount may change in future years. The General Partner, and not USBO, is responsible for payment of the fees of USBO's Marketing Agent, Administrator and Custodian. USBO and/or the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances. USBO also pays the fees and expenses associated with its tax accounting and reporting requirements. 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 USBO to the extent that such expenses exceeded 0.15% (15 basis points) of USBO's NAV, on an annualized basis. The General Partner has no obligation to continue such payment into subsequent years. The total amount of expense waiver was \$47,248 for the year ended December 31, 2012.

Termination Events:

USBO 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

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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.

Authorized Purchasers:

USBO 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 USBO?

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 USBO'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 USBO to the risks of the crude oil industry and this could result in large fluctuations in the price of USBO's units.

USBO is subject to the risks and hazards of the crude oil industry because it invests 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 USBO's units accurately track the changes in percentage terms of the Benchmark Futures Contract or the spot price of Brent 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.

Crude oil transmission, distribution, gathering, and processing activities involve numerous risks that may affect the price of crude oil.

There are a variety of hazards inherent in crude oil transmission, distribution, gathering, and processing, such as leaks, explosions, pollution, release of toxic substances, adverse weather conditions (such as hurricanes and flooding), pipeline failure, abnormal pressures, uncontrollable flows of crude oil, scheduled and unscheduled maintenance, physical damage to the gathering or transportation system, and other hazards which could affect the price of crude oil.

To the extent these hazards limit the supply or delivery of crude oil, crude oil prices will increase.

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

Uprise in the Middle East, including civil war in Syria and uprising in Egypt could put oil exports in jeopardy. As global markets continue to react to various crises and uprisings, such unrests in general could impact the production, supply

and cost of crude oil.

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 to increase output to make up the difference. At this time, some of that spare reserve capacity has been absorbed by increased demand.

Daily changes in USBO \$ per unit NAV may not 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 USBO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

The General Partner endeavors to invest USBO \$ assets as fully as possible in Futures Contracts and Other Crude Oil-Related Investments so that the daily changes in percentage terms of the per unit NAV closely correlate with the daily changes in percentage terms in the price of the Benchmark Futures Contract.

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However, daily changes in USBO \$s per unit NAV may not correlate with the daily changes in the price of the Benchmark Futures Contract for several reasons as set forth below:

USBO: (i) may not be able to buy/sell the exact amount of Futures Contract 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 crude oil may cause the changes in the market price of the Benchmark Futures Contract to vary from the changes in USBO \$s per unit NAV if USBO 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.

USBO 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 daily changes in percentage terms in the price of the Benchmark Futures Contracts. 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 USBO incurs certain expenses in connection with its investment activities, and holds most of its assets in cash and/or 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 USBO \$s assets in Futures Contracts or Other Crude Oil-Related Investments and there cannot be perfect correlation between changes in USBO \$s per unit NAV and changes in the price of the Benchmark Futures Contract.

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

USBO may not be able to buy the exact number of Futures Contracts and Other Crude Oil-Related Investments to have a perfect correlation with the Benchmark Futures Contract if the purchase price of the 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, USBO could not invest the entire proceeds from the purchase of the Creation Basket in such futures contracts (for example, assume USBO receives \$2,500,000 for the sale of a Creation Basket and assume that the price of a Futures Contract for crude oil is \$105,000, then USBO could only invest in 23 Futures Contracts with an aggregate value of \$2,415,000), USBO would be required to invest a percentage of the proceeds in cash, Treasuries or other liquid securities to be deposited as margin with the FCM through which the contracts were 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, USBO may not be able to purchase these investments at the last reported price.

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

The Benchmark Futures Contract may not correlate with the spot price of Brent crude oil and this could cause changes in the price of the units to substantially vary from the changes in the spot price of Brent crude oil. If this were to occur, then investors may not be able to effectively use USBO 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 USBO \$s per unit 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 track the spot price of Brent crude oil, at best the correlation between changes in prices of such Crude Oil Interests and the spot price of Brent crude oil can be only approximate. The degree of imperfection of correlation depends upon circumstances such as variations in the speculative Brent crude oil market, supply of and demand for such Crude Oil Interests and technical influences in futures trading. If there is a weak correlation between the Crude Oil Interests and the spot price of Brent crude oil, then even in situations where there is also tracking among the price of units, the per unit NAV of such units and Crude Oil Interests, the price of units may not accurately track the spot price of Brent crude oil and investors may not be able to effectively use USBO as a way to hedge the risk of losses in their oil-related transactions or as a way to indirectly invest in crude oil.

Backwardation and contango may increase USBO \$s tracking error and/or negatively impact total return.

The design of USBO \$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 Futures 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 USBO \$s per unit NAV to vary significantly. In the event of a prolonged period of contango, and absent the impact of rising or falling oil prices, this could have a significant negative impact on USBO \$s per unit NAV and total return.

USBO 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 USBO is required to sell Treasuries at a price lower than the price at which they were acquired, USBO 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 per unit NAV of units, the price of the Benchmark Futures Contract and Other Crude Oil-Related Investments, and the spot price of Brent crude oil.

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

USBO 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

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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, USBO 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 USBO increases the risk of illiquidity. The Other Crude Oil-Related Investments that USBO 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, USBO'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, USBO 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 USBO when it is time to reinvest the proceeds from a maturing Futures Contract into a new Futures Contract.

While USBO 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 USBO 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 USBO holds Futures Contracts or Other Crude Oil-Related Investments, the value of the Futures Contracts or Other Crude Oil-Related Investments, and therefore USBO's per unit NAV, may change as well.

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

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 USBO.

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. In addition, various national governments outside of the United States have expressed concern regarding the

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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 USBO is impossible to predict, but it could be substantial and adverse. For a more detailed discussion of the regulations to be imposed by the CFTC and SEC and the potential impacts thereof on USBO see Regulation on page 5 of the Statement of Additional Information.

Investing in USBO for purposes of hedging may be subject to several risks including the possibility of losing the benefit of favorable market movement.

Participants in the crude oil or in other industries may use USBO as a vehicle to hedge the risk of losses in their crude oil-related transactions. There are several risks in connection with using USBO as a hedging device. While hedging can provide protection against an adverse movement in market prices, it can also preclude a hedger's opportunity to benefit from a favorable market movement. In a hedging transaction, the hedger may be concerned that the hedged item will increase in price, but must recognize the risk that the price may instead decline and if this happens he will have lost his opportunity to profit from the change in price because the hedging transaction will result in a loss rather than a gain. Thus, the hedger foregoes the opportunity to profit from favorable price movements.

An investment in USBO may provide little or no diversification benefits. Thus, in a declining market, USBO may have no gains to offset losses from other investments, and an investor may suffer losses on an investment in USBO 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, USBO'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, USBO may have no gains to offset losses from other investments, and investors may suffer losses on their investment in USBO 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 USBO'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, USBO cannot be expected to be automatically profitable during unfavorable periods for the stock market, or vice versa.

USBO's Operating Risks

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

USBO 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 USBO, 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 USBO. Furthermore, Messrs. Mah and Hyland are currently involved in the management of the Related Public Funds.

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The General Partner has also filed registration statements to register units of United States Sugar Fund (USSF), United States Natural Gas Double Inverse Fund (UNGD), United States Gasoil Fund (USGO) and UAC, each a series of the

United States Commodity Funds Trust I, and US Golden Currency Fund (HARD), a series of the United States Currency Funds Trust. Mr. Mah is also employed by Ameristock Corporation, a registered investment adviser that until January 11, 2013 managed a public mutual fund. On January 11, 2013, Ameristock Mutual Fund, Inc. merged with and into the Drexel Hamilton Centre American Equity Fund, a series of the Drexel Hamilton Mutual Funds.

Drexel Hamilton Mutual Funds and its advisor, Drexel Hamilton Investment Partners, are not affiliated with Ameristock Corporation, the Ameristock Mutual Fund Inc., or the General Partner. After the consummation of the reorganization and liquidation, the Ameristock Corporation maintained its non-advisory assets. It is estimated that Mr. Mah will spend approximately 98% of his time on USBO and Related Public Fund matters. Mr. Hyland will spend approximately 100% of his time on USBO 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 USBO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

Designated contract markets such as the NYMEX and ICE Futures 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 USBO is not) may hold, own or control. In addition to accountability levels and position limits, the NYMEX and ICE Futures also set 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.

In late 2011, the CFTC adopted rules that impose new position limits on Referenced Contracts involving 28 energy, metals and agricultural commodities (the Position Limit Rules). The Position Limit Rules were scheduled to become effective on October 12, 2012. However, on September 28, 2012, the United States District Court for the District of Columbia vacated these regulations on the basis of ambiguities in the provisions of the CEA (as modified by the Dodd-Frank Act) upon which the regulations were based. In its September 28th decision, the court remanded the Position Limit Rules to the CFTC with instructions to use its expertise and experience to resolve the ambiguities in the statute. On November 15, 2012, the CFTC indicated that it will move forward with an appeal of the District Court's decision to vacate the Position Limit Rules. At this time, it is not possible to predict how the CFTC's appeal could affect USBO, but it may be substantial and adverse. Furthermore, until such time as the appeal is resolved or, if applicable revisions to the Position Limit Rules are proposed and adopted, the regulatory architecture in effect prior to the enactment of the Position Limit Rules will govern transactions in commodities and related derivatives. Under that system, the CFTC enforces federal limits on speculation in agricultural products (e.g., corn, wheat and soy), while futures exchanges enforce accountability levels for agricultural and certain energy products (e.g., oil and natural gas).

As a result, USBO may be limited with respect to the size of its investments in any commodities subject to these limits. Finally, subject to certain narrow exceptions, the vacated Position Limit Rules would have required the aggregation, for purposes of the position limits, of all positions in the 28 Referenced Contracts held by a single entity and its affiliates, regardless of whether such position existed on U.S. futures exchanges, non-U.S. futures exchanges,

in cleared swaps or in over-the-counter swaps. The CFTC is presently considering new aggregation rules, under a rulemaking proposal that is distinct from the Position Limit Rules. At this time, it is unclear how any modified aggregation rules may affect USBO, but it may be substantial and adverse. By way of example, the aggregation rules in combination with any potential revised Position Limit Rules may negatively impact the ability of USBO to meet its investment objectives through limits that may inhibit the General Partner's ability to sell additional Creation Baskets of USBO.

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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 USBO as a way to hedge against crude oil-related losses or as a way to indirectly invest in crude oil.

USBO has not limited the size of its offering and is committed to utilizing substantially all of its proceeds to purchase Futures Contracts and Other Crude Oil-Related Investments. If USBO is required to limit or reduce the size of its positions in Brent crude oil contracts on the NYMEX or ICE Futures, it may then, if permitted under applicable regulatory requirements, purchase Futures Contracts on other exchanges that trade listed crude oil futures. In addition, if USBO exceeds accountability levels on either the NYMEX or ICE Futures and is required by such exchanges to reduce its holdings, such reduction could potentially cause a tracking error between the price of the units and the price of the Benchmark Futures Contract.

To the extent that the General Partner uses spreads and straddles as part of its trading strategy, there is the risk that the per unit 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 USBO's tracking error. This could affect USBO's investment objective of having its per unit NAV closely track the changes in the Benchmark Futures Contract. Additionally, a loss on a spread position would negatively impact USBO's absolute return.

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

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

The General Partner has sole current authority to manage the investments and operations of USBO, 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 USBO's basic investment policy, dissolution of this fund, or the sale or distribution of USBO's assets.

The General Partner serves as the general partner to each of USBO, USOF, USNG, US12OF, UGA, USDHO, USSO and US12NG and the sponsor for USCI, CPER, USAG and USMI and will serve as the sponsor for USSF, UNGD, USGO, UAC and HARD if such funds offer their securities to the public or begin operations. The General Partner

To the extent that the General Partner uses spreads and straddles as part of its trading strategy, there is ~~the~~ risk that

may have a conflict to the extent that its trading decisions for USBO 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 USBO's. If the General Partner believes that a trading decision it made on behalf of USBO 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 USBO, which could either impede or improve the opportunity for USBO 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 USBO and do not control the General Partner so they will not have influence over basic matters that affect USBO. In addition, USBO 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 USBO'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 USBO. 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 USBO or the conduct of its business. Unitholders and limited partners must therefore rely upon the duties and judgment of the General Partner to manage USBO's affairs.

USBO may terminate at any time, regardless of whether USBO 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 USBO could cause USBO 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 USBO. USBO'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 USBO'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 USBO 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 USBO'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 USBO's capital securities representing units. However, a limited partner may be required to repay to USBO any amounts wrongfully returned or distributed to it under some circumstances. Under Delaware law, USBO may not make a distribution to limited partners if the distribution causes USBO's liabilities (other than liabilities to partners on account of their partnership interests and nonrecourse liabilities) to exceed the fair value of USBO'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

Unitholders may only vote on the removal of the General Partner and limited partners have only limited voting rights

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.

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USBO does not expect to make cash distributions.

USBO 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, USBO generally does not expect to distribute cash to limited partners. An investor should not invest in USBO if it will need cash distributions from USBO to pay taxes on its share of income and gains of USBO, if any, or for any other reason. Although USBO 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 USBO will not earn trading gains sufficient to compensate for the fees and expenses that it must pay and as such USBO may not earn any profit.

USBO pays brokerage charges of approximately 0.06% of average total net assets on an annualized basis through January 31, 2013 based on FCM fees of \$3.50 per buy or sell, management fees of 0.75% of NAV on its average daily 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 USBO'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 USBO's activities are profitable. Accordingly, USBO 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 USBO's future expenses and no other source of funding of expenses is found, USBO may be forced to terminate and investors may lose all or part of their investment.

Prior to the offering of units that commenced on June 2, 2010, all of USBO's expenses were funded by the General Partner and its affiliates. These payments by the General Partner and its affiliates were designed to allow USBO the ability to commence the public offering of its units. USBO 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 USBO are unable to raise sufficient funds to cover their expenses or locate any other source of funding, USBO may be forced to terminate and investors may lose all or part of their investment.

