United States 12 Month Natural Gas Fund, LP
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April 05, 2011

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Registration No. 333-144409

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

POST-EFFECTIVE AMENDMENT NO. 3
TO
FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

United States 12 Month Natural Gas 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)	26-0431733 (I.R.S. Employer Identification Number)

United States Commodity Funds LLC 1320 Harbor Bay Parkway, Suite 145 Alameda, California 94502 510.522.9600 (Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)	Nicholas D. Gerber 1320 Harbor Bay Parkway, Suite 145 Alameda, California 94502 510.522.9600 (Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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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

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PROSPECTUS

United States 12 Month Natural Gas Fund, LP

28,400,000 Units

United States 12 Month Natural Gas Fund, LP, a Delaware limited partnership, is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. United States 12 Month Natural Gas Fund, LP is referred to as US12NG throughout this document. The investment objective of US12NG 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 natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the average of the prices of 12 futures contracts on natural gas traded on the New York Mercantile Exchange, consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the following eleven consecutive months, less US12NG s expenses. When calculating the daily movement of the average price of the 12 contracts each contract month will be equally weighted.

US12NG will continuously offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. A list of US12NG s current authorized purchasers is available from the marketing agent. Authorized purchasers will pay a transaction fee of $1,000 for each order to create one or more baskets. The units are listed on the NYSE Arca under the symbol UNL .

Authorized purchasers may purchase creation baskets of 100,000 units. The per unit price of units on a particular day will be the total net asset value of US12NG 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.

Authorized purchasers are the only persons that may place orders to create and redeem baskets. 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. Authorized purchasers that offer to the public units from the baskets they create will do so at per-unit offering prices that are expected to reflect, among other factors, the trading price of the units on the NYSE Arca, the net asset value of US12NG at the time the authorized purchaser purchased the creation basket and the net asset value of the units at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the natural gas futures contract market and the market for other natural gas-related investments. The prices of units offered by authorized purchasers are expected to fall between US12NG s net asset value and the trading price of the units on the NYSE Arca at the time of sale. The difference between the price paid by authorized purchasers as underwriters and the price paid to such authorized purchasers by investors will be deemed underwriting compensation. Units initially comprising the same basket but offered by authorized purchasers to the public at different times may have different offering prices. Units trade in the secondary market on the NYSE Arca. Units may trade in the secondary market at prices that are lower or higher relative to their net asset value per unit. The amount of the discount or premium in the trading price relative to the net asset value per unit may be influenced by various factors, including the number of investors who seek to purchase or sell units in the secondary market and the liquidity of the natural gas futures contract market and the market for other natural gas-related investments. Authorized purchasers are not required to sell any specific number or dollar amount of units.

US12NG 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 US12NG include:

Investing in natural gas interests subjects US12NG to the risks of the natural gas industry which could result in large fluctuations in the price of US12NG s units.

If certain correlations do not exist, then investors may not be able to use US12NG as a cost-effective way to invest indirectly in natural gas or as a hedge against the risk of loss in natural gas-related transactions.

US12NG does not expect to make cash distributions.

US12NG and its general partner may have conflicts of interest, which may permit them to favor their own interests to your detriment.

This is a best efforts offering: the marketing agent is not required to sell any specific number or dollar amount of units, but will use its best efforts to sell units. An authorized purchaser is under no obligation to purchase units. This is intended to be a continuous offering and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended if and when no suitable investments for US12NG are available or practicable.

Investing in US12NG involves other significant risks. See What Are the Risk Factors Involved with an Investment in US12NG? beginning on page 12.

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

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

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

	Per Unit	Per Basket
Price of the units*	$34.27	$3,427,000

* Based on US12NG s closing net asset value on April 1, 2011. The price may vary based on the net asset value on a particular day.

The date of this prospectus is [ ], 2011.

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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 A 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 SUCH 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 BEGINNING ON PAGE 102 AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, ON PAGE 7.

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, BEGINNING ON PAGE 12.

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.

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Until [   ], 2011 (25 days after the date of this prospectus), all dealers effecting transactions in the offered units, whether or not participating in this distribution, may be required to deliver a prospectus. This requirement is in addition to the obligations of dealers to deliver a prospectus when acting as underwriters and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This is only a summary of the prospectus and, while it contains material information about US12NG and its units, it does not contain or summarize all of the information about US12NG 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 US12NG? beginning on page 12, before making an investment decision about the units.

Overview of US12NG

United States 12 Month Natural Gas Fund, LP, a Delaware limited partnership (US12NG or Us or We), is a commodity pool that issues units that may be purchased and sold on the NYSE Arca. US12NG was organized as a limited partnership under Delaware law on June 27, 2007. US12NG is operated pursuant to the Amended and Restated Agreement of Limited Partnership dated October 30, 2009 (LP Agreement), which is included as Appendix B. It is managed and controlled by its general partner, United States Commodity Funds LLC (formerly known as Victoria Bay Asset Management, LLC) (General Partner). The General Partner is a single member limited liability company formed in Delaware on May 10, 2005, that is registered as a commodity pool operator (CPO) with the Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). Prior to June 13, 2008, the General Partner s name was Victoria Bay Asset Management, LLC. US12NG pays the General Partner a management fee of 0.75% of NAV on its average net assets.

US12NG continuously offers baskets consisting of 100,000 units (Creation Baskets) to Authorized Purchasers through ALPS Distributors, Inc., which is the Marketing Agent for US12NG. An Authorized Purchaser, in turn, may offer to the public Units of any baskets it creates. The units trade on the NYSE Arca at prices that may be lower or higher than the net asset value (NAV) per unit. US12NG commenced operations on November 18, 2009 and its units trade on the NYSE Arca under the ticker symbol UNL .

The net assets of US12NG consist primarily of investments in futures contracts for natural gas, crude oil, heating oil, gasoline and other petroleum-based fuels that are traded on the New York Mercantile Exchange (NYMEX), ICE Futures, or other U.S. and foreign exchanges (such futures contracts, collectively, Futures Contracts) and, to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other natural gas-related investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, cleared swap contracts, and non-exchange traded (over-the-counter or OTC) transactions that are based on the price of natural gas, crude oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, Other Natural Gas-Related Investments). Market conditions that the General Partner currently anticipates could cause US12NG to invest in Other Natural Gas-Related Investments include those allowing US12NG to obtain greater liquidity or to execute transactions with more favorable pricing. For convenience and unless otherwise specified, Futures Contracts and Other Natural Gas-Related Investments collectively are referred to as Natural Gas Interests in this prospectus. The General Partner is authorized by US12NG in its sole judgment to employ, establish the terms of employment for, and terminate commodity trading advisors or futures commission merchants.

US12NG invests in Natural Gas 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 Natural Gas Interests. In pursuing this objective, the primary focus of the General Partner is US12NG s investment. After fulfilling the margin and collateral requirements with respect to US12NG s Natural Gas Interests, the General Partner invests the remainder of US12NG s proceeds from the sale of Creation Baskets in short-term obligations of the United States of two years or less (Treasuries), or cash equivalents for margining purposes, and/or merely holds such assets in cash (generally in interest bearing accounts).

The investment objective of US12NG is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the average of the prices of 12 futures contracts on natural gas traded on the NYMEX (the Benchmark Futures Contracts), consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months contracts, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contracts that are the next month contract to expire and the contracts for the following eleven consecutive months, less US12NG s expenses. When calculating the daily movement of the average price of

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the 12 contracts, each contract month will be equally weighted. It is not the intent of US12NG to be operated in a fashion such that its NAV will equal, in dollar terms, the spot price of natural gas or any particular futures contract based on natural gas.

The General Partner believes that holding futures contracts whose expiration dates are spread out over a 12 month period of time will cause the total return of such a portfolio to vary compared to a portfolio that holds only a single month s contract (such as the near month contract). In particular, the General Partner believes that the total return of a portfolio holding contracts with a range of expiration months will be impacted differently by the price relationship between different contract months of the same commodity future compared to the total return of a portfolio consisting of the near month contract. For example, in cases in which the near month contract s price is higher than the price of contracts that expire later in time (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in natural gas prices the value of the near month contract would tend to rise as it approaches expiration. Conversely, in cases in which the near month contract s price is lower than the price of contracts that expire later in time (a situation known as contango in the futures markets), then absent the impact of the overall movement in natural gas prices the value of the near month contract would tend to decline as it approaches expiration. The total return of a portfolio that owned the near month contract and rolled forward each month by selling the near month contract as it approached expiration and purchasing the next month to expire would be positively impacted by a backwardation market, and negatively impacted by a contango market. Depending on the exact price relationship of the different month s prices, portfolio expenses, and the overall movement of natural gas prices, the impact of backwardation and contango could have a major impact on the total return of such a portfolio over time. The General Partner believes that based on historical evidence a portfolio that held futures contracts with a range of expiration dates spread out over a 12 month period of time would typically be impacted less by the positive effect of backwardation and the negative effect of contango compared to a portfolio that held contracts of a single near month. As a result, absent the impact of any other factors, a portfolio of 12 different monthly contracts would tend to have a lower total return than a near month only portfolio in a backwardation market and a higher total return in a contango market. However there can be no assurance that such historical relationships would provide the same or similar results in the future.

It is not the intent of US12NG to be operated in a fashion such that its NAV will equal, in dollar terms, the spot price of natural gas or any particular futures contract or contracts based on natural gas. US12NG will 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?

The General Partner endeavors to place US12NG s trades in Futures Contracts and Other Natural Gas-Related Investments and otherwise manage US12NG s investments so that A will be within plus/minus 10 percent of B , where:

A is the average daily percentage change in US12NG s NAV for any period of 30 successive valuation days, i.e., any NYSE Arca trading day as of which US12NG calculates its NAV, and
B is the average daily percentage change in the average of the prices of the Benchmark Futures Contracts over the same period.

An investment in the units is intended to allow both retail and institutional investors to easily gain exposure to the natural gas market in a cost-effective manner. The units are also expected to provide additional means for diversifying an investor s investments or hedging exposure to changes in natural gas prices.

The composition of the Benchmark Futures Contracts is changed or rolled by selling the near month contract during one day and buying the contract which at that time is the thirteenth month contract. For example, the Benchmark Futures Contracts on June 1 of any given year would include the near month contract that would expire in July, and the next eleven contract months, which would be August of the current year through June of the following year, for a total of 12 months. When the July contract is within two weeks of expiration, the Benchmark would no longer make use of the July contract of the current year and would

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instead add the July contract of the next year. The Benchmark Futures Contracts would remain 12 consecutive contract months but they would now consist of the August contract of the current year through the July contract of the next year.

The General Partner believes that market arbitrage opportunities cause daily changes in US12NG s unit price on the NYSE Arca to closely track daily changes in US12NG s NAV per unit. The General Partner further believes that the daily changes in the prices of the Benchmark Futures Contracts have historically closely tracked the daily changes in the spot prices of natural gas. The General Partner believes that the net effect of these two expected relationships and the expected relationship described above between US12NG s NAV and the Benchmark Futures Contracts, will be that changes in the price of US12NG s units on the NYSE Arca will continue to closely track, in percentage terms, the daily changes in the spot price of natural gas, less US12NG s expenses.

The General Partner employs a neutral investment strategy intended to track the changes in the price of the Benchmark Futures Contracts regardless of whether these prices go up or go down. US12NG s neutral investment strategy is designed to permit investors generally to purchase and sell US12NG s units for the purpose of investing indirectly in natural gas in a cost-effective manner, and/or to permit participants in the natural gas markets or other industries to hedge the risk of losses in their natural gas-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in natural gas and/or the risks involved in hedging may exist. In addition, an investment in US12NG involves the risk that the changes in the price of US12NG s units will not accurately track the changes in the average of the prices of the Benchmark Futures Contracts. For example, US12NG also invests in Treasuries and holds cash to be used to meet its current or potential margin or collateral requirements with respect to its investments in Futures Contracts and Other Natural Gas-Related Investments. US12NG invests cash not required to be used as margin or collateral. US12NG does not expect there to be any meaningful correlation between the performance of its investments in Treasuries, cash or cash equivalents and the changes in the price of natural gas. While the level of interest earned on or the market price of these investments may in some respect correlate to changes in the price of natural gas, this correlation is not anticipated as part of US12NG s efforts to meet its objectives. This and certain risk factors discussed in this prospectus may cause a lack of correlation between the changes in US12NG s NAV and the changes in the price of natural gas. The General Partner does not intend to operate US12NG in a fashion such that its per unit NAV will equal, in dollar terms, the spot price of natural gas or any particular futures contract based on natural gas.

US12NG creates units only in Creation Baskets and redeems units only in blocks of 100,000 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 US12NG at the time the Authorized Purchaser purchased the Creation Baskets and the NAV at the time of the offer of the units to the public, the supply of and demand for units at the time of sale, and the liquidity of the Futures Contracts market and the market for Other Natural Gas-Related Investments. The prices of units offered by Authorized Purchasers are expected to fall between US12NG 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.

All proceeds from the sale of Creation Baskets are invested as quickly as practicable in the investments described in this prospectus. Investments and related margin or collateral are held through US12NG s custodian, Brown Brothers Harriman & Co. (the Custodian), in accounts with US12NG s commodity futures brokers, or in some instances when agreed to by US12NG, in collateral accounts held by third parties with respect to its non-exchange traded or cleared over-the-counter Other Natural Gas-Related Investments.

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There is no stated maximum time period for US12NG s operations and the fund will continue until all units are redeemed or the fund is liquidated pursuant to the terms of the LP Agreement.

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 US12NG 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 US12NG at that time will not enable it to meet its stated investment objectives. In this regard, the General Partner also manages the United States Natural Gas Fund, LP (USNG) that currently invests in near-month and next month to expire futures contracts for natural gas primarily traded on the NYMEX. Any futures contracts held by USNG will be aggregated with the ones held by US12NG in determining NYMEX accountability levels and position limits.

