

United States Heating Oil Fund, LP
Form S-1
April 19, 2007

As filed with the Securities and Exchange Commission on April 19, 2007

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

United States Heating Oil Fund, LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

6770
(Primary Standard Industrial
Classification Code Number)

20-8837345
(I.R.S. Employer
Identification Number)

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(Name, Address, Including Zip Code, and
Telephone Number,

Area Code, of Registrant's Principal Executive Offices)

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.

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
United States Heating Oil Fund, LP	1,000,000 Units	\$ 50.00	\$ 50,000,000	\$ 1,535

(1)

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

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

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the SEC is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

United States Heating Oil Fund, LP

1,000,000 Units

United States Heating Oil Fund, LP, a Delaware limited partnership, is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. United States Heating Oil Fund, LP is referred to as USHO throughout this document. The investment objective of USHO is for the changes in percentage terms of the units' net asset value to reflect the changes in percentage terms of the price of heating oil (also known as No. 2 fuel) delivered at the New York harbor, as measured by the changes in the price of the futures contract on heating oil traded on the New York Mercantile Exchange that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire, less USHO's expenses. This is a best efforts offering. USHO will continuously offer creation baskets consisting of 100,000 units to authorized purchasers through ALPS Distributors, Inc., which is the marketing agent. [TBD] is expected to be the initial authorized purchaser. A list of USHO's current authorized purchasers will be available from the marketing agent. Authorized purchasers will pay a transaction fee of \$1,000 for each order to create one or more baskets. There are no arrangements to place funds in an escrow, trust, or similar account. This will be a continuous offering and will not terminate until all of the registered units have been sold.

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It is anticipated that on the effective date (the date the Securities and Exchange Commission declares the registration statement relating to this Prospectus effective), the initial authorized purchaser will, though it is under no obligation to do so, purchase one or more initial creation baskets of 100,000 units at a price per unit of \$50.00. It is expected that the proceeds from that purchase will be invested on that day and that USHO's initial per unit net asset value will be established as of 4:00 p.m. New York City time that day. The units are expected to begin trading on the day following the effective date. Units offered in creation baskets on any day after the effective date will be offered at the per unit net asset value as of the earlier of 4:00 p.m. New York time or the close of trading on the New York Stock Exchange.

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Authorized purchasers will be 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 do 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 American Stock Exchange, the net asset value of USHO at the time the authorized purchaser purchased the creation basket and the net asset value 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 heating oil futures contract market and the market for other heating oil-related investments. The prices of units offered by authorized purchasers are expected to fall between USHO's net asset value and the trading price of the units on the American Stock Exchange 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 are expected to trade in the secondary market on the American Stock Exchange. 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 heating oil futures contract market and the market for other heating oil-related investments. Authorized purchasers will not be required to sell any specific number or dollar amount of units.

USHO 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 USHO include:

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

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

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USHO does not expect to make cash distributions.

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

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USHO has no operating history so there is no performance history to serve as a basis for you to evaluate an investment in USHO.

Investing in USHO involves other significant risks. See "What Are the Risk Factors Involved with an Investment in USHO?" starting on page [10].

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

THE COMMODITY FUTURES TRADING COMMISSION (CFTC) HAS NOT PASSED UPON THE MERITS OF PARTICIPATING IN THIS POOL NOR HAS IT 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

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Price of the units in the first basket(s)
sold

\$ 50.00 \$ 5,000,000.00

The date of this prospectus is April [], 2007.

**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 FUTURES AND OPTIONS TRADING CAN QUICKLY LEAD TO LARGE LOSSES AS WELL AS GAINS. SUCH TRADING LOSSES CAN SHARPLY REDUCE THE NET ASSET VALUE OF THE POOL AND CONSEQUENTLY THE VALUE OF YOUR INTEREST IN THE POOL. IN ADDITION, RESTRICTIONS ON REDEMPTIONS MAY AFFECT YOUR ABILITY TO WITHDRAW YOUR PARTICIPATION IN THE POOL.

FURTHER, COMMODITY POOLS MAY BE SUBJECT TO SUBSTANTIAL CHARGES FOR MANAGEMENT, 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 [] AND A STATEMENT OF THE PERCENTAGE RETURN NECESSARY TO BREAK EVEN, THAT IS, TO RECOVER THE AMOUNT OF YOUR INITIAL INVESTMENT, ON PAGE 5.

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 THE DESCRIPTION OF THE PRINCIPAL RISK FACTORS OF THIS INVESTMENT, BEGINNING ON PAGE 10.