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

The clearing arrangements between the clearing brokers and USBO generally are terminable by the clearing brokers once the clearing broker has given USBO notice. Upon termination, the General Partner may be required to renegotiate or make other arrangements for obtaining similar services if USBO 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.

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

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

If a substantial number of requests for redemption of Redemption Baskets are received by USBO during a relatively short period of time, USBO may not be able to satisfy the requests from USBO's assets not committed to trading. As a consequence, it could be necessary to liquidate positions in USBO'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 USBO 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 USBO is not able to redeem its investments in Treasuries prior to maturity and the U.S. Government cannot pay its obligations, USBO would be negatively impacted. In addition, USBO 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 and 2011, economic growth in 2012 was slow and the financial markets are still fragile. A poor financial recovery could adversely affect the financial condition and results of operations of USOF's service providers and Authorized Purchasers, which would impact the ability of the General Partner to achieve USBO's investment objective.

The failure or bankruptcy of a clearing broker or USBO's Custodian could result in a substantial loss of USBO's assets and could impair USBO in its ability to execute 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 USBO, 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 USBO's assets posted with the clearing broker; though the vast majority of USBO'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. USBO 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 USBO's clearing broker is required to post USBO'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 USBO's clearing broker defaults to a clearinghouse because of a default by one of the 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

USBO may miss certain trading opportunities because it will not receive the benefit of the expertise of independent t

USBO 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 USBO's trades.

In addition, the majority of USBO'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 USBO's assets held by that Custodian, which, at any given time, would likely comprise a substantial portion of USBO's total assets.

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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 USBO'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 USBO's business method and it has registered its trademarks. USBO does not currently have any proprietary software. However, if it obtains proprietary software in the future, then any unauthorized use of USBO's proprietary software and other technology could also adversely affect its competitive advantage. USBO 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 USBO, or require it to change its proprietary software and other technology or enter into royalty or licensing agreements.

The success of USBO depends on the ability of the General Partner to accurately implement trading systems, and any failure to do so could subject USBO 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, USBO 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 USBO'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 USBO's transactions could impair its ability to achieve USBO'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 USBO's trading activity and materially affect USBO's profitability.

Third parties may infringe upon or otherwise violate intellectual property rights or assert that the General Partner ha

The operations of USBO, the exchanges, brokers and counterparties with which USBO does business, and the markets in which USBO 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 USBO to become leveraged, investors could lose all or substantially all of their investment if USBO'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

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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 USBO'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 the Organization of the Petroleum Exporting Countries (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 government regulations.

Over-the-Counter Contract Risk

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

A portion of USBO's assets may be used to trade over-the-counter contracts, such as forward contracts or swap or spot contracts. Currently, over-the-counter contracts are typically contracts traded on a principal-to-principal, non-cleared 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. To date, the forward markets have been largely unregulated, forward contracts have been executed bi-laterally and, in general, forward contracts have not been cleared or guaranteed by a third party. On November 16, 2012, the Secretary of the Treasury issued a final determination that exempts both foreign exchange swaps and foreign exchange forwards from the definition of swap and, by extension, additional regulatory requirements (such as clearing and margin). The final determination does not extend to other foreign exchange derivatives, such as foreign exchange options, currency swaps, and non-deliverable forwards. 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 USBO in certain circumstances to significant losses in the event of trading abuses or financial failure by participants. On November 28, 2012, the CFTC issued its final clearing determination requiring that certain credit

default swaps and interest rate swaps be cleared by registered DCOs. This is the CFTC's first clearing determination under the Dodd-Frank Act and became effective on February 13, 2013. Determination on other types of swaps are expected in the future, and, when finalized, could require USBO to centrally clear certain

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over-the-counter instruments presented entered into and settled on a bi-lateral basis. See Regulation on page 5 of the Statement of Additional Information for a discussion of how the over-the-counter market will be subject to much more extensive CFTC oversight and regulation after the implementation of the Dodd-Frank Act.

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

USBO 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 USBO, in which case USBO could suffer significant losses on these contracts.

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

USBO 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 USBO'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.

The Dodd-Frank Act requires the CFTC and SEC to establish both initial and variation margin requirements on all swaps that are not cleared by a registered clearing organization (*i.e.*, uncleared swaps). In addition, the Dodd-Frank Act provides parties who post initial margin to a swap dealer or major swap participant with a statutory right to insist that such margin be held in a segregated account with an independent custodian. At this time, the CFTC has proposed a rule addressing this statutory right of certain market participants but has not yet implemented any final rules. On November 16, 2012, the Secretary of the Treasury issued a final determination that exempts both foreign exchange swaps and foreign exchange forwards from the definition of swap and, by extension, additional regulatory requirements (such as clearing and margin).

Risk of Trading in International Markets

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

USBO invests primarily in Futures Contracts, a significant portion of which are traded on exchanges outside the United States, including the ICE Futures. 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.

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Similarly, the rights of market participants, such as USBO, 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, USBO 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 USBO to credit risk. However, Futures Contracts traded on the ICE Futures, including the Benchmark Futures Contract, are backed by the ICE Futures and may not expose USBO to the risks of some other non-U.S. exchanges or clearing corporations that do not have similar backing. Trading in non-U.S. markets also leaves USBO susceptible to swings in the value of the local currency against the U.S. dollar. The Benchmark Futures Contract, however, is traded in U.S. dollars and does not expose USBO to the risk of currency fluctuations. 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.

International trading activities subject USBO to foreign exchange risk.

The price of any non-U.S. commodity interest and, therefore, the potential profit and loss on such investment, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised. As a result, changes in the value of the local currency relative to the U.S. dollar may cause losses to USBO even if the contract traded is profitable.

USBO 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, USBO 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 USBO 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 USBO in making allocations for tax purposes and other factors, an investor's allocable share of USBO'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 USBO 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 USBO is in many respects uncertain. USBO applies certain assumptions and conventions in an attempt to comply with the intent of the applicable rules and to report taxable income, gains, deductions,

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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 challenge USBO's allocation methods and require USBO 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.

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

USBO has received an opinion of counsel that, under current U.S. federal income tax laws, USBO 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 USBO's annual gross income consists of "qualifying income" as defined in the Code, (ii) USBO is organized and operated in accordance with its governing agreements and applicable law and (iii) USBO does not elect to be taxed as a corporation for federal income tax purposes. Although the General Partner anticipates that USBO has satisfied and will continue to satisfy the "qualifying income" requirement for all of its taxable years, that result cannot be assured. USBO 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 USBO 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, USBO 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 USBO as a corporation could materially reduce the after-tax return on an investment in units and could substantially reduce the value of the units.

USBO is organized and operated as a limited partnership in accordance with the provisions of the LP Agreement and applicable state law, and therefore, USBO has a more complex tax treatment than traditional mutual funds.

USBO is organized and operated as a limited partnership in accordance with the provisions of the LP Agreement and applicable state law. No U.S. federal income tax is paid by USBO on its income. Instead, USBO will furnish unitholders each year with tax information on IRS Schedule K-1 (Form 1065) and each U.S. unitholder is required to report on its U.S. federal income tax return its allocable share of the income, gain, loss and deduction of USBO. This must be reported without regard to the amount (if any) of cash or property the unitholder receives as a distribution from USBO during the taxable year. A unitholder, therefore, may be allocated income or gain by USBO but receive no cash distribution with which to pay the tax liability resulting from the allocation, or may receive a distribution that is insufficient to pay such liability.

In addition to federal income taxes, unitholders may be subject to other taxes, such as state and local income taxes, unincorporated business taxes, business franchise taxes and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which USBO does business or owns property or where the unitholders reside. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on its investment in USBO. It is each unitholder's responsibility to file the appropriate U.S. federal, state, local and foreign tax returns.

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 TO DIFFERENT INVESTORS.

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THE OFFERING

What is USBO?

USBO is a Delaware limited partnership organized on September 2, 2009. USBO maintains its main business office at 1999 Harrison Street, Suite 1530, Oakland, California 94612. USBO is a commodity pool that issues limited partnership interests (units) traded on the NYSE Arca, Inc. (the NYSE Arca). It operates pursuant to the terms of the LP Agreement, which grants full management control to the General Partner.

USBO is a publicly traded limited partnership which seeks to have the daily changes in percentage terms of its units NAV track the daily changes in percentage terms of the spot price of Brent crude oil, as measured by the daily changes in the price of the futures contract for Brent crude oil traded on the ICE Futures Exchange, less USBO s expenses. The General Partner does not intend to operate USBO in a fashion such that its per unit NAV will equal, in dollar terms, the spot price of Brent crude oil or any particular futures contract based on crude oil. It is not the intent of USBO 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. USBO invests in a mixture of listed crude oil futures contracts, other non-listed crude oil related investments, Treasuries, cash and cash equivalents. USBO s units began trading on the NYSE Arca on June 2, 2010. As of January 31, 2013, USBO had total net assets of \$47,334,729 and had outstanding units of 5,500,000.

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 that 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 USBO 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 USBO to the FCM, oversee the purchase and sale of USBO s units by certain Authorized Purchasers, review daily positions and margin requirements of USBO, and manage USBO 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 USBO s outstanding units (excluding for purposes of such determination units owned, if any, 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 units owned, if any, 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 Management Directors have the authority to manage the General Partner pursuant to its Limited Liability Company Agreement, as amended from time to time. Through its Management Directors, the General Partner manages the day-to-day operations of USBO. 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

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committee is governed by an audit committee charter that is posted on USBO's website. Gordon L. Ellis and Malcolm R. Fobes III meet the financial sophistication 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. USBO 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 Lyons 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. From August 1995 to January 2013, Mr. Gerber was 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 December 31, 2012, had \$126,879,540 in assets. On January 11, 2013, the Ameristock Mutual Fund, Inc. merged with and into the Drexel Hamilton Centre American Equity Fund, a series of Drexel Hamilton Mutual Funds. Drexel Hamilton Mutual Funds is not affiliated with Ameristock Corporation, the Ameristock Mutual Fund, Inc. or the General Partner. 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 50 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, and Chief Financial Officer of the General Partner since May 23, 2006 and Treasurer 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 USBO and the Related Public Funds and will be involved in the management of USSF, UNGD, USGO, UAC and HARD, if such funds commence operations. Mr. Mah also served as the General Partner's Chief Compliance Officer from May 2006 until February 2013. He received a Bachelor of Education from the University of Alberta, in 1986 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, Inc. from June 1995 to January 2013 and Ameristock Focused Value Fund from December 2000 to January 2005; Chief Compliance Officer of Ameristock Mutual Fund, Inc. from August 2004 to January 2013 and the Co-Portfolio Manager of the Ameristock Focused Value Fund from December 2000 to January 2005. Mr. Mah is 48 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

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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. Mr. Ngim has acted as Portfolio Manager for USCI, CPER, USAG and USMI since January 31, 2013. 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 USBO and the Related Public Funds and will be involved in the management of USSF, UNGD, USGO, UAC and HARD, 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 from January 1999 to January 2013 and co-portfolio manager of Ameristock Mutual Fund Inc. from January 2000 to January 2013, when such fund was liquidated, Trustee of the Ameristock ETF Trust from February 2007 to June 2008, 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.

The following individuals provide significant services to each of USBO but are employed by the General Partner.

John P. Love, CFA has acted as a Portfolio Manager since the launch of USOF in 2006 and is currently the Portfolio Manager for USNG, UGA, USDHO and US12NG. Effective March 1, 2010, Mr. Love became the Senior Portfolio Manager for the Related Public Funds. He is expected to be the Portfolio Manager for USSF, UNGD, USGO and HARD, 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, Inc. and Ameristock Focused Value Fund and for the firm in general. Mr. Love holds a Series 7 and 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 received his CFA designation in 2012. He is a member of the CFA Institute (formerly AIMR) and the CFA Society of Los Angeles. Mr. Love is a graduate of the University of Southern California. Mr. Love is 41 years old.

John T. Hyland, CFA is employed by the General Partner and has acted as the Chief Investment Officer for the Related Public Funds since January 2008. Mr. Hyland has been Portfolio Manager for USBO, USOF, USNG, US12OF, UGA, USDHO, USSO, US12NG, USBO, USCI and CPER beginning in April 2006, April 2007, December 2007, February 2008, April 2008, September 2009, November 2009, June 2010, August 2010 and November 2011, respectively. He will also be the Chief Investment Officer for USSF, UNGD, USGO, UAC and HARD upon the commencement of such funds' operations. Since December 1, 2005, Mr. Hyland has been registered with the CFTC as an Associated Person of the General Partner and since January 17, 2006, he has been listed with the CFTC as a Principal of the General Partner. As part of his responsibilities for the General Partner and the Related Public Funds, Mr. Hyland oversees the day-to-day trading, helps set investment policies and oversees USBO 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 provided portfolio management and new fund development expertise to non-U.S. institutional investors through December 2009. 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 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 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 53 years old.

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Ray W. Allen acts as a Portfolio Manager for USBO, USOF, US12OF and USSO. 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 from March 25, 2008 to November 1, 2012. 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 USBO, USOF, US12OF and USSO. Mr. Allen also acted as a Portfolio Manager for UGA, USDHO 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. For the period from 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 56 years old.