Units may also be purchased and sold by individuals and entities that are not Authorized Purchasers in smaller increments than Creation Baskets on the NYSE Arca. However, these transactions are effected at bid and ask prices established by specialist firm(s). Like any listed security, units of US12NG can be purchased and sold at any time a secondary market is open.

In managing US12NG 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 Natural Gas-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 US12NG only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket consists of 100,000 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 US12NG. Some of the information contained in this prospectus, including information about buying and redeeming units directly from and to US12NG 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.

The Units

The units are registered under the Securities Act of 1933 (1933 Act) and the Securities Exchange Act of 1934 (Exchange Act) and do not provide dividend rights or conversion rights and there are not sinking funds. The units may only be redeemed when aggregated in Redemption Baskets as discussed under Creation and Redemption of Units and limited partners have limited voting rights as discussed under Who is the General Partner? Cumulative voting is neither permitted nor required and there are no preemptive rights. As discussed in the LP Agreement, upon liquidation of US12NG, its assets will be distributed pro rata to limited partners based upon the number of units held. Each limited partner will receive its share of the assets in cash or in kind, and the proportion of such share that is received in cash may vary from partner to partner, as the General Partner in its sole discretion may decide.

This is a continuous offering under Rule 415 of the 1933 Act and is not expected to terminate until all of the registered units have been sold or three years from the date of the prospectus, whichever is earlier, although the offering may be temporarily suspended during such period when suitable investments for US12NG 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. As discussed above, the minimum purchase requirement for Authorized Purchasers is a Creation Basket, which consists of 100,000 units. Under the plan of distribution, US12NG does not require a minimum purchase amount for investors who purchase units from Authorized Purchasers. There are no arrangements to place funds in an escrow, trust, or similar account.

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US12NG s Investments in Natural Gas Interests

A brief description of the principal types of Natural Gas Interests in which US12NG may invest is set forth below.

A futures contract is an exchange-traded contract with standard terms that calls for the delivery of a specified quantity of a commodity at a specified price, on a specified date and at a specified location. In the commodity futures market, a series of consecutive monthly contracts traded together, or whose returns are calculated together, is commonly referred to as a strip (some examples would be a six month strip , a twelve month strip , or, if all twelve months fell in the same year, a calendar strip).

A forward contract is a non-standardized, non-exchange-traded (over the counter) bilateral contract for the purchase or sale of a specified quantity of a commodity at a specified price, on a specified date and at a specified location.

An over-the-counter swap (also referred to as an over-the-counter transaction or uncleared swap) is a non-exchange traded bilateral contract to exchange a periodic stream of payments determined by reference to a notional amount, with one party s payments determined by reference to a specified price for an underlying asset or index, and the other s determined by reference to the current market price of that asset or index.

A cleared swap is a standard contract to exchange a periodic stream of payments determined by reference to a notional amount, with one party s payments determined by reference to a specified price for an underlying asset or index, and the other s determined by reference to the current market price of that asset or index. Cleared swaps may be executed bilaterally or on an exchange or other trading platform but must then be accepted for clearing by a clearinghouse. Unlike exchange-traded contracts, over-the-counter contracts expose US12NG to the credit risk of the other party to the contract. (As discussed below, exchange-traded contracts may expose US12NG to the risk of the clearing broker s and/or the exchange clearinghouse(s) bankruptcy.) The General Partner does not currently intend to purchase and sell commodities in the spot market for US12NG. Spot market transactions are cash transactions in which the buyer and seller agree to the immediate purchase and sale of a commodity, usually with a two-day settlement.

An option on a futures contract, forward contract or a commodity on the spot market gives the buyer of the option the right, but not the obligation, to buy or sell a futures contract, forward contract or a commodity as applicable, at a specified price on or before a specified date. Options on futures contracts, like the future contracts to which they relate, are standardized contracts traded on an exchange, while options on forward contracts and commodities generally are individually negotiated, over the counter contracts.

A more detailed description of Natural Gas Interests and other aspects of the natural gas and natural gas interest markets can be found later in this prospectus.

As noted, US12NG invests primarily in Futures Contracts, including those traded on the New York Mercantile Exchange. US12NG expressly disclaims any association with such Exchange or endorsement of US12NG by such Exchange and acknowledges that NYMEX and New York Mercantile Exchange are registered trademarks of such Exchange.

Principal Investment Risks of an Investment in US12NG

An investment in US12NG 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 12.

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, US12NG generally does not distribute cash to limited partners or other unitholders. You should not invest in US12NG if you will need cash distributions from US12NG to pay taxes on your share of income and gains of US12NG, if any, or for any other reason.

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There is the risk that the changes in the price of US12NG s units on the NYSE Arca will not closely track the changes in the spot price of natural gas. This could happen if the price of units traded on the NYSE Arca does not correlate closely with US12NG s NAV; the changes in US12NG s NAV do not closely correlate with the changes in the average of the prices of the Benchmark Futures Contracts; or the changes in the average of the prices of the Benchmark Futures Contracts do not closely correlate with the changes in the cash or spot price of natural gas. This is a risk because if these correlations do not exist, then investors may not be able to use US12NG as a cost-effective way to invest indirectly in natural gas or as a hedge against the risk of loss in natural gas-related transactions.

US12NG seeks to have the daily changes in its units NAV in percentage terms track daily changes in the Benchmark Futures Contracts in percentage terms rather than profit from speculative trading of Natural Gas Interests. The General Partner will therefore endeavor to manage US12NG s positions in Natural Gas Interests so that US12NG s assets are, unlike those of other commodity pools, not leveraged (i.e., so that the aggregate value of US12NG s unrealized losses from its investments in such Natural Gas Interests at any time will not exceed the value of US12NG s assets). There is no assurance that the General Partner will successfully implement this investment strategy. If the General Partner permits US12NG to become leveraged, you could lose all or substantially all of your investment if US12NG s trading positions suddenly turn unprofitable. 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.

As described above the Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, except during the last two weeks of the current month when the near month contract is sold and replaced by the futures contract for the thirteenth month following the current month. The price relationship among these contracts will vary and may impact both the total return over time of US12NG s NAV, as well as the degree to which its total return tracks other natural gas price indices total returns. In cases in which the near month contract s price is lower than the twelfth month contract s price (a situation known as contango in the futures markets), then absent the impact of the overall movement in natural gas prices the value of the near month contract would tend to decline as it approaches expiration. In cases in which the near month contract s price is higher than the twelfth month contract s price (a situation known as backwardation in the futures markets), then absent the impact of the overall movement in natural gas prices the value of the near month contract would tend to rise as it approaches expiration. A portfolio, such as US12NG s, that consists of twelve different monthly contracts that roll just one month as described above, will be impacted differently by contango and backwardation than a portfolio that consists of just the near month contract that rolls each month to the next month contract.

Investors may choose to use US12NG as a means of investing indirectly in natural gas and there are risks involved in such investments. The risks and hazards that are inherent in the natural gas industry may cause the price of natural gas to widely fluctuate. The exploration for, and production of, natural gas is an uncertain process with many risks. The cost of drilling, completing and operating wells for natural gas is often uncertain, and a number of factors can delay or prevent drilling operations or production.

Investors, including those who directly participate in the natural gas market, may choose to use US12NG as a vehicle to hedge against the risk of loss and there are risks involved in hedging activities. 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.

US12NG invests primarily in Futures Contracts, and particularly in Futures Contracts traded on the NYMEX. US12NG expects to invest primarily in Futures Contracts that are traded in the United States. However, a portion of US12NG s trades may take place in markets and on exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree

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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 US12NG to credit risk. Trading in non-U.S. markets also leaves US12NG susceptible to fluctuations in the value of the local currency against the U.S. dollar.

US12NG may also invest in Other Natural Gas-Related Investments, many of which are negotiated contracts that are not as liquid as Futures Contracts and expose US12NG to credit risk that its counterparty may not be able to satisfy its obligations to US12NG.

US12NG will pay fees and expenses that are incurred regardless of whether it is profitable.

You will have no rights to participate in the management of US12NG and will have to rely on the duties and judgment of the General Partner to manage US12NG.

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

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, along with the SEC and other federal regulators, has 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 US12NG s ability to meet its investment objective either through limits or requirements imposed on it or upon its counterparties.

Cash or property will be distributed at the sole discretion of the General Partner, and the General Partner currently does not intend to make cash or other distributions with respect to units. You will be required to pay U.S. federal income tax and, in some cases, state, local, or foreign income tax on your allocable share of a US12NG 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 US12NG?

Principal Offices of US12NG and the General Partner

US12NG s principal office is located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The General Partner s principal office is also located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The telephone number for each of US12NG and the General Partner is 510.522.9600.

Financial Condition of US12NG

US12NG s NAV is calculated shortly after the close of the core trading session on the NYSE Arca.

Defined Terms

For a glossary of defined terms, see Appendix A.

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Breakeven Analysis

The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical investment in a single unit to equal the amount invested twelve months after the investment was made. For purposes of this breakeven analysis, we have assumed the initial selling price per unit of $34.27 which equals the net asset value per unit on March 31, 2011. 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	$ 34.27
Management Fee (0.75%)[1]	$ 0.26
Creation Basket Fee[2]	$ (0.01)
Estimated Brokerage Fee (0.07%)[3]	$ 0.02
Interest Income (0.10%)[4]	$ (0.03)
NYMEX Licensing Fee[5]	$ 0.01
Independent Directors and Officers Fees[6]	$ 0.01
Fees and expenses associated with tax accounting and reporting[7]	$ 0.13
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	$ 0.39
Percentage of initial selling price per unit	1.00 %

(1) US12NG 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 net assets.

(2) Authorized Purchasers are required to pay a fee of $1,000 for each order they place to create or redeem one or more baskets. An order must be at least one basket, which is 100,000 units. This breakeven analysis assumes a hypothetical investment in a single unit so the fee is $.01 (1,000/100,000).

(3) This amount is based on the actual brokerage fees for US12NG calculated on an annualized basis.

(4) US12NG earns interest on funds it deposits with the futures commission merchant and the Custodian and it estimates that the interest rate will be 0.13% based on the current interest rate on three-month Treasury Bills as of March 30, 2011. The actual rate may vary.

(5) Assuming the aggregate assets of US12NG and the Related Public Funds are $1,000,000,000 or more, the NYMEX licensing fee is 0.02%. For more information see Fees of US12NG.

(6) The foregoing assumes that the assets of US12NG are aggregated with those of the Related Public Funds, that the aggregate fees to be paid to the independent directors in 2010 was $1,107,140, that the allocable portion of the fees borne by US12NG equals $7,571, and that US12NG has $41.1million in assets which is the approximate amount of assets as of March 31, 2011.

(7) US12NG assumed the aggregate costs attributable to tax accounting and reporting for 2010 was $155,000. The number in the break-even table assumes US12NG has $41.1 million in assets which is the approximate amount of assets as of March 31, 2011.

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The Offering

Offering

US12NG is offering Creation Baskets consisting of 100,000 units through ALPS Distributors, Inc. (Marketing Agent) as marketing agent to Authorized Purchasers. Authorized Purchasers may purchase Creation Baskets consisting of 100,000 units at US12NG s NAV.

Use of Proceeds:

The General Partner applies substantially all of US12NG s assets toward trading in Futures Contracts and Other Natural Gas-Related Investments and investing in Treasuries, cash and/or cash equivalents. The General Partner deposits a portion of US12NG s net assets with the futures commission merchant, UBS Securities LLC, or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in Futures Contracts and other Natural Gas-Related Investments. US12NG uses only Treasuries, cash and/or cash equivalents to satisfy these requirements. The General Partner believes that all entities that will hold or trade US12NG s assets are based in the United States and will be subject to United States regulations. Approximately 5% to 10% of US12NG s assets have normally been committed as margin for Futures Contracts and collateral for Other Natural Gas-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 US12NG s assets is held in Treasuries, cash and/or cash equivalents by the Custodian. All interest income earned on these investments is retained for US12NG s benefit.

NYSE Arca Symbol:

UNL

Creation and Redemption:

Authorized Purchasers pay a $1,000 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets. Authorized Purchasers are not required to sell any specific number or dollar amount of units. The per unit price of units offered in Creation Baskets on any day is the total NAV of US12NG calculated shortly after the close of the core trading session of the NYSE Arca on that day divided by the number of issued and outstanding 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.

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 Depository Trust Company (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. Beneficial interests in units will be held through DTC s book-entry system which means that unitholders are limited to

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participants in DTC such as banks, brokers, dealers and trust companies (DTC Participants),

those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant (Indirect Participants), and

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 will be credited to DTC Participants securities accounts following confirmation of receipt of payment.

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

Net Asset Value:

The NAV is calculated by taking the current market value of US12NG s total assets and subtracting any liabilities. Under US12NG s current operational procedures, the Administrator calculates the NAV of US12NG once each NYSE Arca trading day. The NAV for a particular trading day is released after 4:00 p.m. New York time. Trading during the core trading session of the NYSE Arca typically closes at 4:00 p.m. New York time. The Administrator uses the NYMEX closing price (determined at the earlier of the close of the NYMEX or 2:30 p.m. New York time) for the contracts held on the NYMEX, but calculates or determines the value of all other US12NG investments as of the earlier of the close of the New York Stock Exchange or 4:00 p.m. New York time. The NYSE Arca currently calculates an approximate net asset value every 15 seconds throughout each day US12NG s units are traded on the NYSE Arca for as long as the NYMEX s main pricing mechanism is open.

Fund Expenses:

US12NG pays the General Partner a management fee of 0.75% of NAV on its average net assets. Since inception through April 30, 2010 the General Partner has been charging US12NG a management fee at a reduced rate of 0.60% per annum of average daily net assets. Effective May 1, 2010, the General Partner resumed charging its standard rate of 0.75% per annum of average daily net assets. The difference of 0.15% per annum of average daily net assets since inception through April 30, 2010 has been waived by the General Partner and will not be recouped from US12NG. Brokerage fees for Treasuries, Futures Contracts, and Other Natural Gas-Related Investments were 0.07% of average net assets on an annualized basis through April 30, 2010 and are paid to unaffiliated brokers. US12NG 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 are paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units are borne by US12NG. The licensing fee paid to the NYMEX is 0.04% of NAV for the first $1,000,000,000 of assets and 0.02% of NAV after the first $1,000,000,000 of assets. The assets of US12NG are aggregated with those of the Related Public Funds, other than USBO and USCI, for the purpose of calculating the

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NYMEX licensing fee. US12NG 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 US12NG. These director fees and expenses may be shared with other funds managed by the General Partner. These fees and expenses for 2010 were $1,107,140, and US12NG s portion of such fees and expenses was $7,571. The General Partner, and not US12NG, is responsible for payment of the fees of US12NG s Marketing Agent, Administrator and Custodian. US12NG and/or the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances. US12NG also pays the fees and expenses associated with its tax accounting and reporting requirements with the exception of certain initial implementation services fees and base services fees which were paid by the General Partner. These fees were approximately $155,000 on behalf of the Related Public Funds, other than USCI, for the fiscal year ended December 31, 2010. 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 US12NG to the extent that such expenses exceeded 0.15% (15 basis points) of US12NG s NAV, on an annualized basis. The General Partner has no obligation to continue such payment into subsequent years. The total amount of these costs paid by the General Partner, through December 31, 2010, was $288,366.

Termination Events:

US12NG shall continue in effect from the date of its formation in perpetuity, unless sooner terminated upon the occurrence of any one or more of the following events: the death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of a General Partner who is the sole remaining General Partner, unless a majority in interest of limited partners within ninety (90) days after such event elects to continue the partnership and appoints a successor general partner; or the affirmative vote of a majority in interest of the limited partners subject to certain conditions. Upon termination of the partnership, the affairs of the partnership shall be wound up and all of its debts and liabilities discharged or otherwise provided for in the order of priority as provided by law. The fair market value of the remaining assets of the partnership shall then be determined by the General Partner. Thereupon, the assets of the partnership shall be distributed pro rata to the partners in accordance with their units.

Authorized Purchasers:

US12NG 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 US12NG?

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 US12NG 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 Natural Gas

Investing in Natural Gas Interests subjects US12NG to the risks of the natural gas industry and this could result in large fluctuations in the price of US12NG s units.

US12NG is subject to the risks and hazards of the natural gas industry because it invests in Natural Gas Interests. The risks and hazards that are inherent in the natural gas industry may cause the price of natural gas to widely fluctuate. If the daily changes in percentage terms of US12NG s units accurately track the daily changes in percentage terms in the Benchmark Futures Contracts or the spot price of natural gas, then the price of its units may also fluctuate. The exploration for, and production of, natural gas is an uncertain process with many risks. The cost of drilling, completing and operating wells for natural gas is often uncertain, and a number of factors can delay or prevent drilling operations or production, 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.

Natural gas transmission, distribution, gathering, and processing activities involve numerous risks that may affect the price of natural gas.

There are a variety of hazards inherent in natural gas 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 natural gas, scheduled and unscheduled maintenance, physical damage to the gathering or transportation system, and other hazards which could affect the price of natural gas. To the extent these hazards limit the supply or delivery of natural gas, natural gas prices will increase.

The price of natural gas may fluctuate on a seasonal basis and this would result in fluctuations in the price of US12NG s units.

Natural gas prices fluctuate seasonally. For example, in some parts of the United States and other markets, the natural gas demand for power peaks during the cold winter months, with market prices peaking at that time. As a result, in the future, the overall price of natural gas may fluctuate substantially on a seasonal basis, which may make consecutive period to period comparisons less relevant.

Natural gas transmission and storage operations are subject to government regulations and rate proceedings which could have an impact on the price of natural gas.

Natural gas transmission and storage operations in North America are subject to regulation and oversight by the Federal Energy Regulatory Commission, various state regulatory agencies, and Canadian regulatory authorities. These regulatory bodies have the authority to effect rate settlements on natural gas storage, transmission and distribution services. As a consequence, the price of natural gas may be affected by a change in the rate settlements effected by one or more of these regulatory bodies.

The price of US12NG s units may be influenced by factors such as the short-term supply and demand for natural gas and the short-term supply and demand for US12NG s units. This may cause the units to trade at a price that is above or below US12NG s NAV per unit. Accordingly, changes in the price of units may substantially vary from the changes in the spot price of natural gas. If this variation occurs, then you may not be able to effectively use US12NG as a way to hedge against natural gas-related losses or as a way to indirectly invest in natural gas.

While it is expected that the trading prices of the units will fluctuate in accordance with the changes in US12NG s NAV, the prices of units may also be influenced by other factors, including the short-term supply and demand for natural gas and the units. There is no guarantee that the units will not trade at appreciable discounts from, and/or premiums to, US12NG s NAV. This could cause the changes in the price of the units to substantially vary from the changes in the price of natural gas. This may be harmful to you because if changes in the price of units vary substantially from changes in the Benchmark Futures Contract or the spot price of natural gas, then you may not be able to effectively use US12NG as a way to hedge the risk of losses in your natural gas-related transactions or as a way to indirectly invest in natural gas.

Changes in US12NG s NAV may not correlate with changes in the price of the Benchmark Futures Contracts. If this were to occur, you may not be able to effectively use US12NG as a way to hedge against natural gas-related losses or as a way to indirectly invest in natural gas.

The General Partner endeavors to invest US12NG s assets as fully as possible in Futures Contracts and Other Natural Gas-Related Investments so that the daily changes in percentage terms in the NAV closely correlate with the daily changes in percentage terms in the price of the Benchmark Futures Contracts. However, the changes in US12NG s NAV may not correlate with the changes in the price of the Benchmark Futures Contracts for several reasons as set forth below:

US12NG (i) may not be able to sell/buy the exact amount of Futures Contracts and Other Natural Gas-Related Investments to have a perfect correlation with NAV; (ii) may not always be able to buy and sell Futures Contracts or Other Natural Gas-Related Investments at the market price; (iii) may not experience a perfect correlation between the Benchmark Futures Contract and the underlying investments in Futures Contracts, Other Natural Gas-Related Investments and Treasuries, cash and/or cash equivalents, and (iv) 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 natural gas may cause the changes in the market price of the Benchmark Futures Contracts to vary from the changes in US12NG s NAV if US12NG 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. In addition, there are also technical differences between the two markets, *e.g.*, one is a physical market while the other is a futures market traded on exchanges, that may cause variations between the spot price of natural gas and the prices of related futures contracts.

US12NG sells and buys only as many Futures Contracts and Other Natural Gas-Related Investments that it can to get the changes in percentage terms of the NAV as close as possible to the changes in percentage terms in the price of the Benchmark Futures Contracts. The remainder of its assets will be invested in Treasuries, cash and/or cash equivalents and will be used to satisfy initial margin and additional margin requirements, if any, and to otherwise support its investments in Natural Gas Interests. Investments in Treasuries, cash and/or cash equivalents, both directly and as margin, will provide rates of return that vary from the changes in the value of the price of natural gas and the price of the Benchmark Futures Contract.

US12NG will incur certain expenses in connection with its operations, and will hold most of its assets in income-producing Treasuries, cash and/or cash equivalents for margin, collateral and other liquidity purposes and to meet redemptions that may be necessary on an ongoing basis. These expenses and income will cause imperfect correlation between changes in US12NG s NAV and changes in the price of the Benchmark Futures Contracts.

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As US12NG grows, there may be more or less correlation. For example, if US12NG only has enough money to buy three Benchmark Futures Contracts and it needs to buy four contracts to track the price of natural gas then the correlation will be lower, but if it buys 20,000 Benchmark Futures Contracts and it needs to buy 20,001 contracts then the correlation will be higher. At certain asset levels, US12NG may be limited in its ability to purchase the Benchmark Futures Contracts or other Futures Contracts due to accountability levels imposed by the relevant exchanges. To the extent that US12NG invests in these other Futures Contracts or Other Natural Gas-Related Investments, the correlation with the Benchmark Futures Contracts may be lower. If US12NG is required to invest in other Futures Contracts and Other Natural Gas-Related Investments that are less correlated with the Benchmark Futures Contracts, US12NG would likely invest in over-the-counter contracts to increase the level of correlation of US12NG s assets. Over-the-counter contracts entail certain risks described below under Over-the-Counter Contract Risk.

US12NG will invest in equal amounts of the Benchmark Futures Contracts. Certain months of these futures contracts may have less liquidity and availability than other months of these future contracts. The inability to purchase and hold the Benchmark Futures Contracts in equal amounts may cause less correlation between the units NAV and the average of the prices of the Benchmark Futures Contracts.

US12NG may not be able to buy the exact number of Futures Contracts and Other Natural Gas-Related Investments to have a perfect correlation with the Benchmark Futures Contracts if the purchase price of 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, US12NG could not invest the entire proceeds from the purchase of the Creation Basket in such futures contracts (for example, assume US12NG receives $5,000,000 for the sale of a Creation Basket and assume that the value of a Futures Contract for natural gas that reflects the prices of the Benchmark Futures Contracts is $69,440, then US12NG could only invest in Futures Contracts with an aggregate value of $4,999,680). US12NG would be required to invest a percentage of the proceeds in cash, Treasuries or other liquid securities to be deposited as margin with the futures commission merchant through which the contract was purchased. The remainder of the purchase price for the Creation Basket would remain invested in Treasuries, cash and/or cash equivalents or other liquid securities as determined by the General Partner from time to time based on factors such as potential calls for margin or anticipated redemptions. If the trading market for Futures Contracts is suspended or closed, US12NG may not be able to purchase these investments at the last reported price for such investments.

US12NG may make use of mini contracts as a way of investing a dollar amount in contracts that may more closely match the dollar amount of net assets of the fund. However, even the use of mini contracts does not completely eliminate the risk that US12NG will not be able to buy or sell the exact number of Futures Contracts necessary. In addition there is a risk that because of the size and relative liquidity of such contracts when compared to standard size Futures Contracts such as the Benchmark Futures Contracts, the price of a smaller contract for a particular month may not equate to the Benchmark Futures Contract for the same month, which could cause the change in the US12NG s per unit price and NAV to vary from changes in the average price of the Benchmark Futures Contracts.

If changes in US12NG s NAV do not correlate with changes in the price of the Benchmark Futures Contracts, then investing in US12NG may not be an effective way to hedge against natural gas-related losses or indirectly invest in natural gas.

The Benchmark Futures Contracts may not correlate with the spot price of natural gas and this could cause changes in the price of the units to substantially vary from changes in the spot price of natural gas. If this were to occur, then you may not be able to effectively use US12NG as a way to hedge against natural gas-related losses or as a way to indirectly invest in natural gas.

When using the Benchmark Futures Contracts as a strategy to track the spot price of natural gas, at best the correlation between changes in prices of such Natural Gas Interests and the spot price of natural gas can

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be only approximate. The degree of imperfection of correlation depends upon circumstances such as variations in the speculative natural gas market, supply of and demand for such Natural Gas Interests and technical influences in futures trading. If there is a weak correlation between the Natural Gas Interests and the spot price of natural gas, then the price of units may not accurately track the spot price of natural gas and you may not be able to effectively use US12NG as a way to hedge the risk of losses in your natural gas-related transactions or as a way to indirectly invest in natural gas.

US12NG may experience a loss if it is required to sell Treasuries or cash equivalents at a price lower than the price at which they were acquired.

If US12NG is required to sell Treasuries or cash equivalents at a price lower than the price at which they were acquired, US12NG will experience a loss. This loss may adversely impact the price of the units and may decrease the correlation between the price of the units, the price of US12NG s Futures Contracts and Other Natural Gas-Related Investments, and the spot price of natural gas. The value of Treasuries and other debt securities generally moves inversely with movements in interest rates. The prices of longer maturity securities are subject to greater market fluctuations as a result of changes in interest rates. While the short-term nature of US12NG s investments in Treasuries and cash equivalents should minimize the interest rate risk to which US12NG is subject, it is possible that the Treasuries and cash equivalents held by US12NG will decline in value.

Certain of US12NG s investments could be illiquid which could cause large losses to investors at any time or from time to time.

At any given time, US12NG may own 12 different monthly natural gas contracts which have differing expiration schedules. The amount of liquidity in the natural gas futures market for each of those months will vary. In some cases certain of those months may have relatively small amounts of open interest and daily trading volume. As a result, US12NG 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 natural gas production or exports, or in another major export, can also make it difficult to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as accountability levels, position limits and daily price fluctuation limits, may contribute to a lack of liquidity with respect to some commodity interests.

Unexpected market illiquidity may cause major losses to investors at any time or from time to time. In addition, US12NG 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 US12NG increases the risk of illiquidity. The Other Natural Gas-Related Investments that US12NG 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 the contract s express limitations.

Because both Futures Contracts and Other Natural Gas-Related Investments may be illiquid, US12NG s Natural Gas 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 participants in futures markets has shifted such that natural gas purchasers are the predominant hedgers in the market, US12NG might have to reinvest at higher futures prices or choose Other Natural Gas-Related Investments.

The changing nature of the participants in the natural gas 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, natural gas 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 natural gas who purchase futures contracts to hedge against a rise in prices, then

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speculators will only take the short side of the futures contract if the futures price is greater than the expected future spot price of natural gas. This can have significant implications for US12NG when it is time to reinvest the proceeds from a maturing Futures Contract into a new Futures Contract.

While US12NG does not intend to take physical delivery of natural gas under its Futures Contracts, physical delivery under such contracts impacts the value of the contracts.

While it is not the current intention of US12NG to take physical delivery of natural gas 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 natural gas could result in costs and other liabilities that could impact the value of Futures Contracts or Other Natural Gas-Related Investments. Storage costs include the time value of money invested in natural gas as a physical commodity plus the actual costs of storing the natural gas less any benefits from ownership of natural gas 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 natural gas while US12NG holds Futures Contracts or Other Natural Gas-Related Investments, the value of the Futures Contracts or Other Natural Gas-Related Investments, and therefore US12NG s NAV, may change as well. Because it holds Futures Contracts that will mature up to 13 months later than the spot or current month, US12NG s NAV will be impacted more from the changes in storage costs than would the NAV of a fund that holds more current futures contracts.