Carolyn M. Yu has acted as Associate Counsel since August 2011 and Chief Compliance Officer for the General Partner since February 2013. Ms. Yu has been employed by the General Partner since August 2011 and pending listing with the CFTC as a Principal of the General Partner. Ms. Yu was previously employed by the State of Hawaii as Branch Chief for the Securities Enforcement Branch from February 2008 to August 2011. Ms. Yu holds a Juris Doctor from Golden Gate University School of Law and a Bachelor of Science in Business Administration from San Francisco State University. Ms. Yu is 54 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 USBO 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 55 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 USBO and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since November 2005. Mr. Ellis was a founder and Chairman of International Absorbents, Inc., a NYSE listed company and the parent 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 was 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. International Absorbents and Absorption Corp were sold to a private investment banking firm in May 2010. Mr. Ellis continues as a director of the privatized firm. Mr. Ellis was chairman and a founder of Polymer Solutions, Inc. from April 1986 to February 2004, a former publicly-held company that sold all of its assets to a senior coatings manufacturer effective February 3, 2004. Polymer Solutions previously developed and manufactured paints, coatings, stains and primers for wood furniture manufacturers. Mr. Ellis is founder and chairman of Lupaka Gold Corp. since November 2000, a Toronto Stock Exchange listed company developing a precious metal deposit in South

America (from November 2000 to May 2010, Lupaka Gold Corp. was called Kcrok Enterprises Ltd.). Mr. Ellis has his Chartered Directors designation from The Director's College (a joint venture of McMaster University and The Conference Board of Canada). Mr. Ellis is a professional engineer with an MBA in international finance. Mr. Ellis is 66 years old.

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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 USBO and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since November 2005. Mr. Fobes 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 with a minor in Economics from San Jose State University in California. Mr. Fobes is 48 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, Carolyn Yu (pending), Wainwright 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 USBO. John Love and John Hyland make trading and investment decisions for USBO. John Love and Ray Allen execute trades on behalf of USBO. In addition, Nicholas Gerber and John Hyland are registered with the CFTC as Associated Persons of the General Partner and are NFA Associate Members. John Hyland is registered (pending) with the CFTC as a Swaps Associated Person of the Sponsor.

Compensation to the General Partner and Other Compensation

USBO 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 USBO and other entities controlled by the General Partner. USBO 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. USBO 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 0.75% of its average daily net assets. For 2012, USBO paid the General Partner aggregate management fees of \$391,039.

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The following table sets forth compensation earned during the year ended December 31, 2012, by the directors of the General Partner. USBO's portion of the aggregate fees paid to the directors for the year ended December 31, 2012 was \$5,401.

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
Robert L. Nguyen ⁽¹⁾	\$0			NA			
Independent Directors							
Peter M. Robinson	\$101,000	NA	NA	NA	\$ 0	\$	\$101,000
Gordon L. Ellis	\$101,000	NA	NA	NA	\$ 0	\$	\$101,000
Malcolm R. Fobes III ⁽²⁾	\$121,000	NA	NA	NA	\$ 0	\$	\$121,000

(1) Effective March 20, 2012, Mr. Nguyen resigned as a Management Director of the General Partner.

(2) 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

USBO's units have traded on the NYSE Arca under the symbol BNO since June 2, 2010. The following table sets forth the range of reported high and low sale prices of the units as reported on NYSE Arca for the periods indicated below.

	High	Low
Fiscal year 2012		
First quarter	\$ 88.58	\$ 76.68
Second quarter	\$ 88.16	\$ 63.45
Third quarter	\$ 84.41	\$ 68.99
Fourth quarter	\$ 83.56	\$ 76.91
Fiscal year 2011		
First quarter	\$ 77.82	\$ 61.86
Second quarter	\$ 84.11	\$ 70.43
Third quarter	\$ 79.31	\$ 67.64
Fourth quarter	\$ 79.10	\$ 67.40

As of December 31, 2012, USBO had 2,448 holders of units.

Prior Performance of USBO

The General Partner manages USBO, which is a commodity pool that issues units traded on the NYSE Arca. The chart below shows, as of January 31, 2013, the number of Authorized Purchases, the total number of baskets created and redeemed since inception and the number of outstanding units for USBO.

	# of Authorized Purchases	Baskets Purchased	Baskets Redeemed	Outstanding Units
USBO	9	49	47	5,500,000

Since the commencement of the offering of USBO units to the public on June 2, 2010 to January 31, 2013, the simple average daily change in its benchmark futures contract was 0.097%, while the simple

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average daily change in the NAV of USBO over the same time period was 0.093%. 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 (0.883)%, meaning that over this time period USBO's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

The table below shows the relationship between the trading prices of the units and the daily NAV of USBO, since inception through January 31, 2013. The first row shows the average amount of the variation between USBO'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. 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 Component Futures Contracts on the Futures Exchanges ceases at 2:30 p.m. New York time and the value of the Benchmark Component Futures Contracts, for purposes of determining its end of day NAV, can be determined at that time. The information for the Related Public Funds may be found on page 34.

Average Difference	USBO
Max Premium %	\$ 0.01 %
Max Discount %	6.66 %
	(6.52)%

For more information on the performance of USBO, see the Performance Tables below.

USBO:**Experience in Raising and Investing in USBO through January 31, 2013**

Dollar Amount Offered*	\$2,500,000,000
Dollar Amount Raised	\$312,718,853
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.

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These expenses were paid for by the General Partner.

Compensation to the General Partner and Other Compensation:

Expenses paid by USBO through January 31, 2013 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	\$ 784,934
Amount Paid or Accrued in Portfolio Brokerage Commissions	\$ 74,788
Other Amounts Paid or Accrued*	\$ 151,020
Total Expenses Paid or Accrued	\$ 1,010,742
Expenses Waived**	\$ (270,604)
Total Expenses Paid or Accrued Including Expenses Waived	\$ 1,281,347

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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 June 30, 2013.

The General Partner has no obligation to continue such payment into subsequent periods.

Expenses paid by USBO through January 31, 2013 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*	0.14% annualized
Total Expenses Paid or Accrued	0.95% annualized
Expenses Waived**	(0.26)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	1.21% annualized

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 June 30, 2013.

The General Partner has no obligation to continue such payment into subsequent periods.

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USBO:

COMPOSITE PERFORMANCE DATA FOR USBO

Name of Commodity Pool: United States Brent Oil Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: June 2, 2010

Aggregate Subscriptions (from inception through January 31, 2013): \$312,718,853

Total Net Assets as of January 31, 2013: \$47,334,729

NAV per Unit as of January 31, 2013: \$86.06

Worst Monthly Percentage Draw-down: May 2012 (14.59)%

Worst Peak-to-Valley Draw-down: Mar 12 Jun 12 (19.62)%

Number of Unitholders (as of December 31, 2012): 2,448

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*					
	2010	2011	2012	2013		
January		6.61 %	3.64 %	5.02 %		
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 %	3.02 %			
December	10.09 %	(2.65)%	0.65 %			
Annual Rate of Return	26.16 %	18.17 %	9.94 %	5.02%***		

* 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.

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Partial from June 2, 2010

Through January 31, 2013

Draw-down: Losses experienced over a specified period. Draw-down is measured on the basis of monthly returns only and does not reflect intra-month figures.

Worst Monthly Percentage Draw-down: The largest single month loss sustained since inception of trading.

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

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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 manages the Related Public Funds. Each of the Related Public Funds is a commodity pool that issues units traded on the NYSE Arca. The chart below shows, as of January 31, 2013, the number of Authorized Purchasers, the total number of baskets created and redeemed since inception and the number of outstanding units for each of the Related Public Funds.

	# of Authorized Purchasers	Baskets Purchased	Baskets Redeemed	Outstanding Units
USDHO	12	10	9	200,000
USOF	19	8,051	7,742	30,900,000
US12OF	10	168	147	2,800,000
USNG	17	12,409	8,279	58,666,476
UGA	13	91	97	1,000,000
US12NG	9	54	16	2,700,000
USSO	13	27	21	400,000
USCI	8	136	30	8,600,000
CPER	6	1	0	100,000
USAG	6	3	2	100,000
USMI	6	3	1	100,000

The ability of each of the Related Public Funds (other than USBO) to track its benchmark from inception to January 31, 2013 presented below.

Since the commencement of the offering of USDHO units to the public on April 9, 2008 to January 31, 2013, the simple average daily change in its Benchmark Futures Contract was (0.005)%, while the simple average daily change in the NAV of USDHO over the same time period was (0.007)%. 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 (0.812)%, meaning that over this time period USDHO's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of USOF units to the public on April 10, 2006 to January 31, 2013, the simple average daily change in its benchmark oil futures contract was (0.012)%, while the simple average daily change in the NAV of USOF over the same time period was (0.010)%. 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 0.468%, meaning that over this time period USOF's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of US12OF units to the public on December 6, 2007 to January 31, 2013, the simple average daily change in the average price of its benchmark futures contracts was 0.011%, while the simple average daily change in the NAV of US12OF over the same time period was 0.010%. 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 (0.596)%, meaning that over this time period US12OF's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of USNG units to the public on April 18, 2007 to January 31, 2013, the simple average daily change in its benchmark futures contract was (0.164)% while the simple average daily change in the NAV of USNG over the same time period was (0.165)%. 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 benchmark futures contract, the average error in daily tracking by

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the NAV was 0.364%, meaning that over this time period USNG's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of UGA units to the public on February 26, 2008 to January 31, 2013, the simple average daily change in its benchmark futures contract was 0.052%, while the simple average daily change in the NAV of UGA over the same time period was 0.050%. 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 (0.831)%, meaning that over this time period UGA's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of US12NG units to the public on November 18, 2009 to January 31, 2013, the simple average daily change in the average price of its benchmark futures contracts was (0.110)%, while the simple average daily change in the NAV of US12NG over the same time period was (0.114)%. 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 (0.569)%, meaning that over this time period US12NG's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of USSO units to the public on September 24, 2009 to January 31, 2013, the inverse of the simple average daily change in its benchmark futures contract was (0.019)%, while the simple average daily change in the NAV of USSO over the same time period was (0.023)%. 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 (1.134)%, meaning that over this time period USSO's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of USCI units to the public on August 10, 2010 to January 31, 2013, the simple average daily change in the Commodity Index was 0.039%, while the simple average daily change in the NAV of USCI over the same time period was 0.034%. 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 (2.900)%, meaning that over this time period USCI's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of CPER units to the public on November 15, 2011 to January 31, 2013, the simple average daily change in the Copper Index was 0.022%, while the simple average daily change in the NAV of CPER over the same time period was 0.027%. 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 Copper Index, the average error in daily tracking by the NAV was (2.015)%.

Since the commencement of the offering of USAG units to the public on April 13, 2012 to January 31, 2013, the simple average daily change in its index was 0.022%, while the simple average daily change in the NAV of USAG over the same time period was 0.017%. 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 benchmark component futures contracts, the average error in daily tracking by the NAV was 7.643%.

Since the commencement of the offering of USMI units to the public on June 19, 2012 to January 31, 2013, the simple average daily change in its index was 0.064%, while the simple average daily change in the NAV of USMI over the same time period was 0.062%. 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 component futures contracts, the

average error in daily tracking by the NAV was (1.638)%.

The table below shows the relationship between the trading prices of the units of each of the Related Public Funds and the daily NAV of such fund, since inception through January 31, 2013. The first row shows the average amount of the variation between the 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. The General Partner believes that

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maximum and minimum end of day premiums and discounts typically occur because trading in 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 concerns 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	US12NG	USCI	USSO	CPER	USAG	US
e Difference	\$(0.00)	\$0.39	\$(0.04)	\$0.00	\$(0.01)	\$0.01	\$0.05	\$0.00	\$(0.05)	\$0.05	\$0.
remium %	3.88 %	2.37 %	4.11 %	6.29 %	5.75 %	6.68 %	2.03 %	3.08 %	4.31 %	4.33 %	4.
scout %	(4.51)%	(2.42)%	(9.72)%	(4.50)%	(3.85)%	(6.52)%	(1.34)%	(3.41)%	(5.45)%	(2.03)%	(9

There are significant differences between investing in the Fund and the Related Public Funds and investing directly in the futures market. The General Partner's results with USBO 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 USBO and the Related Public Funds, the performance of USBO 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.

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Performance of the Related Public Funds

USOF:

COMPOSITE PERFORMANCE DATA FOR USOF

Name of Commodity Pool: United States Oil Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: April 10, 2006

Aggregate Subscriptions (from inception through January 31, 2013): \$35,347,704,404

Total Net Assets as of January 31, 2013: 1,090,631,721

NAV per Unit as of January 31, 2013: \$35.30

Worst Monthly Percentage Draw-down: Oct 2008 (31.57)%

Worst Peak-to-Valley Draw-down: June 08 Feb 09 (75.84)%

Number of Unitholders (as of December 31, 2012): 54,915

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*						2013	%
	2008	2009	2010	2011	2012	2013		
January	(4.00)%	(14.60)%	(8.78)%	(0.62)%	(0.60)%	5.63	%	
February	11.03 %	(6.55)%	8.62 %	1.21 %	8.25 %			
March	0.63 %	7.23 %	4.61 %	8.78 %	(4.27)%			
April	12.38 %	(2.38)%	2.04 %	6.12 %	1.25 %			
May	12.80 %	26.69 %	(17.96)%	(10.43)%	(17.83)%			
June	9.90 %	4.16 %	0.47 %	(7.65)%	(2.24)%			
July	(11.72)%	(2.30)%	3.57 %	(0.24)%	3.14 %			
August	(6.75)%	(1.98)%	(9.47)%	(7.66)%	9.18 %			
September	(12.97)%	0.25 %	8.97 %	(11.08)%	(4.82)%			
October	(31.57)%	8.43 %	0.89 %	17.32 %	(6.93)%			
November	(20.65)%	(0.51)%	2.53 %	7.76 %	2.45 %			
December	(22.16)%	(0.03)%	8.01 %	(1.78)%	2.55 %			
Annual Rate of Return	(54.75)%	14.14 %	(0.49)%	(2.31)%	(12.21)%	5.63%**		

* 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.