The price relationship between the near month contract and the other monthly contracts that compose the Benchmark Futures Contracts will vary and may impact both the total return over time of US12NG s NAV, as well as the degree to which its total return tracks other natural gas price indices total returns.

The design of US12NG s Benchmark Futures Contracts consist of the near month contract to expire and the contracts for the following eleven months, except during the last two weeks of the current month when the near month contract is sold and replaced by the futures contract for the thirteenth month following the current month. In the event of a natural gas futures market where near month contracts trade at a higher price than the price of contracts that expire later in time, a situation described as backwardation in the futures market, then absent the impact of the overall movement in natural gas 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 natural gas futures market where near month contracts trade at a lower price than the price of contracts that expire later in time, a situation described as contango in the futures market, then absent the impact of the overall movement in natural gas prices the value of the benchmark contract would tend to decline as it approaches expiration. As a result the total return of the Benchmark Futures Contract would tend to track lower. When compared to total return of other price indices, such as the spot price of natural gas, the impact of backwardation and contango may lead the total return of US12NG s NAV to vary significantly. In the event of a prolonged period of contango, and absent the impact of rising or falling natural gas prices, this could have a significant negative impact on US12NG s NAV and total return. Furthermore, a portfolio that consists of twelve different monthly contracts, ranging in a strip from the first month to the twelfth month, will be impacted differently by contango and backwardation than a portfolio that consists of just the first month contract.

Because US12NG s portfolio will typically hold as many as 12 different natural gas futures contracts at all times, it may be more expensive for US12NG to buy or sell futures contracts for its portfolio.

Because US12NG will typically hold as many as 12 different futures contracts at any one time, the cost of trading a large number of different contracts could be greater than the cost of trading the same dollar amount using just one contract. In addition, the bid/ask spread for buying these different contracts could also on average be greater than the bid/ask spread for buying a single futures contract month. This could make it more expensive for US12NG to invest compared to investing in a single monthly contract. Wider bid/ask spreads and/or higher commission or brokerage costs would negatively impact an investor s investment returns in US12NG.

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Because US12NG s portfolio will typically hold as many as 12 different natural gas futures contracts at all times, firms that make a market in the units will also need to hold multiple contracts when hedging their inventories of units and when creating or redeeming baskets. This could lead to the units of US12NG trading at wider bid/ask spreads in the secondary market than an exchange traded security holding natural gas futures that uses a fewer number of futures contracts at any given time.

Brokerage firms or other market participants that make a secondary market in the units of US12NG may do so by simultaneously hedging their positions by being long, or short, the same Futures Contracts that US12NG holds in its portfolio. The cost to brokerage firms or other market participants in putting on and taking off these hedges is one of the factors that determine the size of the bid/ask spread they quote on a security such as US12NG. Because US12NG will typically hold as many as 12 different futures contracts at any one time, the brokerage firms or other market participants will also find themselves having to trade a number of different contracts as well. The cost of trading a large number of different contracts may be greater than the cost of trading the same dollar amount using just one contract. As a result, the bid/ask spread for US12NG may be wider than the bid/ask spread for an exchange traded security investing in a fewer number of futures contracts at any given time. The wider bid/ask spread may negatively impact an investor s investment returns in US12NG.

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 US12NG.

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. There is a possibility of future regulatory changes within the United States altering, perhaps to a material extent, the nature of an investment in US12NG or the ability of US12NG to continue to implement its investment strategy. In addition, various national governments outside of the United States have expressed concern regarding the disruptive effects of speculative trading in the energy markets and the need to regulate the derivatives markets in general. The effect of any future regulatory change on US12NG is impossible to predict, but could be substantial and adverse.

In the wake of the economic crisis of 2008 and 2009, the Administration, federal regulators and Congress are revisiting the regulation of the financial sector, including securities and commodities markets. These efforts are anticipated to result in significant changes in the regulation of these markets.

On July 21, 2010, a broad financial regulatory reform bill, The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), was signed into law. The Dodd-Frank Act includes provisions altering the regulation of commodity interests. Provisions in the new law include the requirement that position limits be established on a wide range of commodity interests including energy-based and other commodity futures contracts, certain cleared commodity swaps and certain over-the-counter commodity contracts; new registration, recordkeeping, capital and margin requirements for swap dealers and major swap participants as determined by the new law and applicable regulations; and the forced use of clearinghouse mechanisms for most swap transactions that are currently entered into in the over-the-counter market. Additionally, the new law requires the aggregation, for purposes of position limits, of all positions in commodity futures and certain commodity swaps held by a single entity and its affiliates, whether such positions exist on U.S. futures exchanges, non-U.S. futures exchanges, or in over-the-counter swaps. The CFTC, along with the SEC and other federal regulators, has been tasked with developing the rules and regulations enacting the provisions noted above. The new law and the rules that are currently being and are expected to be promulgated thereunder may negatively impact US12NG s ability to meet its investment objective either through limits or requirements imposed on it or upon its counterparties. In particular, new position limits imposed on US12NG or its counterparties may impact US12NG s ability to invest in a manner that most efficiently meets its investment objective and new requirements, including capital and mandatory

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clearing, may increase the cost of US12NG s investments and doing business which could adversely affect you. For a more detailed discussion of the position limits to be imposed by the CFTC and the potential impacts thereof on US12NG, see the section of this prospectus entitled, What are Futures Contracts?

Investing in US12NG for purposes of hedging, may be subject to several risks including the possibility of losing the benefit of favorable market movements.

Participants in the natural gas or in other industries may use US12NG as a vehicle to hedge the risk of losses in their natural gas-related transactions. There are several risks in connection with using US12NG 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 a user of a commodity concerned that the hedged commodity 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 forgoes the opportunity to profit from favorable price movements.

In addition, if the hedge is not a perfect one, the hedger can lose on the hedging transaction and not realize an offsetting gain in the value of the underlying item being hedged.

When using futures contracts as a hedging technique, at best, the correlation between changes in prices of futures contracts and of the items being hedged can be only approximate. The degree of imperfection of correlation depends upon circumstances such as: variations in speculative markets, demand for futures and for natural gas products, technical influences in futures trading, and differences between anticipated energy costs being hedged and the instruments underlying the standard futures contracts available for trading. Even a well-conceived hedge may be unsuccessful to some degree because of unexpected market behavior as well as the expenses associated with creating the hedge.

In addition, using an investment in US12NG as a hedge for changes in energy costs (*e.g.*, natural gas, gasoline, crude oil or other fuels, or electricity) may not correlate because changes in the spot price of natural gas may vary from changes in energy costs because the spot price of natural gas may not be at the same rate as changes in the price of other energy products and, in any case, the spot price of natural gas does not reflect the refining, transportation, and other costs that may impact the hedger s energy costs.

An investment in US12NG may provide you little or no diversification benefits. Thus, in a declining market, US12NG may have no gains to offset your losses from other investments, and you may suffer losses on your investment in US12NG at the same time you incur losses with respect to other asset classes.

Historically, Futures Contracts and Other Natural Gas-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, US12NG s performance were to move in the same general direction as the financial markets, you will obtain little or no diversification benefits from an investment in the units. In such a case, US12NG may have no gains to offset your losses from other investments, and you may suffer losses on your investment in US12NG at the same time you 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 natural gas prices and natural gas-linked instruments, including Futures Contracts and Other Natural Gas-Related Investments, than on traditional securities. These additional variables may create additional investment risks that subject US12NG 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 natural gas and prices of other financial assets, such as stocks and bonds, are negatively correlated. In the absence of negative correlation, US12NG cannot be expected to be automatically profitable during unfavorable periods for the stock market, or vice versa.

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US12NG s Operating Risks

US12NG is not a registered investment company so you do not have the protections of the Investment Company Act of 1940.

US12NG is not an investment company subject to the Investment Company Act of 1940. Accordingly, you 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 US12NG, 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 US12NG. Furthermore, Messrs. Mah and Hyland are currently involved in the management of the Related Public Funds, and the General Partner has filed a registration statement for three other exchange traded security funds, the United States Metals Index Fund (USMI), the United States Agriculture Index Fund (USAI) and the United States Copper Index Fund (USCUI). Mr. Mah is also employed by Ameristock Corporation, a registered investment adviser that manages a public mutual fund. It is estimated that Mr. Mah will spend approximately 90% of his time on US12NG and Related Public Fund matters. Mr. Hyland will spend approximately 100% of his time on US12NG 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 of Directors.

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 Contracts and prevent you from being able to effectively use US12NG as a way to hedge against natural gas-related losses or as a way to indirectly invest in natural gas.

U.S. designated contract markets such as the NYMEX have established accountability levels and position limits on the maximum net long or net short futures contracts in commodity interests that any person or group of persons under common trading control (other than as a hedge, which an investment by US12NG is not) may hold, own or control. For example, the current accountability level for investments at any one time in natural gas Futures Contracts (including investments in the Benchmark Futures Contracts) is 12,000. In addition, the NYMEX imposes an accountability level for all months of 6,000 net futures contracts in natural gas. While this is not a fixed ceiling, it is a threshold above which the NYMEX may exercise greater scrutiny and control over an investor, including limiting an investor to holding no more than 12,000 natural gas futures contracts. 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. For example, the NYMEX limits an investor from holding more than 1,000 net futures in the last 3 days of trading in the near month contract to expire.

In addition to accountability levels and position limits, the NYMEX also sets daily price fluctuation limits on futures contracts. The daily price fluctuation limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day s settlement price. Once the daily price fluctuation limit has been reached in a particular futures contract, no trades may be made at a price beyond that limit.

For example, the NYMEX imposes a $3.00 per mmBtu ($30,000 per contract) price fluctuation limit for natural gas futures contracts. This limit is initially based off of the previous NYMEX trading day s settlement price. If any natural gas futures contract is traded, bid, or offered at the limit for five minutes, trading is halted for five minutes. When trading resumes it begins at the point where the limit was imposed and the limit is reset to be $3.00 per mmBtu in either direction of that point. 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 is no maximum price fluctuation limit during any one trading session.

Additionally, the Dodd-Frank Act requires the CFTC to promulgate rules establishing position limits for futures and options contracts on commodities as well as for swaps that are economically equivalent to futures

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or options. On January 13, 2011, the CFTC proposed new rules, which if implemented in their proposed form, would establish position limits and limit formulas for certain physical commodity futures executed pursuant to the rules of designated contract markets (*i.e.,* certain regulated exchanges) and commodity swaps that are economically equivalent to such futures and options contracts. The CFTC has also proposed aggregate position limits that would apply across different trading venues to contracts based on the same underlying commodity. At this time, it is unknown precisely when such position limits would take effect. The CFTC set position limits for futures contracts held during the last few days of trading in the near month contract to expire, which, under the CFTC s proposed rule would be substantially similar to the position limits currently set by the exchanges, could take effect as early as the Spring of 2011. Based on the CFTC s current proposal, other position limits would not take effect until March 2012 or later. The effect of this future regulatory change on US12NG is impossible to predict, but it could be substantial and adverse.

All of these limits may potentially cause a tracking error between the price of the units and the price of the Benchmark Futures Contracts. This may in turn prevent you from being able to effectively use US12NG as a way to hedge against natural gas-related losses or as a way to indirectly invest in natural gas.

US12NG has not limited the size of its offering and is committed to utilizing substantially all of its proceeds to purchase Futures Contracts. If US12NG encounters accountability levels, position limits, or price fluctuation limits for Futures Contracts on the NYMEX, it may then, if permitted under applicable regulatory requirements, purchase Futures Contracts and Other Natural Gas-Related Investments on the ICE Futures or other exchanges that trade listed natural gas futures. The Futures Contracts available on the ICE Futures are comparable to the contracts on the NYMEX, but they may have different underlying commodities, sizes, deliveries, and prices. In addition, certain of the Futures Contracts available on the ICE Futures may be subject to accountability levels and position limits.

No independent advisers were involved in the formation of US12NG or the preparation of this registration statement. As a result, you will not have the benefit of an independent due diligence review of us.

The General Partner has consulted with legal counsel, accountants and other advisers regarding the formation and operation of US12NG. No counsel has been appointed to represent you in connection with the offering of units. Accordingly, you should consult your own legal, tax and financial advisers regarding the desirability of an investment in the units.

There are technical and fundamental risks inherent in the trading system the General Partner employs.

The General Partner s trading system is quantitative in nature and it is possible that the General Partner might make a mathematical error. In addition, it is also possible that a computer or software program may malfunction and cause an error in computation.

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

Spreads combine simultaneous long and short positions in related futures contracts that differ by commodity (*e.g.*, long crude oil and short gasoline), by market (*e.g.*, long crude oil futures, short Brent crude oil futures), or by delivery month (*e.g.*, long December, short November). Spreads gain or lose value as a result of relative changes in price between the long and short positions. Spreads often reduce risk to investors, because the contracts tend to move up or down together. However, both legs of the spread could move against an investor simultaneously, in which case the spread would lose value. Certain types of spreads may face unlimited risk, e.g., because the price of a futures contract underlying a short position can increase by an unlimited amount and the investor would have to take delivery or offset at that price.

A commodity straddle takes both long and short option positions in the same commodity in the same market and delivery month simultaneously. The buyer of a straddle profits if either the long or the short leg of the straddle moves further than the combined cost of both options. The seller of a straddle profits if both the long and short positions do not trade beyond a range equal to the combined premium for selling both options.

If the General Partner were to utilize a spread or straddle position and the spread performed differently than expected, the results could impact US12NG s tracking error. This could affect US12NG s investment

To the extent that the General Partner uses spreads and straddles as part ofits trading strategy, there is the risk tha objective of having its NAV closely track the changes in the Benchmark Futures Contracts. Additionally, a loss on a spread position would negatively impact US12NG s absolute return.

US12NG and the General Partner may have conflicts of interest, which may cause them to favor their own interests to your detriment.

US12NG and the General Partner may have inherent conflicts to the extent the General Partner attempts to maintain US12NG s asset size in order to preserve its fee income and this may not always be consistent with US12NG s objective of having the value of its unit s NAV track changes in the price of the Benchmark Futures Contracts. The General Partner s officers, directors and employees do not devote their time exclusively to US12NG. These persons are directors, officers or employees of other entities, including the Related Public Funds, that may compete with US12NG for their services. They could have a conflict between their responsibilities to US12NG 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 US12NG trades using the clearing broker to be used by US12NG. 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 US12NG.

The General Partner has sole current authority to manage the investments and operations of US12NG, and this may allow it to act in a way that furthers its own interests which may create a conflict with your best interests. Limited partners have limited voting control, which will limit the ability to influence matters such as amendment of the LP Agreement, change in US12NG s basic investment policy, dissolution of this fund, or the sale or distribution of US12NG s assets.

The General Partner serves as the general partner to each of US12NG, USOF, USNG, US12NG, UGA, USHO, USSO and USBO, and the sponsor for USCI, and will serve as the sponsor for USMI, USAI and USCUI, if such funds offer their securities to the public or begin operations. The General Partner may have a conflict to the extent that its trading decisions for US12NG 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 US12NG s. If the General Partner believes that a trading decision it made on behalf of US12NG 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 US12NG, which could either impede or improve the opportunity for US12NG 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 you could lose your investment.

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 US12NG and do not control the General Partner so they will not have influence over basic matters that affect US12NG.

Unitholders that have not applied to become limited partners have no voting rights, other than to remove the General Partner. Limited partners will have limited voting rights with respect to US12NG s affairs. 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 US12NG or the conduct of its business. Unitholders and limited partners must therefore rely upon the duties and judgment of the General Partner to manage US12NG s affairs.

The General Partner may manage a large amount of assets and this could affect US12NG 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 US12NG that it may manage. The more assets the General Partner

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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.

US12NG could terminate at any time and cause the liquidation and potential loss of your investment and could upset the overall maturity and timing of your investment portfolio.

US12NG may terminate at any time, regardless of whether US12NG has incurred losses, subject to the terms of the LP Agreement. In particular, unforeseen circumstances, including the death, adjudication of incompetence, bankruptcy, dissolution, withdrawal, or removal of the General Partner could cause US12NG 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 US12NG. US12NG s termination would cause the liquidation and potential loss of your investment. Termination could also negatively affect the overall maturity and timing of your investment portfolio.

Limited partners may not 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 US12NG 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 our capital securities representing limited partnership interests. However, a limited partner may be required to repay to us any amounts wrongfully returned or distributed to it under some circumstances. Under Delaware law, US12NG may not make a distribution to limited partners if the distribution causes our liabilities (other than liabilities to partners on account of their partnership interests and nonrecourse liabilities) to exceed the fair value of our assets. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated the law will be liable to the limited partnership for the amount of the distribution for three years from the date of the distribution.

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

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

US12NG s existing units are, and any units US12NG issues in the future will be, subject to restrictions on transfer. Failure to satisfy these requirements will preclude a transferee from being able to have all the rights of a limited partner.

No transfer of any unit or interest therein may be made if such transfer would (a) violate the then applicable federal or state securities laws or rules and regulations of the SEC, any state securities commission, the CFTC or any other governmental authority with jurisdiction over such transfer, or (b) cause US12NG to be taxable as a corporation or affect US12NG s existence or qualification as a limited partnership. In addition, investors may only become limited partners if they transfer their units to purchasers that meet certain conditions outlined in the LP Agreement, which provides that each record holder or limited partner or unitholder applying to become a limited partner (each a record holder) may be required by the General Partner to furnish certain information, including that holder s nationality, citizenship or other related status. A transferee who is not a U.S. resident may not be eligible to become a record holder or a limited partner if its ownership would subject US12NG to the risk of cancellation or forfeiture of any of its assets under any federal, state or local law or regulation. All purchasers of US12NG s units, who wish to become limited partners or 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,

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she or it agrees to be bound by US12NG s LP Agreement and is eligible to purchase US12NG s securities. Any transfer of units will not be recorded by the transfer agent or recognized by us unless a completed transfer application is delivered to the General Partner or the Administrator. A person purchasing US12NG 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, our units will be securities and will be transferable according to the laws governing transfers of securities. See Transfer of Units.

US12NG does not expect to make cash distributions.

The General Partner has not previously made any cash distributions and intends to re-invest any income and realized gains in additional Natural Gas 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, US12NG generally does not expect to distribute cash to limited partners. You should not invest in US12NG if you will need cash distributions from US12NG to pay taxes on your share of income and gains of US12NG, if any, or for any other reason. Although US12NG does not intend to make cash distributions, the income earned from its investments held directly or posted as margin or collateral may reach levels that merit distribution, e.g., at levels where such income is not necessary to support its underlying investments in Natural Gas Interests and investors adversely react to being taxed on such income without receiving distributions that could be used to pay such tax. Cash distributions may be made in these and other conditions.

There is a risk that US12NG will not earn trading gains sufficient to compensate for the fees and expenses that it must pay and as such US12NG may not earn any profit.

US12NG pays brokerage charges of approximately 0.07% (including futures commission merchant fees of $4.00 per buy or sell), any licensing fees for the use of intellectual property, registration fees with the SEC, FINRA, or other regulatory agency in connection with offers and sales of the units subsequent to the initial offering of the units including the legal, printing, accounting and other expenses associated therewith. US12NG also pays the fees and expenses, including directors and officers liability insurance, of the independent directors, management fees of 0.75% of NAV on its average net assets, tax accounting and reporting costs, 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 US12NG 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 can not be quantified. These fees and expenses must be paid in all cases regardless of whether US12NG s activities are profitable. Accordingly, US12NG 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 US12NG s future expenses and no other source of funding of expenses is found, US12NG may be forced to terminate and investors may lose all or a part of their investment.

Prior to the offering of units that commenced on November 18, 2009, all of US12NG s expenses were funded by the General Partner. These payments by the General Partner and its affiliates were designed to allow US12NG the ability to commence the public offering of its units. US12NG 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 US12NG are unable to raise sufficient funds to cover their expenses or locate any other source of funding, US12NG may be forced to terminate and investors may lose all or part of their investment.

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US12NG may incur higher fees and expenses upon renewing existing or entering into new contractual relationships.

The clearing arrangements between the clearing brokers and US12NG generally are terminable by the clearing brokers once the clearing broker has given US12NG notice. Upon termination, the General Partner may be required to renegotiate or make other arrangements for obtaining similar services if US12NG intends to continue trading in Futures Contracts or Other Natural Gas-Related Investments at its level of capacity at such time. 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.

US12NG 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 US12NG; however, it reserves the right to employ them in the future. The only advisor to US12NG is the General Partner. A lack of independent trading advisors may be disadvantageous to US12NG because it will not receive the benefit of a trading advisor s expertise.

An unanticipated number of redemption requests during a short period of time could have an adverse effect on the NAV of US12NG.

If a substantial number of orders for Redemption Baskets are received by US12NG during a relatively short period of time, US12NG may not be able to satisfy the orders from US12NG s assets not committed to trading. As a consequence, it could be necessary to liquidate US12NG s trading positions before the time that its trading strategies would otherwise call for liquidation.

The financial markets are currently in a period of disruption and US12NG does not expect these conditions to improve in the near future.

Currently throughout 2008, 2009 and the first half of 2010, the financial markets experienced very difficult conditions and volatility as well as significant adverse trends. The conditions in these markets resulted in a decrease in availability of corporate credit and liquidity and led indirectly to the insolvency, closure or acquisition of a number of major financial institutions and contributed to further consolidation within the financial services industry. A long recession like the one recently experienced or a depression could adversely affect the financial condition and results of operations of US12NG s service providers and Authorized Purchasers which would impact the ability of the General Partner to achieve US12NG s investment objective.

The liquidity of the units may be affected by the withdrawal from participation of Authorized Purchasers, which could adversely affect the market price of the Units.

In the event that one or more Authorized Purchasers that have substantial interests in the units withdraw from participation, the liquidity of the units will likely decrease, which could adversely affect the market price of the units and result in your incurring a loss on your investment.

You may be adversely affected by redemption orders that are subject to postponement, suspension or rejection under certain circumstances.

The General Partner may, in its discretion, suspend the right of redemption of units or postpone the redemption settlement date: (1) for any period during which the NYSE Arca or the NYMEX is closed other than customary weekend or holiday closing, or trading on the NYSE Arca or the NYMEX is suspended or restricted; (2) for any period during which an emergency exists as a result of which delivery, disposal or evaluation of US12NG s assets is not reasonably practicable; or (3) for such other period as the General Partner determines to be necessary for the protection of the limited partners or unitholders. In addition, the General Partner will reject a redemption order if the order is not in proper form as described in the Authorized Purchaser Agreement or if the fulfillment of the order, in the opinion of its counsel, might be unlawful. Any such postponement, suspension or rejection could adversely affect a redeeming unitholder. For example, the resulting delay may adversely affect the value of the unitholder s redemption proceeds if US12NG s NAV declines during the period of delay.

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The failure, bankruptcy or default of a clearing broker could result in a substantial losses for US12NG s assets; the clearing broker could be subject to proceedings that impair its ability to execute US12NG s trades.

Under CFTC regulations, a clearing broker with respect to US12NG s exchange-traded interests, must maintain 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, if 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 US12NG, 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. However, customers could potentially lose all funds on deposit with the clearing broker even if such funds are properly segregated. US12NG 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 US12NG s clearing broker is required to post US12NG 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 US12NG 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 US12NGand 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 US12NG s trades.

The failure or insolvency of US12NG s custodian could result in a substantial loss of US12NG s assets.

As noted above, the vast majority of US12NG s assets are held in Treasuries, cash and/or cash equivalents with US12NG s custodian. The insolvency of the custodian could result in a complete loss of US12NG s assets held by that custodian, which, at any given time, would likely comprise a substantial portion of US12NG s total assets.

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

Third parties may utilize US12NG s intellectual property or technology, including the use of its patents, business methods, trademarks and trading program software, without permission. The General Partner has a patent pending for US12NG s business method and it is registering its trademarks. US12NG does not currently have any proprietary software. However, if it obtains proprietary software in the future, then any unauthorized use of US12NG s proprietary software and other technology could also adversely affect its competitive advantage. US12NG may have difficulty 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 US12NG, or require it to change its proprietary software and other technology or enter into royalty or licensing agreements.

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The success of US12NG depends on the ability of the General Partner to accurately implement trading systems, and any failure to do so could subject US12NG 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 Natural Gas Interests each day. Specifically, the General Partner uses the spreadsheet to make mathematical calculations and to monitor positions in Natural Gas 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, US12NG relies on the General Partner to properly operate and maintain its computer and communications systems. Execution of the formulas and operation of the systems are subject to human error. Any failure, inaccuracy or delay in implementing any of the formulas or systems and executing its transactions could impair its ability to achieve its investment objective. It could also result in decisions to undertake transactions based on inaccurate or incomplete information. This could cause substantial losses on transactions.

US12NG may experience substantial losses on transactions if the computer or communications system fails.

US12NG s trading activities, including its risk management, depend on the integrity and performance of the computer and communications systems supporting them. 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 US12NG s reputations, increased operational expenses and diversion of technical resources.

If the computer and communications systems are not upgraded, US12NG s financial condition could be harmed.

The development of complex computer and communications systems and new technologies may render the existing computer and communications systems supporting US12NG s trading activities obsolete. In addition, these computer and communications systems must be compatible with those of third parties, such as the systems of exchanges, clearing brokers and the executing brokers. As a result, if these third parties upgrade their systems, the General Partner will need to make corresponding upgrades to continue effectively its trading activities. US12NG s future success will depend on US12NG s ability to respond to changing technologies on a timely and cost-effective basis.

US12NG depends on the reliable performance of the computer and communications systems of third parties, such as brokers and futures exchanges, and may experience substantial losses on transactions if they fail.

US12NG depends on the proper and timely function of complex computer and communications systems maintained and operated by the futures exchanges, brokers and other data providers that the General Partner uses to conduct trading activities. Failure or inadequate performance of any of these systems could adversely affect the General Partner s ability to complete transactions, including its ability to close out positions, and result in lost profit opportunities and significant losses on commodity interest transactions. This could have a material adverse effect on revenues and materially reduce US12NG s available capital. For example, unavailability of price quotations from third parties may make it difficult or impossible for the General Partner to use its proprietary software that it relies upon to conduct its trading activities. Unavailability of records from brokerage firms may make it difficult or impossible for the General Partner to accurately determine which transactions have been executed or the details, including price and time, of any transaction executed. This unavailability of information also may make it difficult or impossible for the General Partner to reconcile its records of transactions with those of another party or to accomplish settlement of executed transactions.

The occurrence of a terrorist attack, or the outbreak, continuation or expansion of war or other hostilities could disrupt US12NG s trading activity and materially affect US12NG s profitability.

The operations of US12NG, the exchanges, brokers and counterparties with which US12NG does business, and the markets in which US12NG does business could be severely disrupted in the event of a

US12NG depends on the reliable performance of the computer andcommunications systems of third parties, such a

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major terrorist attack or the outbreak, continuation or expansion of war or other hostilities. Global anti-terrorism initiatives and political unrest in the Middle East and Southeast Asia continue to fuel this concern.

Risk of Leverage and Volatility

If the General Partner causes or permits US12NG to become leveraged, you could lose all or substantially all of your investment if US12NG s trading positions suddenly turn unprofitable.

Commodity pools trading positions in futures contracts or other commodity interests are typically required to be secured by the deposit of margin funds that represent only a small percentage of a futures contract s (or other commodity interests) entire market value. This feature permits commodity pools to leverage their assets by purchasing or selling futures contracts (or other commodity interests) with an aggregate value in excess of the commodity pool s assets. While this leverage can increase the pool s profits, relatively small adverse movements in the price of the pool s commodity interests can cause significant losses to the pool. While the General Partner has not and does not intend to leverage US12NG s assets, it is not prohibited from doing so under the LP Agreement or otherwise. If the General Partner were to cause or permit US12NG to become leveraged, you could lose all or substantially all of your investment if US12NG s trading positions suddenly turn unprofitable.