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Through January 31, 2013

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

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USNG:

COMPOSITE PERFORMANCE DATA FOR USNG

Name of Commodity Pool: United States Natural Gas Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: April 18, 2007

Aggregate Subscriptions (from inception through January 31, 2013): \$16,540,421,723

Total Net Assets as of January 31, 2013: \$1,102,092,306

NAV per Unit as of January 31, 2013: \$18.79

Worst Monthly Percentage Draw-down: Jul 2008 (32.13)%

Worst Peak-to-Valley Draw-down: Jun 08 – Mar 12 (96.81)%

Number of Unitholders (as of December 31, 2012): 139,657

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*					
	2008	2009	2010	2011	2012	2013
January	8.87 %	(21.49)%	(7.65)%	(0.17)%	(17.62)%	(0.42)%
February	15.87 %	(5.47)%	(6.02)%	(10.02)%	(2.49)%	
March	6.90 %	(11.81)%	(21.05)%	6.68 %	(22.99)%	
April	6.42 %	(13.92)%	(.87)%	5.39 %	2.19 %	
May	6.53 %	10.37 %	8.19 %	(2.23)%	3.00 %	
June	13.29 %	(4.63)%	5.14 %	(7.00)%	14.36 %	
July	(32.13)%	(8.70)%	6.43 %	(4.90)%	13.96 %	
August	(13.92)%	(27.14)%	(22.95)%	(2.58)%	(14.16)%	
September	(9.67)%	26.03 %	(3.13)%	(11.85)%	13.32 %	
October	(12.34)%	(13.31)%	(5.83)%	.33 %	1.78 %	
November	(6.31)%	(11.86)%	(1.37)%	(13.40)%	(6.58)%	
December	(14.32)%	13.91 %	4.53 %	(17.26)%	(7.09)%	
Annual Rate of Return	(35.68)%	(56.73)%	(40.42)%	(46.08)%	(27.09)%	(0.42)%**

* 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 January 31, 2013

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

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US120F:

COMPOSITE PERFORMANCE DATA FOR US120F

Name of Commodity Pool: United States 12 Month Oil Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: December 6, 2007

Aggregate Subscriptions (from inception through January 31, 2013): \$494,471,069

Total Net Assets as of January 31, 2013: \$117,089,309

NAV per Unit as of January 31, 2013: \$41.82

Worst Monthly Percentage Draw-down: Oct 2008 (29.59)%

Worst Peak-to-Valley Draw-down: June 08 Feb 09 (66.97)%

Number of Unitholders (as of December 31, 2012): 4,510

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*						2013	%
	2008	2009	2010	2011	2012	2013		
January	(2.03)%	(7.11)%	(8.40)%	3.38 %	0.92 %	5.05	%	
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 %	2.49 %			
December	(12.66)%	(1.10)%	9.10 %	(0.75)%	1.97 %			
Annual Rate of Return	(42.39)%	29.23 %	6.29 %	1.28 %	(8.40)%	5.05%**		

* 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.

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Through January 31, 2013

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

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UGA:

COMPOSITE PERFORMANCE DATA FOR UGA

Name of Commodity Pool: United States Gasoline Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: February 26, 2008

Aggregate Subscriptions (from inception through January 31, 2013): \$343,968,568

Total Net Assets as of January 31, 2013: \$63,717,067

NAV per Unit as of January 31, 2013: \$63.72

Worst Monthly Percentage Draw-down: Oct 2008 (38.48)%

Worst Peak-to-Valley Draw-down: June 08 Dec 08 (69.02)%

Number of Unitholders (as of December 31, 2012): 5,490

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	Rates of Return*						2013	%
	2008	2009	2010	2011	2012	2013		
January		16.23 %	(7.47)%	2.19 %	8.37 %	9.13	%	
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)%	4.82 %			
December	(15.72)%	0.55 %	11.33 %	3.49 %	1.27 %			
Annual Rate of Return	(59.58)%	80.16 %	15.52 %	15.00 %	20.72 %	9.13%***		

* 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.

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Partial from February 26, 2008

Through January 31, 2013

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

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USDHO:

COMPOSITE PERFORMANCE DATA FOR USDHO

Name of Commodity Pool: United States Diesel-Heating Oil Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: April 9, 2008

Aggregate Subscriptions (from inception through January 31, 2013): \$33,857,235

Total Net Assets as of January 31, 2013: \$6,956,825

NAV per Unit as of January 31, 2013: \$34.78

Worst Monthly Percentage Draw-down: Oct 2008 (28.63)%

Worst Peak-to-Valley Draw-down: June 08 Feb 09 (69.17)%

Number of Unitholders (as of December 31, 2012): 666

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*						2013	%
	2008	2009	2010	2011	2012	2013		
January		0.05	(10.17)%	7.58 %	4.73 %	2.99	%	
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)%	(0.38)%			
December	(17.80)%	2.23 %	8.75 %	(4.12)%	(0.94)%			
Annual Rate of Return	(56.12)%	25.52 %	8.28 %	9.96 %	2.99 %	2.99%***		

* 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 January 31, 2013

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

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US12NG

COMPOSITE PERFORMANCE DATA FOR US12NG

Name of Commodity Pool: United States 12 Month Natural Gas Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: November 18, 2009

Aggregate Subscriptions (from inception through January 31, 2013): \$118,127,314

Total Net Assets as of January 31, 2013: \$46,628,788

NAV per Unit as of January 31, 2013: \$17.27

Worst Monthly Percentage Draw-down: Mar 2010 (15.47)%

Worst Peak-to-Valley Draw-down: Dec 09 April 12 (69.56)%

Number of Unitholders (as of December 31, 2012): 3,546

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*					%
	2009	2010	2011	2012	2013	
January		(5.93)%	(0.68)%	(12.16)%	0.23	%
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)%	(5.22)%		
December	7.56 %	4.88 %	(13.92)%	(4.17)%		
Annual Rate of Return	7.54 %	(34.83)%	(39.47)%	(18.76)%	0.23%***	

* 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 January 31, 2013

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

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USAG:

COMPOSITE PERFORMANCE DATA FOR USAG

Name of Commodity Pool: United States Agricultural Index Fund

Type of Commodity Pool: Exchange traded security

Inception of Trading: April 13, 2012

Aggregate Subscriptions (from inception through January 31, 2013): \$2,500,000

Total Net Assets as of January 31, 2013: \$2,567,382

NAV per Unit as of January 31, 2013: \$25.67

Worst Monthly Percentage Draw-down: May 12 (4.88)%

Worst Peak-to-Valley Draw-down: Aug 12 Dec 12 (9.27%)

Number of Unitholders (as of December 31, 2012): 87

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*		
	2012	2013	%
January		0.43	%
February			
March			
April	(1.68)%**		
May	(4.88))%	
June	9.20	%	
July	10.07	%	
August	0.25	%	
September	(2.80))%	
October	(1.97))%	
November	(1.38))%	
December	(3.44))%	
Annual Rate of Return	2.24	%	0.43%***

* 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 13, 2012

Through January 31, 2013

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

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CPER:

COMPOSITE PERFORMANCE DATA FOR CPER

Name of Commodity Pool: United States Copper Index Fund

Type of Commodity Pool: Exchange traded security

Inception of Trading: November 15, 2011

Aggregate Subscriptions (from inception through January 31, 2013): \$2,500,000

Total Net Assets as of January 31, 2013: \$2,601,090

NAV per Unit as of January 31, 2013: \$26.01

Worst Monthly Percentage Draw-down: May 12 (11.91)%

Worst Peak-to-Valley Draw-down: Feb 12 May 12 (13.60)%

Number of Unitholders (as of December 31, 2012): 161

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*				
	2011	2012	2013	%	
January		10.13	%	2.28	%
February		2.00	%		
March		(1.49))%		
April		(0.44))%		
May		(11.91))%		
June		3.49	%		
July		(2.12))%		
August		0.79	%		
September		8.45	%		
October		(6.43))%		
November	1.80%**	3.29	%		
December	(3.85)	0.04	%		
Annual Rate of Return	(2.12)	3.92	%	2.28%***	

* 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 15, 2011.

Through January 31, 2013

For a definition of Draw-down, please see the text below Composite Performance Data for USBO.

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USSO:

COMPOSITE PERFORMANCE DATA FOR USSO

Name of Commodity Pool: United States Short Oil Fund, LP

Type of Commodity Pool: Exchange traded security

Inception of Trading: September 24, 2009

Aggregate Subscriptions (from inception through January 31, 2013): \$79,889,217

Total Net Assets as of January 31, 2013: \$14,318,799

NAV per Unit as of January 31, 2013: \$35.80

Worst Monthly Percentage Draw-down: Oct 11 (16.00)%

Worst Peak-to-Valley Draw-down: Aug 10 Feb 12 (33.97)%

Number of Unitholders (as of December 31, 2012): 636

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	Rates of Return*)
	2009	2010	2011	2012	2013	
January		9.05 %	(0.64)%	0.11 %	(5.52)%
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)%	(3.25)%		
December	(0.57)%	(7.74)%	1.03 %	(2.82)%		
Annual Rate of Return	(12.02)%	(8.12)%	(10.54)%	4.78 %	(5.52)%***	

* 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 January 31, 2013

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

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USMI:

COMPOSITE PERFORMANCE DATA FOR USMI

Name of Commodity Pool: United States Metals Index Fund

Type of Commodity Pool: Exchange traded security

Inception of Trading: June 19, 2012

Aggregate Subscriptions (from inception through January 31, 2013): \$4,909,773

Total Net Assets as of January 31, 2013: \$2,730,343

NAV per Unit as of January 31, 2013: \$27.30

Worst Monthly Percentage Draw-down: Oct 12 (7.74)%

Worst Peak-to-Valley Draw-down: Sep 12 Oct 12 (7.74)%

Number of Unitholders (as of December 31, 2012): 18

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*		
	2012	2013	%
January		3.14	%
February			
March			
April			
May			
June	(1.20)%**		
July	(1.46))%	
August	4.23	%	
September	8.99	%	
October	(7.74))%	
November	5.17	%	
December	(1.34))%	
Annual Rate of Return	5.88	%	3.14%***

* 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 19, 2012

Through January 31, 2013

For a definition of Draw-down, please see the text below Composite Performance Data for USBO.

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USCI Performance:
COMPOSITE PERFORMANCE DATA FOR USCI

Name of Commodity Pool: United States Commodity Index Fund

Type of Commodity Pool: Exchange traded security

Inception of Trading: August 10, 2010

Aggregate Subscriptions (from inception through January 31, 2013): \$435,625,033

Total Net Assets as of January 31, 2013: \$516,178,758

NAV per Unit as of January 31, 2013: \$60.02

Worst Monthly Percentage Draw-down: Sept 11 (11.69)%

Worst Peak-to-Valley Draw-down: April 11 May 12 (21.60)%

Number of Unitholders (as of December 31, 2012): 15,335

**PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS**

Month	Rates of Return*				2013	%
	2010	2011	2012	2013		
January		4.01 %	4.45 %	2.69	%	
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	(0.02)% **	(0.33)%	1.34 %			
September	8.36 %	(11.69)%	(1.18)%			
October	6.31 %	5.08 %	(3.44)%			
November	0.76 %	(1.16)%	0.89 %			
December	10.93 %	(3.72)%	(2.21)%			
Annual Rate of Return	28.74 %	(9.17)%	(0.03)%	2.69%***		

*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 January 31, 2013

For a definition of Draw-down, please see the text below Composite Performance Data for USBO.

Other Related Commodity Trading and Investment Management Experience

Until December 31, 2009, Ameristock Corporation was an affiliate of the General Partner. Ameristock Corporation is a California-based registered investment advisor registered under the Investment Advisors Act of 1940, as amended, that has sponsored and provided portfolio management services to mutual funds from 1995 until January 2013. Ameristock Corporation was the investment adviser to 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 December 31, 2012, had \$126,879,540 in assets. On January 11, 2013, the Ameristock Mutual Fund, Inc. merged with and into the Drexel Hamilton Centre American Equity Fund, a series of Drexel Hamilton Mutual Funds. Drexel Hamilton Mutual Funds is not affiliated with Ameristock Corporation, the Ameristock Mutual Fund, Inc. or the General Partner.

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Ameristock Corporation was also the investment advisor to the Ameristock ETF Trust, an open-end management investment company registered under the 1940 Act that consisted of five separate investment portfolios, each of which sought investment results, before fees and expenses, that corresponded generally to the price and yield performance of a particular U.S. Treasury securities index owned and compiled by Ryan Holdings LLC and Ryan ALM, Inc. The Ameristock ETF Trust has liquidated each of its investment portfolios and has wound up its affairs.

How Does USBO Operate?

The net assets of USBO consist primarily of investments in futures contracts for Brent crude oil, but may also consist of investment contracts for other types of crude oil, natural gas, gasoline, heating oil and other petroleum-based fuels that are traded on the ICE Futures Exchange, NYMEX, 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, other crude oil-related investments such as cash-settled options on *Futures Contracts*, forward contracts for crude oil, 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*). 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. USBO invests substantially the entire amount of its assets in *Crude Oil Interests* while supporting such investments by holding the amounts of its margin, collateral and other requirements relating to these obligations in *Treasuries*, cash and cash equivalents. The daily holdings of USBO are available on USBO's website at www.unitedstatesbrentoilfund.com.

USBO invests in *Crude Oil Interests* to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations with respect to its investments in *Futures Contracts* and *Other Crude Oil-Related Investments*. The primary focus of the General Partner is the investment in *Futures Contracts* and the management of USBO's investments in short-term obligations of the United States of two years or less (*Treasuries*), cash and/or cash equivalents for margining purposes and as collateral.

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 daily changes in the price of the futures contract on Brent crude oil as traded on the ICE Futures 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 (the *Benchmark Futures Contract*), less USBO's expenses. It is not the intent of USBO to be operated in a fashion such that its NAV will equal, in dollar terms, the spot price of crude oil or any particular futures contract based on crude oil. USBO seeks to achieve its investment objective by investing in a combination of *Futures Contracts* and *Other Crude Oil-Related Investments* such that the daily changes in its NAV, measured in percentage terms, will closely track the daily changes in the price of the *Benchmark Futures Contract*, also measured in percentage terms. It is not the intent of USBO 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. The General Partner believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in listed crude oil *Futures Contracts* and other *Crude Oil-Related Investments*. USBO 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?* .

As a specific benchmark, the General Partner endeavors to place USBO's trades in *Futures Contracts* and *Other Crude Oil-Related Investments* and otherwise manage USBO's investments so that A will be within plus/minus 10 percent of B , where:

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

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

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The General Partner believes that market arbitrage opportunities cause daily changes in USBO's unit price on the NYSE Arca to closely track daily changes in USBO's NAV per unit. The General Partner further believes that the daily changes in USBO's NAV in percentage terms closely track the daily changes in percentage terms in the Benchmark Futures Contract, less USBO's expenses.

The following two graphs demonstrate the correlation between the daily changes in the NAV of USBO and the daily changes in the Benchmark Futures Contract both since the initial public offering of USBO's units on June 2, 2010 through December 31, 2012 and during the last thirty valuation days ended December 31, 2012.

**** PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS***

**** PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS***

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An investment in the units provides a means for diversifying an investor's portfolio or hedging exposure to changes in Brent crude oil prices. An investment in the units allows both retail and institutional investors to easily gain this exposure to the Brent crude oil market in a transparent, cost-effective manner.

The expected correlation of the price of USBO's units, USBO's NAV and the price of the Benchmark Futures Contract is illustrated in the following diagram:

The General Partner employs a neutral investment strategy intended to track the changes in the price of the Benchmark Futures Contract regardless of whether the price goes up or goes down. USBO's neutral investment strategy is designed to permit investors generally to purchase and sell USBO's units for the purpose of investing indirectly in Brent 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 Brent crude oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with taking positions in Brent crude oil and/or the risks involved in hedging may exist. In addition, an investment in USBO involves the risk that the changes in the price of USBO's units will not accurately track the 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 price of Brent crude oil.

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Term Structure of Brent Crude Oil Futures Prices and the Impact on Total Returns. Several factors determine the total return from investing in a futures contract position. One factor that impacts the total return that will result from investing in near month futures contracts and rolling those contracts forward each month is the price relationship between the current near month contract and the next month contract. For example, if the price of the near month contract is higher than the next month contract (a situation referred to as backwardation in the futures market), then absent any other change there is a tendency for the price of a next month contract to rise in value as it becomes the near month contract and approaches expiration. Conversely, if the price of a near month contract is lower than the next month contract (a situation referred to as contango in the futures market), then absent any other change there is a tendency for the price of a next month contract to decline in value as it becomes the near month contract and approaches expiration.

As an example, assume that the price of Brent crude oil for immediate delivery (the spot price), was \$50 per barrel, and the value of a position in the near month futures contract was also \$50. Over time, the price of the barrel of Brent crude oil will fluctuate based on a number of market factors, including demand for oil relative to its supply. The value of the near month contract will likewise fluctuate in reaction to a number of market factors. If investors seek to maintain their position in a near month contract and not take delivery of the oil, every month they must sell their current near month contract as it approaches expiration and invest in the next month contract.

If the futures market is in backwardation, *e.g.*, when the expected price of Brent crude oil in the future would be less, the investor would be buying a next month contract for a lower price than the current near month contract. Using the \$50 per barrel price above to represent the front month price, the price of the next month contract could be \$49 per barrel, that is, 2% cheaper than the front month contract. Hypothetically, and assuming no other changes to either prevailing Brent crude oil prices or the price relationship between the spot price, the near month contract and the next month contract (and ignoring the impact of commission costs and the income earned on cash and/or cash equivalents), the value of the \$49 next month contract would rise as it approaches expiration and becomes the new near month contract with a price of \$50. In this example, the value of an investment in the second month contract would tend to rise faster than the spot price of Brent crude oil, or fall slower. As a result, it would be possible in this hypothetical example for the spot price of Brent crude oil to have risen 10% after some period of time, while the value of the investment in the second month futures contract would have risen 12%, assuming backwardation is large enough or enough time has elapsed. Similarly, the spot price of Brent crude oil could have fallen 10% while the value of an investment in the futures contract could have fallen only 8%. Over time, if backwardation remained constant, the difference would continue to increase.

If the futures market is in contango, the investor would be buying a next month contract for a higher price than the current near month contract. Using again the \$50 per barrel price above to represent the front month price, the price of the next month contract could be \$51 per barrel, that is, 2% more expensive than the front month contract.

Hypothetically, and assuming no other changes to either prevailing Brent crude oil prices or the price relationship between the spot price, the near month contract and the next month contract (and ignoring the impact of commission costs and the income earned on cash and/or cash equivalents), the value of the next month contract would fall as it approaches expiration and becomes the new near month contract with a price of \$50. In this example, it would mean that the value of an investment in the second month would tend to rise slower than the spot price of Brent crude oil, or fall faster. As a result, it would be possible in this hypothetical example for the spot price of Brent crude oil to have risen 10% after some period of time, while the value of the investment in the second month futures contract will have risen only 8%, assuming contango is large enough or enough time has elapsed. Similarly, the spot price of Brent crude oil could have fallen 10% while the value of an investment in the second month futures contract could have fallen 12%. Over time, if contango remained constant, the difference would continue to increase.

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The chart below compares the price of the near month contract to the average price of the near 12-month contracts over the last 10 years (2002 – 2012). When the price of the near month contract is higher than the average price of the near 12 month contracts, the market would be described as being in backwardation. When the price of the near month contract is lower than the average price of the near 12 month contracts, the market would be described as being in contango. Although the prices of the near month contract and the average price of the near 12 month contracts do tend to move up or down together, it can be seen that at times the near month prices are clearly higher than the average price of the near 12 month contracts (backwardation), and other times they are below the average price of the near 12 month contracts (contango).

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PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

An alternative way to view the same data is to subtract from the dollar price of the near month contract the average dollar price of the near 12-months contracts for Brent crude oil. If the resulting number is a positive number, then the near month price is higher than the average price of the near 12-months contracts and the market could be described as being in backwardation. If the resulting number is a negative number, then the near month price is lower than the average price of the near 12-months contracts and the market could be described as being in contango. The chart below shows the results from subtracting the average dollar price of the near 12-month contracts from the near month price for the 10 year period between 2002 and 2012.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Historically, the crude oil futures markets have experienced periods of contango and backwardation, with backwardation being in place more often than contango. During 2006 and the first half of 2007, these markets experienced contango. However, starting early in the third quarter of 2007, the crude oil futures market moved into backwardation. The crude oil markets remained in backwardation until late in the second quarter of 2008 when they moved into contango. The crude oil markets remained in contango until late in the third quarter of 2008, when the markets moved into backwardation. Early in the fourth quarter of 2008, the crude oil market moved back into contango and remained in contango for the balance of 2008. Throughout 2009, the crude oil market remained in contango. During parts of January and February 2009, the level of contango was unusually steep. Crude oil inventories, which reached historic levels in January and February 2009 and which appeared to be the primary cause of the steep level of contango, began to drop in March 2009 and continued to drop for the balance of 2009 and the beginning of 2010. The crude oil futures market remained in contango through 2010 and 2011. The Brent crude oil futures market experiences the same effects of contango and backwardation as the United States crude oil futures market, but the Brent crude oil futures market has not historically experienced the same level of steepness in contango and backwardation as the United States crude oil futures market. As of December 31, 2012, U.S. crude oil markets remained mildly in contango while the market for Brent crude oil was mildly in backwardation.

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Periods of contango or backwardation do not materially impact USBO's investment objective of having the percentage changes in its per unit NAV track the daily percentage changes in the price of the Benchmark Futures Contract since the impact of backwardation and contango tend to equally impact the daily percentage changes in price of both USBO's units and the Benchmark Futures Contract. It is impossible to predict with any degree of certainty whether backwardation or contango will occur in the future. It is likely that both conditions will occur during different periods.

Brent Crude Oil Market. During the year ended December 31, 2012, Brent crude oil prices were impacted by several factors. On the consumption side, demand increased inside and outside the United States as global economic growth, including emerging economies such as China and India, showed signs of slowing economic growth. Europe in particular showed signs of weakness as the ongoing financial and banking crisis raised concerns during the year ended

December 31, 2012. On the supply side, efforts to reduce production by OPEC to more closely match global consumption were partially successful. In the summer of 2011, production had been disrupted by political unrest in the Middle East, particularly Libya, which reduced global supply by approximately 1.8 million barrels per day. A partial resolution of the Libyan situation has reduced concerns regarding the global supply of Brent crude oil. However, continuing concerns about the political standoff with Iran have left the market subject to bouts of heightened volatility as OPEC's ability to replace Iranian oil currently subject to embargo is not unlimited. Brent crude oil prices finished 2012 approximately 3.47% higher than at the beginning of the year, as the global economy continues to adjust to periods of slow recovery and economic growth. the General Partner believes that should the global economic situation cease to improve, or decline, there is a meaningful possibility that crude oil prices could further retreat from their current levels, while any military actions involving Iran would likely have the opposite effect.

Brent Crude Oil Price Movements in Comparison to Other Energy Commodities and Investment Categories. the

General Partner believes that investors frequently measure the degree to which prices or total returns of one investment or asset class move up or down in value in concert with another investment or asset class. Statistically, such a measure is usually done by measuring the correlation of the price movements of the two different investments or asset classes over some period of time. The correlation is scaled between 1 and -1, where 1 indicates that the two investment options move up or down in price or value together, known as positive correlation, and -1 indicates that they move in completely opposite directions, known as negative correlation. A correlation of 0 would mean that the movements of the two are neither positively nor negatively correlated, known as non-correlation. That is, the investment options sometimes move up and down together and other times move in opposite directions.

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For the ten year time period between 2003 and 2012, the table below compares the monthly movements of Brent crude oil prices versus the monthly movements of the prices of several other energy commodities, such as natural gas, diesel-heating oil, and unleaded gasoline, as well as several major non-commodity investment asset classes, such as large cap U.S. equities, U.S. government bonds and global equities. It can be seen that over this particular time period, the movement of Brent crude oil on a monthly basis was not strongly correlated, positively or negatively, with the movements of large cap U.S. equities or U.S. government bonds. However, movements in Brent crude oil had a strong positive correlation to movements in unleaded gasoline and U.S. West Texas Intermediate (WTI) crude oil. Brent crude oil was also positively, yet mildly correlated with global equities and diesel-heating oil.

Source: Bloomberg, NYMEX

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

The table below covers a more recent, but much shorter, range of dates than the above table. Over the one-year period ended December 31, 2012, Brent crude oil had a positive correlation with West Texas Intermediate Crude Oil and unleaded gasoline. The correlation between Brent crude oil and both large cap U.S. equities and global equities, which had been essentially non-correlated over the ten-year period ended December 31, 2012, displayed results that indicated that they had a strong positive correlation over this shorter time period. Finally, the results showed that Brent crude oil, Heating Oil and U.S. government bonds, which had essentially been non-correlated for the ten-year period ended December 31, 2012, were negatively correlated over this more recent time period.

Source: Bloomberg, NYMEX

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PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Investors are cautioned that the historical price relationships between Brent crude oil and various other energy commodities, as well as other investment asset classes, as measured by correlation may not be reliable predictors of future price movements and correlation results. The results pictured above would have been different if a different range of dates had been selected. The General Partner believes that Brent crude oil has historically not demonstrated a strong correlation with equities or bonds over long periods of time. However, the General Partner also believes that in the future it is possible that Brent crude oil could have long term correlation results that indicate prices of Brent crude oil more closely track the movements of equities or bonds. In addition, the General Partner believes that, when measured over time periods shorter than ten years, there will always be some periods where the correlation of Brent crude oil to equities and bonds will be either more strongly positively correlated or more strongly negatively correlated than the long term historical results suggest.

The correlations between Brent crude oil, WTI Crude Oil, diesel-heating oil and gasoline are relevant because the General Partner endeavors to invest USBO's assets in Futures Contracts and Other Crude Oil-Related Investments so that daily changes in percentage terms in USBO's per unit NAV correlate as closely as possible with daily changes in percentage terms in the price of the Benchmark Futures Contract. If certain other fuel-based commodity futures contracts do not closely correlate with the Futures Contract, then their use could lead to greater tracking error. As noted above, the General Partner also believes that the changes in percentage terms in the price of the Benchmark Futures Contract will closely correlate with changes in percentage terms in the spot price of Brent crude oil.

What Is USBO's Investment Strategy?

In managing USBO's assets the General Partner does not use a technical trading system that issues buy and sell orders. The General Partner instead employs a quantitative methodology whereby each time a Creation Basket is sold, the General Partner purchases Crude Oil Interests, such as the Benchmark Futures Contract, that have an aggregate market value that approximates the amount of Treasuries and/or cash received upon the issuance of the Creation Basket.

As an example, assume that a Creation Basket is sold by USBO, and that USBO's closing NAV per unit is \$50. In that case, USBO would receive \$2,500,000 in proceeds from the sale of the Creation Basket (\$50.00 NAV per unit multiplied by 50,000 units, and excluding the Creation Basket fee). If one were to assume further that the General Partner wants to invest the entire proceeds from the Creation Basket in the Benchmark Futures Contract and that the market value of the Benchmark Futures Contract is \$105,000, USBO would be unable to buy the exact number of Benchmark Futures Contracts with an aggregate market value equal to \$2,500,000. Instead, USBO would be able to purchase 23 Benchmark Futures Contracts with an aggregate market value of \$2,415,000. Assuming a margin requirement equal to 10% of the value of the Benchmark Futures Contract, USBO would be required to deposit \$241,500 in Treasuries and cash and/or cash equivalents with the FCM through which the Benchmark Futures Contracts were purchased. The remainder of the proceeds from the sale of the Creation Basket, \$2,258,500, would remain invested in cash, cash equivalents and Treasuries as determined by the General Partner from time to time based on factors such as potential calls for margin or anticipated redemptions.