Lengthy and substantial peak-to-valley declines in the value of the Benchmark Futures Contract may lead to even greater declines in the NAV of US12NG.

Because it is expected that US12NG s performance will relate to the performance of the Benchmark Futures Contracts, US12NG will suffer a decline in value during a period that the Benchmark Futures Contracts suffer such a decline, and in turn, the value of your units will decline. It is possible that redemptions of Redemption Baskets will exceed purchases of Creation Baskets during periods in which a US12NG s units are declining in value. While redemptions will not directly cause the value of your units to decline, redemptions will accentuate the reduction in US12NG s NAV that is caused by losses from US12NG s positions, potentially resulting in an increase in the US12NG s expenses as a percentage of NAV. Furthermore, redemptions may increase transaction costs by requiring the sale of Natural Gas Interests and Treasuries to meet redemption requests.

The price of natural gas is volatile which could cause large fluctuations in the price of units.

Movements in the price of natural gas 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 natural gas 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;
- domestic and foreign governmental regulations and taxes;
- political conditions in gas or oil producing regions;

- the ability of members of the Organization of Petroleum Exporting Countries (OPEC) to agree upon and maintain oil prices and production levels;
- the price and availability of alternative fuels; and
- the impact of energy conservation efforts.

Since US12NG s commencement of operations on November 18, 2009, there has been tremendous volatility in the price of the Benchmark Futures Contract. For example, the price of the NYMEX Futures Contract on

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natural gas rose to a high of $13.577 on July 3, 2008 and dropped to a low of $2.508 on September 3, 2009 and subsequently rose to $4.4.05 on December 31, 2010. USCF anticipates that there will be continued volatility in the price of the NYMEX futures contract for natural gas and futures contracts for other petroleum-based commodities. Consequently, investors should know that this volatility can lead to a loss of all or substantially all of their investment in US12NG.

The impact of environmental and other governmental laws and regulations may affect the price of natural gas.

Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon natural gas and oil wells. Other laws have prevented exploration and drilling of natural gas in certain environmentally sensitive federal lands and waters. Several environmental laws that have a direct or an indirect impact on the price of natural gas include, but are not limited to, the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

The limited method for transporting and storing natural gas may cause the price of natural gas to increase.

Natural gas is primarily transported and stored throughout the United States by way of pipeline and underground storage facilities. These systems may not be adequate to meet demand, especially in times of peak demand or in areas of the United States where gas service is already limited due to minimal pipeline and storage infrastructure. As a result of the limited method for transporting and storing natural gas, the price of natural gas may increase.

Over-the-Counter Contract Risk

Over-the-counter transactions are subject to little, if any, regulation.

A portion of US12NG s assets may be used to trade over-the-counter Natural Gas Interests, such as forward contracts or swap or spot contracts. Currently, over-the-counter contracts are typically traded on a principal-to-principal basis through dealer markets that are dominated by major money center and investment banks and other institutions and that prior to the passage of the Dodd-Frank Act had been essentially unregulated by the CFTC. To date, 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. The manner in which over-the-counter contracts are regulated could expose US12NG in certain circumstances to significant losses in the event of trading abuses or financial failure by participants. See 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 the Funds 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. While some aspects of the new legislation are already in effect, most aspects may not take effect until July 2011 or later.

US12NG will be subject to credit risk with respect to counterparties to over-the-counter contracts entered into by US12NG or held by special purpose or structured vehicles.

US12NG also faces the risk of non-performance by the counterparties to over-the-counter contracts. Unlike in futures contracts or cleared swaps, 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 US12NG, in which case US12NG could suffer significant losses on these contracts.

If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, US12NG may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. During any such period, US12NG may have difficulty in determining the value of its contracts with the counterparty, which in turn could result in the overstatement or understatement of US12NG s NAV. US12NG may eventually obtain only limited recovery or may no recovery in such circumstances.

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US12NG may be subject to liquidity risk with respect to its Over-the-Counter transactions.

Over-the-counter contracts may have terms that make them less marketable than futures contracts or cleared swaps. 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 diminish the 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.

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 implemented any rules on this issue and has not implemented any regulations regarding the margin requirements for uncleared swaps.

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

Risk of Trading in International Markets

Trading in international markets would expose US12NG to credit and regulatory risk.

A significant portion of the Futures Contracts purchased by US12NG will be on United States exchanges, including the NYMEX. However, a portion of US12NG s trades may take place on markets and exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. The CFTC, NFA and 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 limited, if any, power to compel enforcement of the rules of a foreign board of trade or exchange or of any applicable non-U.S. laws. Similarly, the rights of market participants, such as US12NG, 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, US12NG 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 futures contract is the responsibility of the counterparty and is not backed by an exchange or clearing corporation and therefore exposes US12NG to credit risk. 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 US12NG to foreign exchange risk.

The price of any non-U.S. Natural Gas Interests, therefore, the potential profit and loss on such Natural Gas Interests, 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 US12NG even if the contract traded is profitable.

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US12NG 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 also may be in a more developmental stage so that prior price histories may not be indicative of current price dynamics. In addition, US12NG 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

Please refer to U.S. Federal Income Tax Considerations for information regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of units.

Your tax liability may exceed the amount of distributions, if any, on your units.

Cash or property will be distributed at the sole discretion of the General Partner. The General Partner has not and 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 US12NG 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.

Your allocable share of taxable income or loss may differ from your economic income or loss on your units.

Due to the application of the assumptions and conventions applied by US12NG in making allocations for tax purposes and other factors, your allocable share of US12NG s income, gain, deduction or loss may be different than your economic profit or loss from your units for a taxable year. This difference could be temporary or permanent and, if permanent, could result in your being taxed on amounts in excess of your 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 US12NG in allocating those items, with potential adverse consequences for you.

The U.S. tax rules pertaining to partnerships are complex and their application to large, publicly traded partnerships such as US12NG is in many respects uncertain. US12NG applies certain assumptions and conventions in an attempt to comply with the intent of the applicable rules and to report taxable income, gains, deductions, losses and credits in a manner that properly reflects unitholders economic gains and losses. These assumptions and conventions may not fully comply with all aspects of the Internal Revenue Code (Code) and applicable Treasury Regulations, however, and it is possible that the U.S. Internal Revenue Service, or the IRS, will successfully challenge our allocation methods and require us to reallocate items of income, gain, deduction, loss or credit in a manner that adversely affects you. If this occurs, you may be required to file an amended tax return and to pay additional taxes plus deficiency interest.

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

US12NG has received an opinion of counsel that, under current U.S. federal income tax laws, US12NG 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 US12NG s annual gross income consists of qualifying income as defined in the Code, (ii) US12NG is organized and operated in accordance with its governing agreements and applicable law and (iii) US12NG does not elect to be taxed as a corporation for federal income tax purposes. Although the General Partner anticipates that US12NG has satisfied and will continue to satisfy the qualifying income requirement for all of its taxable years, that result cannot be assured. US12NG 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 US12NG is taxable as a corporation for federal income tax purposes in any taxable year, rather than passing through its

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income, gains, losses and deductions proportionately to unitholders, US12NG 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 US12NG as a corporation could materially reduce the after-tax return on an investment in units and could substantially reduce the value of your units.

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

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THE OFFERING

What is US12NG?

US12NG is a Delaware limited partnership organized on June 27, 2007. US12NG maintains its main business office at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. US12NG is a commodity pool. It operates pursuant to the terms of the LP Agreement, which grants full management control to the General Partner.

US12NG is a publicly traded limited partnership which seeks to have the daily changes in percentage terms of its units NAV track the daily changes the percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana, as measured by the daily changes in the average of the prices of 12 futures contracts on natural gas traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following eleven months, for a total of 12 consecutive months contracts, less US12NG s expenses. US12NG invests in a mixture of listed natural gas futures contracts, other non-listed natural gas-related investments, Treasuries, cash and cash equivalents. US12NG s units began trading on November 18, 2009. As of December 31, 2010, US12NG had total net assets of $41,129,314 and had outstanding units of 1.2 million.

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 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. 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.

The General Partner is also currently the general partner of USOF, USNG, US12OF, UGA, USHO, USSO and USBO and the sponsor of USCI. USOF is a publicly traded limited partnership which seeks to have the changes in percentage terms of its units NAV track the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the price of the futures contract on light, sweet crude oil traded on the NYMEX, less USOF s expenses. USOF invests in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. USOF s units began trading on April 10, 2006. As of February 28, 2011, USOF had total net assets of $2,022,573,485 and had outstanding units of 51.6 million. USOF employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except that its benchmark is the near month contract for light, sweet crude oil delivered to Cushing, Oklahoma on a long basis.

USNG is a publicly traded limited partnership which seeks to have the changes in percentage terms of its units NAV track the changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the price of the futures contract on natural gas traded on the NYMEX, less USNG s expenses. USNG invests in a mixture of listed natural gas futures contracts, other non-listed natural gas related investments, Treasuries, cash and cash equivalents. USNG s units began trading on April 18, 2007. As of February 28, 2011, USNG had total net assets of $2,385,221,077 and had outstanding units of 442.6 million. USNG employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except its benchmark is the near month contract for natural gas delivered at the Henry Hub, Louisiana.

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US12OF is a publicly traded limited partnership which seeks to have the changes in percentage terms of its units NAV track the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of 12 futures contracts on light, sweet crude oil traded on the NYMEX, less US12OF s expenses. US12OF invests in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. US12OF s units began trading on December 6, 2007. As of February 28, 2011, US12OF had total net assets of $248,608,577 and had outstanding units of 5.5 million. US12OF employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except that its benchmark is the average of the prices of the near month contract to expire and the following eleven months contracts for light, sweet crude oil delivered to Cushing, Oklahoma.

UGA is a publicly traded limited partnership which seeks to have the changes in percentage terms of its units NAV track the changes in percentage terms of the spot price of unleaded gasoline delivered to the New York harbor, as measured by the changes in the price of the futures contract on gasoline traded on the NYMEX, less UGA s expenses. UGA invests in a mixture of listed gasoline futures contracts, other non-listed gasoline related investments, Treasuries, cash and cash equivalents. UGA s units began trading on February 26, 2008. As of February 28, 2011, UGA had total net assets of $117,686,386 and had outstanding units of 2.5 million. UGA employs an investment strategy in its operations that is similar to the investment strategy of US12NG except that its benchmark is the near month contract for unleaded gasoline delivered at the New York harbor.

USSO is a publicly traded limited partnership which seeks to have the daily changes in percentage terms of its units NAV inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the price of the futures contract on light, sweet crude oil as traded on the NYMEX, less USSO s expenses. USSO invests in a mixture of listed crude oil futures contracts, other non-listed crude oil related investments, Treasuries, cash and cash equivalents. USSO s units began trading on September 18, 2009. As of February 28, 2011, USSO had total net assets of $3,938,032 and had outstanding units of 100,000. USSO employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except its benchmark is the inverse of the near month contract for light, sweet crude oil delivered to Cushing, Oklahoma.

USHO is a publicly traded limited partnership which seeks to have the changes in percentage terms of its units NAV track the changes in percentage terms of the spot price of heating oil (also known as No. 2 fuel oil) for delivery to the New York harbor, as measured by the changes in the price of the futures contract for heating oil traded on the NYMEX, less USHO s expenses. USHO invests in a mixture of listed heating oil futures contracts, other non-listed heating oil related investments, Treasuries, cash and cash equivalents. USHO s units began trading on April 9, 2008. As of December 31, 2010, USHO had total net assets of $10,294,619 and had outstanding units of 300,000. USHO employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except its benchmark is the near month contract for heating oil delivered at the New York harbor.

USBO is a publicly traded limited partnership which seeks to have the daily changes in percentage terms of its units NAV reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the changes in the price of the futures contract on Brent crude oil as traded on the ICE Futures, less USBO s expenses. USBO invests in a mixture of listed crude oil futures contracts, other non-listed crude oil futures contracts, other non-listed crude oil-related investments, Treasuries, cash and cash equivalents. USBO s units began trading on June 2, 2010. As of February 28, 2011, USBO had total net assets of $37,131,447 and had outstanding units of 500,000. USBO employs an investment strategy in its operations that is similar to the investment strategy of US12NG, except that its benchmark is the near month contract for Brent crude oil.

USCI, a series of the United States Commodity Index Funds Trust, a Delaware statutory trust (the Trust), is a commodity pool which seeks to have the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Commodity Index Total Return (the Commodity Index), less USCI s expenses. USCI invests in a mixture of listed futures contracts, other

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non-listed related investments, Treasuries, cash and cash equivalents. USCI s units began trading on August 10, 2010. As of February 28, 2011, USCI had total net assets of $345,348,254 and had outstanding units of 4.9 million.

The General Partner has filed a registration statement for three other exchange-traded security funds, the United States Metals Index Fund (USMI), the United States Agriculture Index Fund (USAI) and the United States Copper Index Fund (USCUI), each of which is a series of the Trust. The investment objective of USMI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Metals Index Total Return (the Metals Index), less USMI s expenses. The investment objective of USAI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Dynamic Agriculture Index Total Return (the Agriculture Index), less USAI s expenses. The investment objective of USCUI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the SummerHaven Copper Index Total Return (the Copper Index), less USCUI s expenses.

See Prior Performance of the General Partner and Affiliates on page 39.

The General Partner is required to evaluate the credit risk of US12NG to the futures commission merchant, oversee the purchase and sale of US12NG s units by certain Authorized Purchasers, review daily positions and margin requirements of US12NG, and manage US12NG s investments. The General Partner also pays the fees of the Marketing Agent, the Administrator, and the Custodian.