The specific Futures Contracts purchased depend on various factors, including a judgment by the General Partner as to the appropriate diversification of USBO's investments in Futures Contracts with respect to the month of expiration, and the prevailing price volatility of particular contracts. While the General Partner has made significant investments in ICE Futures Exchange Futures Contracts, for various reasons, including the ability to enter into the precise amount of exposure to the crude oil market, position limits or other regulatory requirements limiting USBO's holdings, and market conditions, it may invest in Futures Contracts traded on other exchanges or in Other Crude Oil-Related

Investments. To the extent that USBO invests in Other Crude-Oil Related Investments, it would prioritize investments in contracts and instruments that are economically equivalent to the Benchmark Futures Contract, including cleared swaps that satisfy such criteria, and then, to a lesser extent, it would invest in other types of cleared swaps and other contracts, instruments and swaps, including swaps in the over-the-counter market. If USBO is required by law or regulation, or by one of its regulators, including a Futures Exchange, to reduce its position in the Benchmark Futures Contracts to the

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applicable position limit or to a specified accountability level or if market conditions dictate it would be more appropriate to invest in Other Crude Oil-Related Investments, a substantial portion of USBO's assets could be invested in accordance with such priority in Other Crude Oil-Related Investments that are intended to replicate the return on the Benchmark Futures Contract. As USBO's assets reach higher levels, it is more likely to exceed position limits, accountability levels or other regulatory limits and, as a result, it is more likely that it will invest in accordance with such priority in Other Crude Oil-Related Investments at such higher levels. In addition, market conditions that the General Partner currently anticipates could cause USBO to invest in Other Crude Oil-Related Investments include those allowing USBO to obtain greater liquidity or to execute transactions with more favorable pricing. But see *What are the Risk Factors Involved with an Investment in USBO? Risks Associated With Investing Directly or Indirectly in Crude Oil*. 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 USBO for a discussion of the potential impact of the Dodd-Frank Act on USBO's ability to invest in OTC transactions and cleared swaps.

The General Partner may not be able to fully invest USBO's assets in Benchmark Futures Contracts having an aggregate notional amount exactly equal to USBO's NAV. For example, as standardized contracts, the Benchmark Futures Contracts are for a specified amount of a particular commodity, and USBO's NAV and the proceeds from the sale of a Creation Basket are unlikely to be an exact multiple of the amounts of those contracts. As a result, in such circumstances, USBO may be better able to achieve the exact amount of exposure to changes in price of the Benchmark Futures Contracts through the use of Other Crude Oil-Related Investments, such as over-the-counter contracts that have better correlation with changes in price of the Benchmark Futures Contract.

USBO anticipates that to the extent it invests in Futures Contracts other than crude oil contracts (such as futures contracts natural gas, gasoline, heating oil and other petroleum-based fuels) and Other Crude Oil-Related Investments, it will enter into various non-exchange-traded derivative contracts to hedge the short-term price movements of such Futures Contracts and Other Crude Oil-Related Investments against the current Benchmark Futures Contract.

The General Partner does not anticipate letting USBO's Futures Contracts expire and taking delivery of the underlying commodity. Instead, the General Partner closes existing positions, *e.g.*, when it changes the Benchmark Futures Contract or it otherwise determines it would be appropriate to do so and reinvests the proceeds in new Futures Contracts or Other Crude Oil-Related Investments. Positions may also be closed out to meet orders for Redemption Baskets and in such case proceeds for such baskets will not be reinvested.

By remaining invested as fully as possible in Futures Contracts or Other Crude Oil-Related Investments, the General Partner believes that the changes in percentage terms in USBO's NAV will continue to closely track the changes in percentage terms in the prices of the Benchmark Futures Contract. The General Partner believes that certain arbitrage opportunities result in the price of the units traded on the NYSE Arca closely tracking the NAV of USBO. Additionally, crude oil futures contracts traded on the ICE Futures have closely tracked the spot price of Brent crude oil. Based on these expected interrelationships, the General Partner believes that the daily changes in the price of USBO's units traded on the NYSE Arca have closely tracked and will continue to closely track the daily changes in the spot price of Brent crude oil.

What are Futures Contracts?

Futures Contracts are agreements between two parties. One party agrees to buy a commodity such as Brent crude oil from the other party at a later date at a price and quantity agreed-upon when the contract is made. Futures Contracts are traded on futures exchanges, including the ICE Futures. For example, the Benchmark Futures Contract is traded on the ICE Futures in units of 1,000 barrels. The Brent crude Futures Contracts traded on the ICE Futures are priced by

an electronic, screen-based system that determines the price by matching electronically offers to purchase and sell. Additional risks of investing in Futures Contracts are discussed below. Additional risks of investing in Futures Contracts are included in *What are the Risk Factors Involved with an Investment in USBO?*

Impact of Accountability Levels, Position Limits and Price Fluctuation Limits. Futures contracts include typical and significant characteristics. Most significantly, the CFTC and U.S. designated contract markets such as the NYMEX have established accountability levels and position limits on the maximum net long or net

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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 USBO is not) may hold, own or control. The net position is the difference between an individual or firm's open long contracts and open short contracts in any one commodity. In addition, most U.S. based futures exchanges, such as the NYMEX, limit the daily price fluctuation for futures contracts. Currently, the ICE Futures imposes position and accountability limits that are similar to those imposed by U.S. based futures exchanges and also limits the maximum daily price fluctuation, while some other non-U.S. futures exchanges have not adopted such limits.

The accountability levels for the Benchmark Futures Contract and other Futures Contracts traded on U.S.-based futures exchanges, such as the NYMEX, are not a fixed ceiling, but rather a threshold above which the NYMEX may exercise greater scrutiny and control over an investor's positions. The current accountability level for net long or short positions at any one time in the NYMEX Contract for light, sweet crude oil Futures Contracts is 20,000 net future contracts. In addition, the ICE Futures maintains the same accountability levels, position limits and monitoring authority for its light, sweet crude oil contracts as the NYMEX. If USBO and the Related Public Funds exceed this accountability level for investments in the futures contract for light, sweet crude oil, the NYMEX and ICE Futures will monitor such exposure and may ask for further information on their activities, including the total size of all positions, investment and trading strategy, and the extent of liquidity resources of USBO and the Related Public Funds. If deemed necessary by the NYMEX and/or ICE Futures, USBO could be ordered to reduce its aggregate position back to the accountability level. In contrast, the position limits for the ICE Futures maintain that when 100 lots or more are traded, the activity must be reported to the exchange on a daily basis. ICE Futures also maintains that an Expiration Limit of 6,000 lots, long or short, will apply for the five business days up to and including the expiration date. There are no specific position accountability levels or limits, nor are there any maximum daily price fluctuation limits for the ICE Brent Crude Oil (physically settled) futures contract. USBO did not exceed accountability levels of the NYMEX or ICE Futures during the year ended December 31, 2012. As of December 31, 2012, USBO held 406 Futures Contracts for Brent crude oil traded on the ICE Futures.

Position limits differ from accountability levels in that they represent fixed limits on the maximum number of futures contracts that any person may hold and cannot allow such limits to be exceeded without express CFTC authority to do so. In addition to accountability levels and position limits that may apply at any time, the ICE Futures Exchange and the NYMEX impose position limits on contracts held in the last few days of trading in the near month contract to expire. It is unlikely that USBO will run up against such position limits because USBO's investment strategy is to close out its positions and roll from the near month contract to expire to the next month contract during a four-day period beginning two weeks from expiration of the contract. For the year ended December 31, 2012, USBO did not exceed any position limits imposed by NYMEX and ICE Futures.

In late 2011, the CFTC adopted rules that impose new position limits on Referenced Contracts (as defined below) involving 28 energy, metals and agricultural commodities (the Position Limit Rules). The Position Limit Rules were scheduled to become effective on October 12, 2012. However, on September 28, 2012, the United States District Court for the District of Columbia vacated these regulations on the basis of ambiguities in the provisions of the CEA (as modified by the Dodd-Frank Act) upon which the regulations were based. In its September 28, 2012 decision, the court remanded the Position Limit Rules to the CFTC with instructions to use its expertise and experience to resolve the ambiguities in the statute. On November 15, 2012, the CFTC indicated that it will move forward with an appeal of the District Court's decision to vacate the Position Limit Rules. At this time, it is not possible to predict how the CFTC's appeal could affect USBO, but it may be substantial and adverse. Furthermore, until such time as the appeal is resolved or, if applicable revisions to the Position Limit Rules are proposed and adopted, the regulatory architecture in effect prior to the enactment of the Position Limit Rules will govern transactions in commodities and related derivatives (collectively, Referenced Contracts). Under that system, the CFTC enforces federal limits on speculation in agricultural products (e.g., corn, wheat and soy), while futures exchanges enforce position limits and accountability

levels for agricultural and certain energy products (e.g., oil and natural gas). As a result, USBO may be limited with respect to the size of its investments in any commodities subject to these limits. Finally, subject to certain narrow exceptions, the vacated Position Limit Rules would have required the aggregation, for purposes of the position limits, of all positions in the 28

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Referenced Contracts held by a single entity and its affiliates, regardless of whether such position existed on U.S. futures exchanges, non-U.S. futures exchanges, in cleared swaps or in over-the-counter swaps. The CFTC is presently considering new aggregation rules, under a rulemaking proposal that is distinct from the Position Limit Rules. At this time, it is unclear how any modified aggregation rules may affect USBO, but it may be substantial and adverse. By way of example, the aggregation rules in combination with any potential revised Position Limit Rules may negatively impact the ability of USBO to meet its investment objectives through limits that may inhibit the General Partner's ability to sell additional Creation Baskets of USBO.

Examples of the position and price limits currently imposed are as follows:

Futures Contract	Position Accountability Levels and Limits	Maximum Daily Price Fluctuation
ICE Brent Crude Futures (physically settled)	There are no position limits. Any one month: 20,000 net futures/all months: 20,000 net futures, but not to exceed 2,000 contracts in the last three days of trading in the spot month.	There is no maximum daily price fluctuation limit.
NYMEX Brent Crude (financially settled)	Any one month: 10,000 net futures/all months: 20,000 net futures, but not to exceed 3,000 contracts in the last three days of trading in the spot month.	There is no maximum daily price fluctuation limit. \$10.00 per barrel (\$10,000 per contract) for all months. If any contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes, the limit is expanded by \$10.00 per barrel in either direction. If another halt were triggered, the market would continue to be expanded by \$10.00 per barrel in either direction after each successive five-minute trading halt. There will be no maximum price fluctuation limits during any one trading session.
NYMEX Light, Sweet Crude Oil (physically settled)	Any one month: 20,000 net futures/all months: 20,000 net futures, but not to exceed 2,000 contracts in the last three days of trading in the spot month.	There is no maximum daily price fluctuation limit.
NYMEX Light, Sweet Crude Oil (financially settled)	Any one month: 10,000 net futures/all months: 20,000 net futures, but not to exceed 3,000 contracts in the last three days	There is no maximum daily price fluctuation limit.

of trading in the spot
month.

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Futures Contract	Position Accountability Levels and Limits	Maximum Daily Price Fluctuation
NYMEX Heating Oil (physically settled)	Any one month: 5,000 net futures/all months: 7,000 net futures, but not to exceed 1,000 contracts in the last three days of trading in the spot month.	\$0.25 per gallon (\$10,500 per contract) for all months. If any contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes, the limit is expanded by \$0.25 per gallon in either direction. If another halt were triggered, the market would continue to be expanded by \$0.25 per gallon in either direction after each successive five-minute trading halt. There will be no maximum price fluctuation limits during any one trading session.
NYMEX Gasoline (physically settled)	Any one month: 5,000 net futures/all months: 7,000 net futures, but not to exceed 1,000 contracts in the last three days of trading in the spot month.	\$0.25 per gallon (\$10,500 per contract) for all months. If any contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes, the limit is expanded by \$0.25 per gallon in either direction. If another halt were triggered, the market would continue to be expanded by \$0.25 per gallon in either direction after each successive five-minute trading halt. There will be no maximum price fluctuation limits during any one trading session.
NYMEX Natural Gas (physically settled)	Any one month: 6,000 net futures/all months: 12,000 net futures, but not to exceed 1,000 contracts in the last three days of trading in the spot month.	\$3.00 per million British thermal units (mmBtu) (\$30,000 per contract) for all months. If any contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes, the limit is expanded by \$3.00 per mmBtu in either direction. If another halt were triggered, the market would continue to be expanded by \$3.00 per mmBtu in either direction after each successive five-minute trading halt. There will be no maximum price fluctuation limits during any one trading session.

Price Volatility. The price volatility of Futures Contracts generally has been historically greater than that for traditional securities such as stocks and bonds. Price volatility often is greater day-to-day as opposed to intra-day.

Futures Contracts tend to be more volatile than stocks and bonds because price movements for crude oil are more currently and directly influenced by economic factors for which current data is available and are traded by crude oil futures traders throughout the day. Because USBO invests a significant portion of its assets in Futures Contracts, the assets of USBO, and therefore the prices of USBO units, may be subject to greater volatility than traditional securities.

Marking-to-Market Futures Positions. Futures Contracts are marked to market at the end of each trading day and the margin required with respect to such contracts is adjusted accordingly. This process of marking-to-market is designed to prevent losses from accumulating in any futures account. Therefore, if USBO's futures positions have declined in value, USBO may be required to post variation margin to cover this decline. Alternatively, if USBO futures positions have increased in value, this increase will be credited to USBO's account.

USBO anticipates that to the extent it invests in Futures Contracts other than Brent crude oil contracts (such as futures contracts for WTI light, sweet crude oil) and Other Crude Oil-Related Investments, it will enter into various non-exchange-traded derivative contracts to hedge the short-term price movements of such Futures Contracts and Other Crude Oil-Related Investments against the current Benchmark Futures Contract.

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What is the Crude Oil Market and the Petroleum-Based Fuel Market?

Brent Crude Oil. Crude oil is the world's most actively traded commodity. The futures contracts for Brent crude oil that are traded on the ICE Futures Exchange are the world's second most liquid forum for crude oil trading, as well as the world's second largest volume futures contract trading on a physical commodity. Due to the liquidity and price transparency of light, sweet crude oil futures contracts, they are used as a principal international pricing benchmark. The futures contracts for Brent crude oil trade on the ICE Futures Exchange in units of 1,000 U.S. barrels and, if not closed out before maturity, will result in delivery of oil to Sullom Voe, an oil terminal located in the Shetland Island near Scotland, which is also accessible to the international spot markets by tanker.

The price of crude oil is established by the supply and demand conditions in the global market overall, and more particularly, in the main refining centers of Singapore, Northwest Europe, and the U.S. Gulf Coast. Demand for petroleum products by consumers, as well as agricultural, manufacturing and transportation industries, determines demand for crude oil by refiners. Since the precursors of product demand are linked to economic activity, crude oil demand will tend to reflect economic conditions. However, other factors such as weather also influence product and crude oil demand. The price of Brent crude oil has historically been volatile.

Heating Oil. Heating oil, also known as No. 2 fuel oil, accounts for approximately 25% of the yield of a barrel of crude oil, the second largest cut from oil after gasoline. The heating oil futures contract listed and traded on the NYMEX, trades in units of 42,000 gallons (1,000 barrels) and is based on delivery in the New York harbor, the principal cash market-trading center. The price of heating oil has historically been volatile.

Gasoline. Gasoline is the largest single volume refined product sold in the U.S. and accounts for almost half of national oil consumption. The gasoline futures contract listed and traded on the NYMEX, trades in units of 42,000 gallons (1,000 barrels) and is based on delivery at petroleum products terminals in the New York harbor, the major East Coast trading center for imports and domestic shipments from refineries in the New York harbor area or from the Gulf Coast refining centers. The price of gasoline has historically been volatile.

Natural Gas. Natural gas accounts for almost a quarter of U.S. energy consumption. The natural gas futures contract listed and traded on the NYMEX trades in units of 10,000 mmBtu and is based on delivery at the Henry Hub in Louisiana, the nexus of 16 intra-and interstate natural gas pipeline systems that draw supplies from the region's prolific gas deposits. The pipelines serve markets throughout the U.S. East Coast, the Gulf Coast, the Midwest, and up to the Canadian border. The price of natural gas has historically been volatile.

As noted, the General Partner also believes that the changes in the price of the Benchmark Futures Contract will closely correlate with changes in the spot price of Brent crude oil. Assuming that the units' value tracks the Benchmark Futures Contract as intended, the stated objective of USBO for the units' NAV to reflect the performance of the spot price of Brent crude oil would be met if the trend reflected over the past ten years were to continue. However, there is no guarantee that such trend will continue.

USBO may invest in certain other fuel-based commodity futures contracts. The chart below illustrates the historical correlation between the Benchmark Futures Contract and certain other fuel-based commodity futures contracts in which USBO may invest over the last ten years. These correlations are relevant because the General Partner endeavors to invest USBO's assets in Futures Contracts and Other Crude Oil-Related Investments so that daily changes in USBO's NAV correlate as closely as possible with daily changes in the price of the Benchmark Futures Contract. If USBO invests in other fuel-based commodity futures contracts and such contracts do not closely correlate with the Futures

Contracts then their use could lead to greater tracking error.

The degree of correlation varies both among the different commodities and also over time. As such, the use of any energy related commodity to hedge a different energy commodity can only produce, at best, an imperfect hedge.

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Why Does USBO Purchase and Sell Futures Contracts?

USBO's investment objective is for the daily changes in percentage terms of its units' NAV to reflect the daily changes in percentage terms of the Benchmark Futures Contract, less USBO's expenses. USBO invests primarily in Futures Contracts. USBO seeks to have its aggregate NAV approximate at all times the aggregate market value of the Futures Contracts and Other Crude Oil-Related Investments it holds.

In connection with investing in Futures Contracts and Other Crude Oil-Related Investments, USBO holds Treasuries, cash and/or cash equivalents that serve as segregated assets supporting USBO's positions in Futures Contracts and Other Crude Oil-Related Investments. For example, the purchase of a Futures Contract with a stated value of \$10 million would not require USBO to pay \$10 million upon entering into the contract; rather, only a margin deposit, generally of 5% to 30% of the stated value of the Futures Contract, would be required. To secure its Futures Contract obligations, USBO would deposit the required margin with the FCM and would separately hold, through its Custodian, Treasuries, cash and/or cash equivalents in an amount equal to the balance of the current market value of the contract, which at the contract's inception would be \$10 million minus the amount of the margin deposit, or \$9 million (assuming a 10% margin).

As a result of the foregoing, typically 5% to 30% of USBO's assets are held as margin in segregated accounts with a FCM. In addition to the Treasuries or cash it posts with the FCM for the Futures Contracts it owns, USBO holds, through the Custodian, Treasuries, cash and/or cash equivalents that can be posted as margin or as collateral to support its over-the-counter contracts. USBO earns income from the Treasuries and/or cash equivalents that it purchases, and on the cash it holds through the Custodian. USBO anticipates that the earned income will increase the NAV and limited partners' capital contribution accounts. USBO reinvests the earned income, holds it in cash, or uses it to pay its expenses. If USBO reinvests the earned income, it makes investments that are consistent with its investment objective.

What is the Flow of Units?

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What are the Trading Policies of USBO?

Liquidity

USBO invests only in Futures Contracts and Other Crude Oil-Related Investments that, in the opinion of the General Partner, are traded in sufficient volume to permit the ready taking and liquidation of positions in these financial interests.

Spot Commodities

While certain of the Futures Contracts traded on the ICE Futures can be physically settled, USBO does not intend to take or make physical delivery. USBO may from time to time trade in Other Crude Oil-Related Investments, including contracts based on the spot price of Brent crude oil.

Leverage

The General Partner endeavors to have the value of USBO's Treasuries, cash and/or cash equivalents, whether held by USBO or posted as margin or collateral, at all times approximate the aggregate market value of its obligations under USBO's Futures Contracts and Other Crude Oil-Related Investments. Commodity pools' trading positions in futures contracts or other related investments 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 interest's) entire market value. While the General Partner does not intend to leverage USBO's assets, it is not prohibited from doing so under the LP Agreement.

Borrowings

Borrowings are not used by USBO unless USBO is required to borrow money in the event of physical delivery, if USBO trades in cash commodities, or for short-term needs created by unexpected redemptions.

Over-the-Counter Derivatives (Including Spreads and Straddles)

In addition to Futures Contracts, there are also a number of listed options on the Futures Contracts on the principal futures exchanges. These contracts offer investors and hedgers another set of financial vehicles to use in managing exposure to the Brent crude oil market. Consequently, USBO may purchase options on Brent crude oil Futures Contracts on these exchanges in pursuing its investment objective.

In addition to the Futures Contracts and options on the Futures Contracts, there also exists an active non-exchange-traded market in derivatives tied to crude oil. These derivatives transactions (also known as over-the-counter contracts) are usually entered into between two parties in private contracts. Unlike most of the exchange-traded Futures Contracts or exchange-traded options on the Futures Contracts, each party to such contract bears the credit risk of the other party, *i.e.*, the risk that the other party may not be able to perform its obligations under its contract.

To reduce the credit risk that arises in connection with such contracts, USBO will generally enter into an agreement with each counterparty based on the Master Agreement published by the International Swaps and Derivatives Association, Inc. (ISDA) that provides for the netting of its overall exposure to its counterparty.

The General Partner assesses or reviews, as appropriate, the creditworthiness of each potential or existing counterparty to an over-the-counter contract pursuant to guidelines approved by the General Partner's Board.

USBO may employ spreads or straddles in its trading to mitigate the differences in its investment portfolio and its goal of tracking the price of the Benchmark Futures Contract. USBO would use a spread when it chooses to take simultaneous long and short positions in futures written on the same underlying asset, but with different delivery months.

USBO has not employed any hedging methods since all of its investments have been made over an exchange. Therefore, USBO has not been exposed to counterparty risk.

Pyramiding

USBO has not and will not employ the technique, commonly known as pyramiding, in which the speculator uses unrealized profits on existing positions as variation margin for the purchase or sale of additional positions in the same or another commodity interest.

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Who are the Service Providers?

BBH&Co. is the registrar and transfer agent for the units. BBH&Co. is also the Custodian for USBO. In this capacity, BBH&Co. holds USBO's Treasuries, cash and/or cash equivalents pursuant to a custodial agreement. In addition, in its capacity as Administrator for USBO, performs certain administrative and accounting services for USBO and prepares certain SEC, NFA and CFTC reports on behalf of USBO. The General Partner pays BBH&Co.'s fees for these services.

BBH&Co.'s principal business address is 50 Milk Street, Boston, MA 02109-3661. BBH&Co., a private bank founded in 1818, is neither a publicly held company nor insured by the Federal Deposit Insurance Corporation. BBH&Co. is authorized to conduct a commercial banking business in accordance with the provisions of Article IV of the New York State Banking Law, New York Banking Law §§160-181, and is subject to regulation, supervision, and examination by the New York State Department of Financial Services. BBH&Co. is also licensed to conduct a commercial banking business by the Commonwealths of Massachusetts and Pennsylvania and is subject to supervision and examination by the banking supervisors of those states.

USBO also employs ALPS Distributors, Inc. as the Marketing Agent. The General Partner pays the Marketing Agent an annual fee. In no event may the aggregate compensation paid to the Marketing Agent and any affiliate of the General Partner for distribution-related services in connection with the offering of units exceed ten percent (10%) of the gross proceeds of the offering.

ALPS's principal business address is 1290 Broadway, Suite 1100, Denver, CO 80203. ALPS is the marketing agent for USBO. ALPS is a broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and a member of the Securities Investor Protection Corporation.

UBS Securities LLC (UBS Securities) is USBO's FCM. USBO and UBS Securities have entered into an Institutional Futures Client Account Agreement. This agreement requires UBS Securities to provide services to USBO in connection with the purchase and sale of Crude Oil Interests that may be purchased or sold by or through UBS Securities for USBO's account. USBO pays UBS Securities' commissions for executing and clearing trades on behalf of USBO.

UBS Securities' principal business address is 677 Washington Blvd, Stamford, CT 06901. UBS Securities is a futures clearing broker for USBO. UBS Securities is registered in the U.S. with FINRA as a broker-dealer and with the CFTC as a FCM. UBS Securities is a member of various U.S. futures and securities exchanges.

UBS is and has been a defendant in numerous legal proceedings, including actions brought by regulatory organizations and government agencies, relating to its securities and commodities business that allege various violations of federal and state securities laws. UBS AG, the ultimate parent company to UBS Securities, files annual reports and quarterly reports to the SEC in which it discloses material information about matters involving but not limited to, UBS Securities, including information about any material litigation or regulatory investigations (https://www.ubs.com/global/en/about_ubs/investor_relations/quarterly_reporting/2011.html). Actions with respect to UBS Securities' FCM business are publicly available on the website of the National Futures Association (<http://www.nfa.futures.org/>).

On June 27, 2007, the Securities Division of the Secretary of the Commonwealth of Massachusetts (Massachusetts Securities Division) filed an administrative complaint (the Complaint) and notice of adjudicatory proceeding against UBS Securities, captioned In The Matter of UBS Securities, LLC, Docket No. E-2007-0049, which alleged that UBS

Securities violated the Massachusetts Uniform Securities Act (the Act) and related regulations by providing the advisers for certain hedge funds with gifts and gratuities in the form of below market office rents, personal loans with below market interest rates, event tickets, and other perks, in order to induce those hedge fund advisers to increase or retain their level of prime brokerage fees paid to UBS Securities. On November 22, 2010, UBS Securities entered into a Consent Order and Settlement with the Massachusetts Securities Division, pursuant to which UBS Securities agreed to implementing a disclosure policy and retaining an independent consultant to monitor the policy. UBS Securities also paid a \$100,000 fine.

In the summer of 2008, the Massachusetts Securities Division, Texas State Securities Board, and the New York Attorney General (NYAG) all brought actions against UBS and UBS Financial Services, Inc.

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(UBS Financial), alleging violations of various state law anti-fraud provisions in connection with the marketing and sale of auction rate securities.

On August 8, 2008, UBS Securities and UBS Financial Services reached agreements with the SEC, the NYAG, the Massachusetts Securities Division and other state regulatory agencies represented by the North American Securities Administrators Association (NASAA) to restore liquidity to all remaining client s holdings of auction rate securities by June 30, 2012. On October 2, 2008, UBS Securities and UBS Financial entered into a final consent agreement with the Massachusetts Securities Division settling all allegations in the Massachusetts Securities Division s administrative proceeding against UBS Securities and UBS Financial with regards to the auction rate securities matter. On December 11, 2008, UBS Securities and UBS Financial executed an Assurance of Discontinuance in the auction rate securities settlement with the NYAG. On the same day, UBS Securities and UBS Financial finalized settlements with the SEC. UBS Securities and UBS Financial paid penalties of \$75 million to NYAG and an additional \$75 million to be apportioned among the participating NASAA states. In March 2010, UBS Securities and UBS Financial and NASAA agreed on final settlement terms, pursuant to which, UBS Securities and UBS Financial agreed to provide client liquidity up to an additional \$200 million.

On August 14, 2008 the New Hampshire Bureau of Securities Regulation (the Bureau) filed an administrative action against UBS Securities relating to a student loan issuer, the New Hampshire Higher Education Loan Corp. (NHHELCO). The complaint alleged fraudulent and unethical conduct in violation of New Hampshire state statutes. On April 14, 2010, UBS entered into a Consent Order resolving all of the Bureau s claims. UBS Securities paid \$750,000 to the Bureau for all costs associated with the Bureau s investigation. UBS Securities entered a separate civil settlement with NHHELCO and provided a total financial benefit of \$20 million to NHHELCO.