Limited partners have no right to elect the General Partner on an annual or any other continuing basis. If the General Partner voluntarily withdraws, however, the holders of a majority of our outstanding units (excluding for purposes of such determination units owned, 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 four 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 US12NG. The Board has an audit committee which is made up of the three independent directors (Peter M. Robinson, Gordon L. Ellis, and Malcolm R. Fobes III). The audit committee is governed by an audit committee charter that is posted on US12NG 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. US12NG 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 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005, as Branch Manager of the General Partner since May 15, 2009 and registered with the CFTC as an Associated Person of the General Partner on December 1, 2005. Mr. Gerber also served as Vice

President/Chief Investment Officer of Lyon s Gate Reinsurance Company, Ltd., a company formed to reinsure workmen s compensation insurance, from June 2003 to December 2009. Mr. Gerber has an extensive background in securities portfolio management and in developing investment funds that make use of indexing and futures contracts. He is also the founder of Ameristock Corporation, a California-based investment adviser registered under the Investment Advisers Act of 1940 that has been sponsoring and providing portfolio management services to mutual funds since

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March 1995. Since August 1995, Mr. Gerber has been the portfolio manager of the Ameristock Mutual Fund, Inc. a mutual fund registered under the Investment Company Act of 1940, focused on large cap U.S. equities that, as of February 28, 2011, had $213,518,913 in assets. He has also been a Trustee for the Ameristock ETF Trust since June 2006, and served as a portfolio manager for the Ameristock/Ryan 1 Year, 2 Year, 5 Year, 10 Year and 20 Year Treasury ETF from June 2007 to June 2008 when such funds were liquidated. In these roles, Mr. Gerber has gained extensive experience in evaluating and retaining third-party service providers, including custodians, accountants, transfer agents, and distributors. Mr. Gerber has passed the Series 3 examination for associated persons. He holds an MBA in finance from the University of San Francisco and a BA from Skidmore College. Mr. Gerber is 48 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. 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 US12NG and the Related Public Funds and will be involved in the management of USMI, USAI and USCUI, if such funds commence operations. Mr. Mah also serves as the General Partner s Chief Compliance Officer. He received a Bachelor of Education from the University of Alberta, 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 since June 1995 and Ameristock Focused Value Fund from December 2000 to January 2005; Chief Compliance Officer of Ameristock Mutual Fund since August 2004 and the Co-Portfolio Manager of the Ameristock Focused Value Fund from December 2000 to January 2005. Mr. Mah is 46 years old.

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

Andrew F. Ngim has been a Management Director of the General Partner since May 10, 2005 and Treasurer of the General Partner since June 9, 2005. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005. As Treasurer of the General Partner, Mr. Ngim is currently involved in the management of US12NG and the Related Public Funds and will be involved in the management of USMI, USAI and USCUI, if such funds commence operations. He received a Bachelor of Arts from the University of California at Berkeley in 1983. Mr. Ngim has been Ameristock Corporation s Managing Director since January 1999 and co-portfolio manager of Ameristock Corporation since January 2000, Trustee of the Ameristock ETF Trust since February 2007, and served as a portfolio manager for the Ameristock/Ryan 1 Year, 2 Year, 5 Year, 10 Year and 20 Year Treasury ETF from June 2007 to June 2008 when such funds were liquidated. Mr. Ngim is 50 years old.

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

Robert L. Nguyen has been a Management Director of the General Partner since May 10, 2005. He has been listed with the CFTC as a Principal of the General Partner since November 29, 2005 and registered with the CFTC as an Associated Person on November 9, 2007. As a Management Director of the General Partner, Mr. Nguyen is currently involved in the management of US12NG and the Related Public Funds and will be involved in the management of

USMI, USAI and USCUI, if such funds commence operations. He received a Bachelor of Science from California State University Sacramento in 1981. Mr. Nguyen has been the Managing Principal of Ameristock Corporation since January 2000. Mr. Nguyen is 51 years old.

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In concluding that Mr. Nguyen should serve as Management Director of the General Partner, the General Partner considered his background in the financial services industry as well as his experience in leading the marketing efforts for Ameristock Corporation.

The following individuals provide significant services to US12NG but are employed by the General Partner.

John P. Love has acted as the Portfolio Operations Manager for US12NG since it commenced operations in November 2009 and the Related Public Funds since January 2006 and, effective March 1, 2010, became the Senior Portfolio Manager for US12NG and the Related Public Funds. He is expected to be the Senior Portfolio Manager for USMI, USAI and USCUI, if such funds commence operations. Mr. Love is also employed by the General Partner. He has been listed with the CFTC as a Principal of the General Partner since January 17, 2006. Mr. Love also served as the operations manager of Ameristock Corporation from October 2002 to January 2007, where he was responsible for back office and marketing activities for the Ameristock Mutual Fund and Ameristock Focused Value Fund and for the firm in general. Mr. Love holds a Series 3 license and was registered with the CFTC as an Associated Person of the General Partner from December 1, 2005 through April 16, 2009. Mr. Love has passed the Level 1 Chartered Financial Analyst examination and is currently a Level II candidate in the CFA Program. He holds a BFA in cinema-television from the University of Southern California. Mr. Love is 39 years old.

John T. Hyland, CFA acts as a Portfolio Manager and as the Chief Investment Officer for the General Partner. Mr. Hyland is employed by the General Partner. He registered with the CFTC as an Associated Person of the General Partner on December 1, 2005, and has been listed as a Principal of the General Partner since January 17, 2006. Mr. Hyland became the Portfolio Manager for US12NG, USOF, USNG, US12OF, UGA, USSO, USHO, USBO and USCI in April 2008, April 2006, April 2007, December 2007, February 2008, April 2008, September 2009, November 2009, June 2010 and August 2010, respectively, and as Chief Investment Officer of the General Partner since January 2008, acts in such capacity on behalf of US12NG and the Related Public Funds. He is also expected to become the Portfolio Manager for USMI, USAI and USCUI, if such funds commence operations. As part of his responsibilities for US12NG and the Related Public Funds, Mr. Hyland handles day-to-day trading, helps set investment policies, and oversees US12NG s and the Related Public Funds activities with their futures commission brokers, custodian-administrator, and marketing agent. Mr. Hyland has an extensive background in portfolio management and research with both equity and fixed income securities, as well as in the development of new types of complex investment funds. In July 2001, Mr. Hyland founded Towerhouse Capital Management, LLC, a firm that, through December 2009, provided portfolio management and new fund development expertise to non-U.S. institutional investors. Since January 2010, Towerhouse Capital Management has been inactive. Mr. Hyland was a Principal for Towerhouse in charge of portfolio research and product development regarding U.S. and non-U.S. real estate related securities. Mr. Hyland received his Chartered Financial Analyst (CFA) designation in 1994. Mr. Hyland is a member of the CFA Institute (formerly AIMR) and is a member and former president of the CFA Society of San 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 51 years old.

Ray W. Allen acts as a Portfolio Operations Manager for USOF, US12OF, USSO and USBO. He has been employed by the General Partner since January 14, 2008. He holds a Series 3 license and is registered with the CFTC as an Associated Person of the General Partner on March 25, 2008. He has been listed with the CFTC as a Principal of the General Partner since March 18, 2009. Mr. Allen s responsibilities include daily trading and operations for USOF, US12OF, USSO and USBO. Mr. Allen also acted as a Portfolio Operations Manager for UGA, USHO and US12NG until March 1, 2010. In addition, from February 2002 to October 2007, Mr. Allen was responsible for analyzing and evaluating the creditworthiness of client companies at Marble Bridge Funding Group Inc., in Walnut Creek, CA. Marble Bridge Funding Group Inc. is a commercial finance company providing capital to entrepreneurial companies.

Mr. Allen received a BA in Economics from the University of California at Berkeley in 1980. Mr. Allen is 54 years old.

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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 US12NG 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 53 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 Securities and Exchange Commission, 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 US12NG and the Related Public Funds. He has been listed with the CFTC as a Principal of the General Partner since November 2005. Mr. Ellis has been Chairman of International Absorbents, Inc., a holding company of Absorption Corp., since July 1988, President and Chief Executive Officer since November 1996 and a Class I Director of the company since July 1985. Mr. Ellis is also a director of Absorption Corp., International Absorbents, Inc. s wholly-owned subsidiary which is engaged in developing, manufacturing and marketing a wide range of animal care and industrial absorbent products. Mr. Ellis is a director/trustee of Polymer Solutions, Inc., a former publicly-held company that sold all of its assets effective as of February 3, 2004 and is currently winding down its operations and liquidating following such sale. Polymer Solutions previously manufactured paints, coatings, stains and primers for wood furniture manufacturers. Mr. Ellis is a professional engineer with an MBA in international finance. Mr. Ellis is 64 years old.

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

Malcolm R. Fobes III has been an independent director of the General Partner since September 30, 2005 and, as such, serves on the Board of the General Partner, which acts on behalf of US12NG 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 and Economics from San Jose State University in California. Mr. Fobes is 46 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.

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The following are individual Principals, as that term is defined in CFTC Rule 3.1, for the General Partner: Nicholas Gerber, Melinda Gerber, the Gerber Family Trust, the Nicholas and Melinda Gerber Living Trust, Howard Mah, Andrew Ngim, Robert Nguyen, Peter Robinson, Gordon Ellis, Malcolm Fobes, John Love, John Hyland, Ray Allen and Wainwright Holdings Inc. 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 US12NG. John Love and John Hyland make trading and investment decisions for US12NG. John Love and Ray Allen execute trades on behalf of US12NG. In addition, Nicholas Gerber, John Hyland, Robert Nguyen, Ray Allen and Kyle Balough are registered with the CFTC as Associated Persons of the General Partner and are NFA Associate Members.

Executive Compensation and Fees to the General Partner

US12NG 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 US12NG and other entities controlled by the General Partner. US12NG 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. US12NG 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 NAV on all of its average daily net assets. For the year ending 2010, US12NG paid the General Partner aggregate management fees of $249,022.

Director Compensation

The following table sets forth compensation earned during the year ended December 31, 2010, by the directors of USCF. US12NG s portion of the aggregate fees paid to the directors for the year ended December 31, 2010 was $2,244.

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

(2) Amounts accrued for each independent director pursuant to the deferred compensation agreements between the independent directors, USCF and US12NG, USOF, USNG, US12OF, UGA, USHO, USSO and USBO.

Each of the three independent directors of the General Partner entered into a Director Deferred Compensation Agreement (the Director Agreement) with the General Partner and each of the commodity pools USBO, USOF, USNG, US12OF, UGA, USHO, USSO and US12NG, for which it acts as the general partner, to provide sufficient incentive to each independent director to continue his service as such. Pursuant to this Director Agreement, each independent director may receive certain deferred compensation payments from USBO, USOF, USNG, US12OF, UGA, USHO, USSO and US12NG and such deferred compensation would be apportioned in a manner consistent with the payment of fees and expenses of the directors. Deferred compensation payments due to each independent director would not exceed an aggregate amount equal to two times the annual compensation received by such director as of April 1, 2010. Subject to certain exceptions, the

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deferred compensation would be payable on the earlier of April 1, 2012, the director s separation from service, as defined by the Director Agreement, or upon the director s death.

Market Price of Units

US12NG s units have traded on the NYSE Arca under the symbol UNL since November 18, 2009. The following table sets forth the range of reported high and low sales prices of the units as reported on NYSE Arca for the periods indicated below.

	High	Low
Fiscal year 2011		
First quarter	$ 36.97	$ 30.96
Fiscal year 2010		
First quarter	$ 56.46	$ 40.30
Second quarter	45.88	40.13
Third quarter	43.22	34.23
Fourth quarter	35.95	31.61

	High	Low
Fiscal year 2009		
Fourth quarter (beginning November 18, 2009)	$ 57.03	$ 46.32

As of December 31, 2010, US12NG had 4,575 holders of units.

Prior Performance of the General Partner and Affiliates

US12NG is a commodity pool and issues units traded on the NYSE Arca. The investment objective of US12NG is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana, as measured by the changes in the average of the prices of 12 futures contracts on natural gas traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following 11 months, for a total of 12 consecutive months contracts, less US12NG s expenses. US12NG s units began trading on November 18, 2009 and are offered on a continuous basis. US12NG may invest in a mixture of listed natural gas futures contracts, other non-listed natural gas related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by US12NG from its authorized purchasers was $71,441,408; the total number of authorized purchasers of US12NG was 6; the number of baskets purchased by authorized purchasers of US12NG was 16; the number of baskets redeemed by authorized purchasers of US12NG was 7; and the aggregate amount of units purchased was 1,600,000.

Since the commencement of the offering of US12NG units to the public on November 18, 2009 to February 28, 2011, the simple average daily change in the average price of its benchmark futures contracts was -0.112%, while the simple average daily change in the NAV of US12NG over the same time period was -0.115%. 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 -0.581%, meaning that over this time period US12NG s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

The General Partner also is currently the general partner of USOF, USNG, US12OF, UGA, USSO, USHO and USBO and the sponsor of USCI. Each of the General Partner and the Related Public Funds is located in California.

USOF is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USOF is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the price of the futures contract on light, sweet crude oil traded on the NYMEX, less USOF s expenses. USOF s units began trading on April 10, 2006 and are offered on a continuous basis. USOF may invest in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by USOF from its authorized purchasers was $28,113,963,301; the total number of authorized purchasers of USOF was 21; the number of

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baskets purchased by authorized purchasers of USOF was 5,822; the number of baskets redeemed by authorized purchasers of USOF was 5,306; and the aggregate amount of units purchased was 582,200,000.