On April 29, 2010, the CFTC issued an order with respect to UBS Securities and levied a fine of \$200,000. The Order stated that on February 6, 2009, UBS Securities employee broker aided and abetted UBS Securities customer s concealment of material facts from the NYMEX in violation of Section 9(a)(4) of the CEA, 7 U.S.C. §13(a)(4) (2006). Pursuant to NYMEX Rules, a block trade must be reported to NYMEX within five minutes of the time of execution consistent with the requirements of NYMEX Rule 6.21C(A)(6). Although the block trade in question was executed earlier in the day, UBS Securities employee broker aided and abetted its customer s concealment of facts when, in response to the customer s request to delay reporting the trade until after the close of trading, UBS Securities employee did not report the trade until after the close. Because the employee broker undertook his actions within the scope of his employment, pursuant to Section 2(a)(1)(B) of the CEA, 7 U.S.C. §2(a)(1)(B) (2006), and Commission Regulation 1.2, 17 C.F.R. §1.2 (2009), UBS Securities is liable for the employee broker s aiding and abetting of its customer s violation of Section 9(a)(4) of the CEA. The fine has been paid and the matter is now closed.

UBS Securities will act only as clearing broker for USBO and as such will be paid commissions for executing and clearing trades on behalf of USBO. UBS Securities has not passed upon the adequacy or accuracy of this annual report on Form 10-K. UBS Securities neither will act in any supervisory capacity with respect to the General Partner nor participate in the management of the General Partner or USBO.

UBS Securities is not affiliated with USBO or the General Partner. Therefore, USBO does not believe that USBO has any conflicts of interest with UBS Securities or their trading principals arising from their acting as USBO s FCM.

Currently, the General Partner does not employ commodity trading advisors for trading of USBO contracts. The General Partner currently does, however, employ a trading advisor for USCI, CPER, USAG and USMI, SummerHaven Investment Management, LLC (SummerHaven). If, in the future, the General Partner does employ commodity trading advisors for USBO, it will choose each advisor based on arm s-length negotiations and will consider the advisor s experience, fees and reputation.

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Fees of USBO

Fees and Compensation Arrangements with the General Partner and Non-Affiliated Service Providers*

Service Provider	Compensation Paid by General Partner Minimum amount of \$75,000 annually* for its custody, fund accounting and fund administration services rendered to all funds, as well as a \$20,000 annual fee for its transfer agency services. In addition, an asset-based charge of (a) 0.06% for the first \$500 million of USBO and the Related Public Funds combined net assets, (b) 0.0465% for USBO and the Related Public Funds combined net assets greater than \$500 million but less than \$1 billion, and (c) 0.035% once USBO and the Related Public Funds combined net assets exceed \$1 billion.**
Brown Brothers Harriman & Co., Custodian and Administrator	0.06% on assets up to \$3 billion and 0.04% on assets in excess of \$3 billion.
ALPS Distributors, Inc., Marketing Agent	

* The General Partner pays this compensation.

The annual minimum amount will not apply if the asset-based charge for all accounts in the aggregate exceeds **\$75,000. The General Partner also will pay transaction charge fees to BBH&Co., ranging from \$7.00 to \$15.00 per transaction for the funds.

Compensation to the General Partner

Assets All assets	Management Fee 0.75% of NAV
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Fees are calculated on a daily basis (accrued at 1/365 of the applicable percentage of NAV on that day) and paid on a monthly basis. NAV is calculated by taking the current market value of USBO's total assets, subtracting any liabilities and dividing that number by the total number of outstanding units.

Fees and Compensation Arrangements between USBO and Non-Affiliated Service Providers***

Service Provider	Compensation Paid by USBO
UBS Securities LLC, Futures Commission Merchant	Approximately \$3.50 per buy or sell
Non-Affiliated Brokers	Approximately 0.08% of assets

*** USBO pays this compensation.

Other Fees

USBO also pays the fees and expenses associated with its tax accounting and reporting requirements. These fees were approximately \$75,000 for the fiscal year ended December 31, 2012. In addition, USBO is responsible for paying its portion of the directors' and officers' liability insurance for USBO and the Related Public Funds and the fees and expenses of the independent directors who also serve as audit committee members of USBO and the Related Public Funds organized as limited partnerships and, as of July 8, 2011, the Related Public Funds organized as a series of a Delaware statutory trust. USBO shares the fees and expenses on a pro rata basis with each Related Public Fund, as described above, based on the relative assets of each fund computed on a daily basis. These fees and expenses for the year ended December 31, 2012 were \$540,586 for USBO and the Related Public Funds. USBO's portion of such fees and expenses for the year ended December 31, 2012 was \$9,844.

Form of Units

Registered Form. Units are issued in registered form in accordance with the LP Agreement. The Administrator has been appointed registrar and transfer agent for the purpose of transferring units in

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certificated form. The Administrator keeps a record of all limited partners and holders of the units in certificated form in the registry (the Register). The General Partner recognizes transfers of units in certificated form only if done in accordance with the LP Agreement. The beneficial interests in such units are held in book-entry form through participants and/or accountholders in DTC.

Book Entry. Individual certificates are not issued for the units. Instead, units are represented by one or more global certificates, which are deposited by the Administrator with DTC and registered in the name of Cede & Co., as nominee for DTC. The global certificates evidence all of the units outstanding at any time. Unitholders are limited to (1) participants in DTC such as banks, brokers, dealers and trust companies (DTC Participants), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant (Indirect Participants), and (3) those who hold interests in the units through DTC Participants or Indirect Participants, in each case who satisfy the requirements for transfers of units. DTC Participants acting on behalf of investors holding units through such participants' accounts in DTC will follow the delivery practice applicable to securities eligible for DTC's Same-Day Funds Settlement System. Units are credited to DTC Participants' securities accounts following confirmation of receipt of payment.

DTC. DTC has advised us as follows. It is a limited purpose trust company organized under the laws of the State of New York and is a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC Participants and facilitates the clearance and settlement of transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants.

Transfer of Units

Transfers of Units Only Through DTC. The units are only transferable through the book-entry system of DTC.

Limited partners who are not DTC Participants may transfer their units through DTC by instructing the DTC Participant holding their units (or by instructing the Indirect Participant or other entity through which their units are held) to transfer the units. Transfers are made in accordance with standard securities industry practice.

Transfers of interests in units with DTC are made in accordance with the usual rules and operating procedures of DTC and the nature of the transfer. DTC has established procedures to facilitate transfers among the participants and/or accountholders of DTC. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, the ability of a person or entity having an interest in a global certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a certificate or other definitive document representing such interest.

DTC has advised USBO that it will take any action permitted to be taken by a unitholder (including, without limitation, the presentation of a global certificate for exchange) only at the direction of one or more DTC Participants in whose account with DTC interests in global certificates are credited and only in respect of such portion of the aggregate principal amount of the global certificate as to which such DTC Participant or Participants has or have given such direction.

Transfer/Application Requirements. All purchasers of USBO's units, and potentially any purchasers of units in the future, who wish to become limited partners or other record holders and receive cash distributions, if any, or have certain other rights, must deliver an executed transfer application in which the purchaser or transferee must certify that, among other things, he, she or it agrees to be bound by USBO's LP Agreement and is eligible to purchase USBO's securities. Each purchaser of units must execute a transfer application and certification. The obligation to provide the

form of transfer application is imposed on the seller of units or, if a purchase of units is made through an exchange, the form may be obtained directly through USBO. Further, the General Partner may request each record holder to furnish certain information, including that record holder's nationality, citizenship or other related status. A record holder is a unitholder that is, or has applied to be, a limited partner. An investor who is not a U.S. resident may not be eligible to become a record holder or one of USBO's limited partners if that investor's ownership would subject USBO to the risk of cancellation or forfeiture of any of USBO's assets under any federal, state or local law or regulation. If the record holder fails to furnish the information or if the General Partner determines, on the basis of the information furnished by

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the holder in response to the request, that such holder is not qualified to become one of USBO's limited partners, the General Partner may be substituted as a holder for the record holder, who will then be treated as a non-citizen assignee, and USBO will have the right to redeem those securities held by the record holder.

A transferee's broker, agent or nominee may complete, execute and deliver a transfer application and certification. USBO may, at its discretion, treat the nominee holder of a unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

A person purchasing USBO's existing units, who does not execute a transfer application and certify that the purchaser is eligible to purchase those securities acquires no rights in those securities other than the right to resell those securities. Whether or not a transfer application is received or the consent of the General Partner obtained, USBO's units are securities and are transferable according to the laws governing transfers of securities.

Any transfer of units will not be recorded by the transfer agent or recognized by the General Partner unless a completed transfer application is delivered to the General Partner or the Administrator. When acquiring units, the transferee of such units that completes a transfer application will:

be an assignee until admitted as a substituted limited partner upon the consent and sole discretion of the General Partner and the recording of the assignment on the books and records of the partnership;

automatically request admission as a substituted limited partner;

agree to be bound by the terms and conditions of, and execute, USBO's LP Agreement;

represent that such transferee has the capacity and authority to enter into USBO's LP Agreement;

grant powers of attorney to the General Partner as general partner of USBO and any liquidator of USBO; and

make the consents and waivers contained in USBO's LP Agreement.

An assignee will become a limited partner in respect of the transferred units upon the consent of the General Partner as general partner of USBO and the recordation of the name of the assignee on USBO's books and records. Such consent may be withheld in the sole discretion of the General Partner.

If consent of the General Partner is withheld, such transferee shall be an assignee. An assignee shall have an interest in the partnership equivalent to that of a limited partner with respect to allocations and distributions, including, without limitation, liquidating distributions, of the partnership. With respect to voting rights attributable to units that are held by assignees, the General Partner shall be deemed to be the limited partner with respect thereto and shall, in exercising the voting rights in respect of such units on any matter, vote such units at the written direction of the assignee who is the record holder of such units. If no such written direction is received, such units will not be voted. An assignee shall have no other rights of a limited partner.

Until a unit has been transferred on USBO's books, USBO and the transfer agent may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Withdrawal of Limited Partners

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 regulations applicable to the partnership or a partner. In these circumstances, the General Partner without notice may require the withdrawal at any time, or retroactively. The limited partner thus designated shall

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withdraw from the partnership or withdraw that portion of its partner capital account specified, as the case may be, as of the close of business on such date as determined by the General Partner. The limited partner thus designated shall be deemed to have withdrawn from the partnership or to have made a partial withdrawal from its partner capital account, as the case may be, without further action on the part of the limited partner and the provisions of the LP Agreement shall apply.

What is the Plan of Distribution?

Buying and Selling Units

Most investors buy and sell units of USBO in secondary market transactions through brokers. Units trade on the NYSE Arca under the ticker symbol `BNO`. Units are bought and sold throughout the trading day like other publicly traded securities. When buying or selling units through a broker, most investors incur customary brokerage commissions and charges. Investors are encouraged to review the terms of their brokerage account for details on applicable charges and, as discussed below under `U.S. Federal Income Tax Considerations`, any provisions authorizing the broker to borrow units held on your behalf.

Marketing Agent and Authorized Purchasers

The offering of USBO's units is a best efforts offering. USBO continuously offers Creation Baskets consisting of 50,000 units through the Marketing Agent, to Authorized Purchasers. Authorized Purchasers pay a \$350 fee for each order they place to create or redeem one or more Creation Baskets through May 1, 2014; on and after May 2, 2014, the fee increases to \$1,000. The Marketing Agent receives, for its services as marketing agent to USBO, a marketing fee of 0.06% on USBO's assets up to the first \$3 billion; and 0.04% on USBO's assets in excess of \$3 billion; provided, however, that in no event may the aggregate compensation paid to the Marketing Agent and any affiliate of the General Partner for distribution-related services in connection with this offering exceed ten percent (10%) of the gross proceeds of this offering.

The offering of baskets is being made in compliance with Conduct Rule 2310 of FINRA. Accordingly, Authorized Purchasers will not make any sales to any account over which they have discretionary authority without the prior written approval of a purchaser of units.

The per unit price of units offered in Creation Baskets on any subsequent day will be the total NAV of USBO calculated shortly after the close of the core trading session on the NYSE Arca on that day divided by the number of issued and outstanding units. An Authorized Purchaser is not required to sell any specific number or dollar amount of units.

By executing an Authorized Purchaser Agreement, an Authorized Purchaser becomes part of the group of parties eligible to purchase baskets from, and put baskets for redemption to, USBO. 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.

A list of Authorized Purchasers is available from the Marketing Agent. Because new units can be created and issued on an ongoing basis, at any point during the life of USBO, a `distribution`, as such term is used in the 1933 Act, will be occurring. Authorized Purchasers, other broker-dealers and other persons are cautioned that some of their activities may result in their being deemed participants in a distribution in a manner that would render them statutory underwriters and subject them to the prospectus-delivery and liability provisions of the 1933 Act. In addition, any

purchaser who purchases units with a view towards distribution of such units may be deemed to be a statutory underwriter.

Authorized Purchasers will comply with the prospectus-delivery requirements in connection with the sale of units to customers. For example, an Authorized Purchaser, other broker-dealer firm or its client will be deemed a statutory underwriter if it purchases a basket from USBO, breaks the basket down into the constituent units and sells the units to its customers; or if it chooses to couple the creation of a supply of new units with an active selling effort involving solicitation of secondary market demand for the units. Authorized Purchasers may also engage in secondary market transactions in units that would not be deemed underwriting. For example, an Authorized Purchaser may act in the capacity of a broker or dealer with respect to units that were previously distributed by other Authorized Purchasers. A determination of whether a particular market participant is an underwriter must take into account all the facts and circumstances

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pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that would lead to designation as an underwriter and subject them to the prospectus-delivery and liability provisions of the 1933 Act.