Since the commencement of the offering of USOF units to the public on April 10, 2006 to February 28, 2011, the simple average daily change in its benchmark oil futures contract was -0.016%, while the simple average daily change in the NAV of USOF over the same time period was -0.013%. 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 oil futures contract, the average error in daily tracking by the NAV was 0.977%, meaning that over this time period USOF s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USNG is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USNG is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of natural gas delivered at the Henry Hub, Louisiana as measured by the changes in the price of the futures contract for natural gas traded on the NYMEX, less USNG s expenses. USNG s units began trading on April 18, 2007 and are offered on a continuous basis. USNG may invest in a mixture of listed natural gas futures contracts, other non-listed natural gas related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by USNG from its authorized purchasers was $12,850,980,939; the total number of authorized purchasers of USNG was 17; the number of baskets purchased by authorized purchasers of USNG was 9,667; the number of baskets redeemed by authorized purchasers of USNG was 5,241; and the aggregate amount of units purchased was 966,700,000.

Since the commencement of the offering of USNG units to the public on April 18, 2007 to February 28, 2011, the simple average daily change in its benchmark futures contract was -0.180% while the simple average daily change in the NAV of USNG over the same time period was -0.180%. The average daily difference was 0.000%. As a percentage of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was -0.242%, meaning that over this time period USNG s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

US12OF is a commodity pool and issues units traded on the NYSE Arca. The investment objective of US12OF is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma, as measured by the changes in the average of the prices of 12 futures contracts on light, sweet crude oil traded on the NYMEX, consisting of the near month contract to expire and the contracts for the following 11 months, for a total of 12 consecutive months contracts, less US12OF s expenses. US12OF s units began trading on December 6, 2007 and are offered on a continuous basis. US12OF may invest in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by US12OF from its authorized purchasers was $336,797,235; the total number of authorized purchasers of US12OF was 10; the number of baskets purchased by authorized purchasers of US12OF was 98; the number of baskets redeemed by authorized purchasers of US12OF was 43; and the aggregate amount of units purchased was 9,800,000.

Since the commencement of the offering of US12OF units to the public on December 6, 2007 to February 28, 2011, the simple average daily change in the average price of its benchmark futures contracts was 0.017%, while the simple average daily change in the NAV of US12OF over the same time period was 0.016%. The average daily difference was 0.000%. 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 -0.195%, meaning that over this time period US12OF s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

UGA is a commodity pool and issues units traded on the NYSE Arca. The investment objective of UGA is for the changes in percentage terms of its units NAV to reflect the changes in percentage terms in the spot price of unleaded gasoline for delivery to the New York harbor, as measured by the changes in the price of the futures contract on gasoline traded on the NYMEX, less UGA s expenses. UGA s units began trading on February 26, 2008 and are offered on a continuous basis. UGA may invest in a mixture of listed gasoline futures contracts, other non-listed gasoline related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by UGA from its authorized purchasers was

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$206,857,498; the total number of authorized purchasers of UGA was 11; the number of baskets purchased by authorized purchasers of UGA was 62; the number of baskets redeemed by authorized purchasers of UGA was 37; and the aggregate amount of units purchased was 6,200,000.

Since the commencement of the offering of UGA units to the public on February 26, 2008 to February 28, 2011, the simple average daily change in its benchmark futures contract was 0.034%, while the simple average daily change in the NAV of UGA over the same time period was 0.032%. 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 -0.495%, meaning that over this time period UGA s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USHO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USHO is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of heating oil for delivery to the New York harbor, as measured by the changes in the price of the futures contract on heating oil traded on the NYMEX, less USHO s expenses. USHO s units began trading on April 9, 2008 and are offered on a continuous basis. USHO may invest in a mixture of listed heating oil futures contracts, other non-listed heating oil-related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by USHO from its Authorized Purchasers was $30,497,990; the total number of Authorized Purchasers of USHO was 11; the number of baskets purchased by Authorized Purchasers of USHO was 9; the number of baskets redeemed by Authorized Purchasers of USHO was 6; and the aggregate amount of units purchased was 900,000.

Since the commencement of the offering of USHO units to the public on April 9, 2008 to February 28, 2011, the simple average daily change in its Benchmark Futures Contract was -0.019%, while the simple average daily change in the NAV of USHO over the same time period was -0.020%. 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 the NAV was -0.609%, meaning that over this time period USHO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USSO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USSO is for the daily changes in percentage terms of its units NAV to inversely reflect the daily changes in percentage terms of the spot price of light, sweet crude oil delivered to Cushing, Oklahoma as measured by the changes in the price of the futures contract for light, sweet crude oil traded on the NYMEX, less USSO s expenses. USSO s units began trading on September 24, 2009 and are offered on a continuous basis. USSO may invest in short positions in listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by USSO from its authorized purchasers was $40,958,000; the total number of authorized purchasers of USSO was 12; the number of baskets purchased by authorized purchasers of USSO was 9; the number of baskets redeemed by authorized purchasers of USSO was 8; and the aggregate amount of units purchased was 900,000.

Since the commencement of the offering of USSO units to the public on September 24, 2009 to February 28, 2011, the inverse of the simple average daily change in its benchmark futures contract was 0.046%, while the simple average daily change in the NAV of USSO over the same time period was -0.051%. The average daily difference was -0.005% (or 0.05 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 -1.469%, meaning that over this time period USSO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USBO is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USBO is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the spot price of Brent crude oil as measured by the changes in the price of the futures contract for Brent crude oil traded on the ICE Futures, less USBO s expenses. USBO s units began trading on June 2, 2010 and are offered on a continuous basis. USBO may invest in a mixture of listed oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the

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total amount of money raised by USBO from its authorized purchasers was $38,985,123; the total number of authorized purchasers of USBO was 6; the number of baskets purchased by authorized purchasers of USBO was 6; the number of baskets redeemed by authorized purchasers of USBO was 1; and the aggregate amount of units purchased was 600,000.

Since the commencement of the offering of USBO units to the public on June 2, 2010 to February 28, 2011, the simple average daily change in its benchmark futures contract was 0.226%, while the simple average daily change in the NAV of USBO over the same time period was 0.222%. The average daily difference was -0.004% (or -0.4 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the benchmark futures contract, the average error in daily tracking by the NAV was -1.431%, meaning that over this time period USBO s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

USCI is a commodity pool and issues units traded on the NYSE Arca. The investment objective of USCI is for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the Commodity Index, less USCI s expenses. USCI s units began trading on August 10, 2010 and are offered on a continuous basis. USCI may invest in a mixture of listed futures contracts, other non-listed related investments, Treasuries, cash and cash equivalents. As of February 28, 2011, the total amount of money raised by USCI from its authorized purchasers was $322,573,178; the total number of authorized purchasers of USCI was 5; the number of baskets purchased by authorized purchasers of USCI was 50; the number of baskets redeemed by authorized purchasers of USCI was 1; and the aggregate amount of units purchased was 5,000,000.

Since the commencement of the offering of USCI units to the public on August 10, 2010 to February 28, 2011, the simple average daily change in the Commodity Index was 0.256%, while the simple average daily change in the NAV of USCI over the same time period was 0.250%. 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 1.976%, meaning that over this time period USCI s tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

The General Partner has filed a registration statement for three other exchange-traded security funds, USMI, USAI and USCUI, each of which is a series of the Trust. The investment objective of USMI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the Metals Index, less USMI s expenses. The investment objective of USAI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the Agriculture Index, less USAI s expenses. The investment objective of USCUI will be for the daily changes in percentage terms of its units NAV to reflect the daily changes in percentage terms of the Copper Index, less USCUI s expenses.

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 December 31, 2010. The first row shows the average amount of the variation between the Related Public Fund s closing market price and NAV, computed on a daily basis since inception, while the second and third rows depict the maximum daily amount of the end of day premiums and discounts to NAV since inception, on a percentage basis. Management of the General Partner believes that maximum and minimum end of day premiums and discounts typically occur because trading in the units continues on the NYSE Arca until 4:00 p.m. New York time while regular trading in the benchmark futures contract on the NYMEX ceases at 2:30 p.m. New York time and the value of the relevant benchmark futures contract, for purposes of determining its end of day NAV, can be determined at that time. One known exception to this conclusion were the premiums on trading in USNG units that occurred between July 8, 2009 and September 28, 2009, when USNG suspended the issuance of Creation Baskets as a result of regulatory concern relating to the size of USNG s positions in the natural gas futures and cleared swap markets, and there was continued demand for such units and other similar natural gas futures linked investments in the market.

	USOF	USNG	US12OF	UGA	USHO	USSO	US12NG	USBO	USCI
Average Difference	$(0.00)	$0.15	$(0.05)	$0.00	$0.01	$0.00	$0.02	$(0.12)	$0.11
Max Premium %	3.88 %	9.47 %	4.11 %	6.29 %	5.75 %	2.50 %	3.17 %	2.06 %	2.03 %
Max Discount %	-4.51%	-2.42%	-9.72%	-4.50%	-3.85%	-5.39%	-6.52%	-3.13%	-1.15%

There are significant differences between investing in US12NG and the Related Public Funds and investing directly in the futures market. The General Partner s results with US12NG 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 US12NG and the Related Public Funds, the performance of US12NG may not be representative of results that may be experienced by the other Related Public Funds. For more information on the performance of the Related Public Funds, see the Performance Tables below.

Performance of US12NG

Experience in Raising and Investing in US12NG Through February 28, 2011

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered in US12NG Offering*	$ 1,500,000,000
Dollar Amount Raised in US12NG Offering	$ 71,441,408
Organizational and Offering Expenses:**	
SEC registration fee	$ 80,910
FINRA registration fee	$ 70,000
Listing fee	$ 5,000
Auditor s fees and expenses	$ 2,500
Legal fees and expenses	$ 202,011
Printing expenses	$ 31,558
Length of US12NG offering	Continuous

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

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

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Compensation to the General Partner and Other Compensation US12NG:

Expenses paid by US12NG through February 28, 2011 in Dollar Terms:

Expenses	Amount in Dollar Terms
Amount Paid or Accrued to General Partner	$ 304,106
Amount Paid or Accrued in Portfolio Brokerage Commissions	$ 19,718
Other Amounts Paid or Accrued*	$ 399,969
Total Expenses Paid or Accrued	$ 723,793
Expenses Waived**	$ (333,740)
Total Expenses Paid or Accrued Including Expenses Waived	$ 390,053

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

** The General Partner, though under no obligation to do so, agreed to pay certain expenses, to the extent that such expenses exceeded 0.15% (15 basis points) of US12NG s NAV, on an annualized basis, through at least June 30, 2011. The General Partner has no obligation to continue such payment into subsequent periods.

Expenses paid by US12NG through February 28, 2011 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	0.70% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions	0.04% annualized
Other Amounts Paid or Accrued	0.92% annualized
Total Expenses Paid or Accrued	1.67% annualized
Expenses Waived	(0.77)% annualized
Total Expenses Paid or Accrued Including Expenses Waived	0.90% annualized
US12NG Performance:	
Name of Commodity Pool	US12NG
Type of Commodity Pool	Exchange traded security
Inception of Trading	November 18, 2009
Aggregate Subscriptions (from inception through February 28, 2011)	$71,441,408
Total Net Assets as of February 28, 2011	$29,289,422
Initial NAV per Unit as of Inception	$50.00
NAV per Unit as of February 28, 2011	$35.52
Worst Monthly Percentage Draw-down	Mar 10 (15.47)%
Worst Peak-to-Valley Draw-down	Dec 09 Feb 11 (39.48)%
Number of Unitholders (as of December 31, 2010)	4,575

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COMPOSITE PERFORMANCE DATA FOR US12NG PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

	Rates of Return*		
Month	2009	2010	2011
January		(5.93)%	(0.68)%
February		(5.18)%	(6.49)%
March		(15.47)%	
April		0.07%	
May		3.11%	
June		1.27%	
July		(0.05)%	
August		(13.53)%	
September		(6.23)%	
October		(1.78)%	
November	(0.02)%**	(0.92)%	
December	7.56%	4.88%	
Annual Rate of Return	7.54%	(34.83)%	(7.14)%***

* 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 November 18, 2009.

*** Through February 28, 2011.

Terms Used in Performance Tables

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 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.

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Performance of the Related Public Funds

USOF:

Experience in Raising and Investing in USOF through February 28, 2011

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Dollar Amount Offered*:	$ 71,257,630,000
Dollar Amount Raised:	$ 28,113,963,301
Organizational and Offering Expenses**:	
SEC registration fee:	$ 2,485,175
FINRA registration fee:	$ 604,000
Listing fee:	$ 5,000
Auditor s fees and expenses:	$ 77,850
Legal fees and expenses:	$ 1,681,130
Printing expenses:	$ 68,417
Length of USOF Offering:	Continuous

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

** Through December 31, 2006, these expenses were paid for by an affiliate of the General Partner in connection with the initial public offering. Following December 31, 2006, USOF has recorded these expenses.

Compensation to the General Partner and Other Compensation

Expenses Paid by USOF through February 28, 2011 in dollar terms:

Expenses:	Amount in Dollar Terms
Amount Paid or Accrued to General Partner:	$ 30,804,911
Amount Paid or Accrued in Portfolio Brokerage Commissions:	$ 9,128,542
Other Amounts Paid or Accrued*:	$ 10,980,398
Total Expenses Paid or Accrued:	$ 50,913,851

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

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Expenses paid by USOF through February 28, 2011 as a Percentage of Average Daily Net Assets:

Expenses:	Amount As a Percentage of Average Daily Net Assets
Amount Paid or Accrued to General Partner:	0.46% annualized
Amount Paid or Accrued in Portfolio Brokerage Commissions:	0.14% annualized
Other Amounts Paid or Accrued:	0.16% annualized
Total Expenses Paid or Accrued:	0.76% annualized
USOF Performance:	
Name of Commodity Pool:	USOF
Type of Commodity Pool:	Exchange traded security
Inception of Trading:	April 10, 2006
Aggregate Subscriptions (from inception through February 28, 2011):	$28,113,963,301
Total Net Assets as of February 28, 2011:	$2,022,573,485
Initial NAV per Unit as of Inception:	$67.39
NAV per Unit as of December 31, 2010:	$39.20
Worst Monthly Percentage Draw-down:	Oct 2008 (31.57)%
Worst Peak-to-Valley Draw-down:	Jun 2008 Feb 2009 (75.84)%
Number of Unitholders (as of December 31, 2010)	