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

AS OF THE DATE OF THIS PROSPECTUS THIS POOL HAS NOT COMMENCED TRADING AND DOES NOT HAVE ANY PERFORMANCE HISTORY.

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<p>Until [Date] (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.</p>	

PROSPECTUS SUMMARY

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

Overview of USHO

United States Heating Oil Fund, LP, a Delaware limited partnership (USHO or Us or We), is a commodity pool that will issue units that may be purchased and sold on the American Stock Exchange. USHO was organized as a limited partnership under Delaware law on April 13, 2007. USHO is currently operated pursuant to the Agreement of Limited Partnership dated April 12, 2007, which is attached as Appendix B. Prior to USHO making its initial public offering, the general partner will enter into the Amended and Restated Agreement of Limited Partnership dated [Month] [Day], 2007 (LP Agreement), which is included as Appendix C. USHO is managed and controlled by its general partner, 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 Commodities Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). USHO will pay the General Partner a management fee of [0.60]% of NAV on the first [\$1,000,000,000] of assets and [0.50]% of NAV after the first [\$1,000,000,000] of assets.

The net assets of USHO will consist primarily of investments in futures contracts for heating oil, crude oil, gasoline, natural gas and other petroleum-based fuels that are traded on the New York Mercantile Exchange, ICE Futures or other U.S. and foreign exchanges (collectively, Futures Contracts). USHO may also invest in other heating oil-related investments such as cash-settled options on Futures Contracts, forward contracts for heating oil, and over-the-counter transactions that are based on the price of heating oil, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, Other Heating Oil-Related Investments). For convenience and unless otherwise specified, Futures Contracts and Other Heating Oil-Related Investments collectively are referred to as Heating Oil Interests in this Prospectus.

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

The investment objective of USHO is to have the changes in percentage terms of the unit's net asset value reflect the changes in percentage terms of the price of heating oil (also known as No. 2 fuel) delivered at the New York harbor, as measured by the changes in the price of the futures contract on heating oil traded on the New York Mercantile Exchange (the Benchmark Futures Contract) that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire, less USHO's expenses. It is not the intent of USHO to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot heating oil or any particular futures contract based on heating oil. USHO invests in interests other than the Benchmark Futures Contract to comply with accountability levels and position limits. For a detailed discussion of accountability levels and position limits, see What are Futures Contracts?

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

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

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

An investment in the units will allow both retail and institutional investors to easily gain exposure to the heating oil 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 heating oil prices.

The Benchmark Futures Contract will be changed or rolled from the near month contract to expire to the next month contract to expire over a four (4) day period.

The General Partner will employ a neutral investment strategy intended to track the changes in the price of heating oil regardless of whether the price of heating oil goes up or goes down. USHO's neutral investment strategy is designed to permit investors generally to purchase and sell USHO's units for the purpose of investing indirectly in heating oil in a cost-effective manner, and/or to permit participants in the heating oil or other industries to hedge the risk of losses in their heating oil-related transactions. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in heating oil and/or the risks involved in hedging may exist. In addition, an investment in USHO involves the risk that the changes in the price of USHO's units will not accurately track the changes in the price of the Benchmark Futures Contract. For example, USHO will also invest a substantial amount of its assets in Treasuries and hold cash and cash equivalents to be used to meet its current or potential margin or collateral requirements with respect to its investments in Futures Contracts and Other Heating Oil-Related Investments. USHO does not expect there to be any meaningful correlation between the performance of USHO's investments in Treasuries/cash/cash equivalents and the changes in the price of heating oil. 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 heating oil, this correlation is not anticipated as part of USHO'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 USHO's NAV and the changes in the price of heating oil.

USHO will create and redeem units only in blocks of 100,000 units called Creation Baskets and Redemption Baskets, respectively. Only Authorized Purchasers may purchase or redeem Creation Baskets or Redemption 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. It is expected that baskets will be created when there is sufficient demand for units that 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 American Stock Exchange, to the public at per unit offering prices that are expected to reflect, among other factors, the trading price of the units on the American Stock Exchange, the NAV of USHO 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 Heating Oil-Related Investments. The prices of units offered by authorized purchasers are expected to fall between USHO's NAV and the trading price of the units on the American Stock Exchange at the time of sale. Similarly, it is expected that baskets will be 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 are expected to effect such transactions in the secondary market, on the American Stock Exchange, at the market price per unit, rather than in connection with the creation or redemption of baskets.

The minimum number of Creation Baskets that must be sold is one. All proceeds from the sale of Creation Baskets will be invested as quickly as possible in the investments described in this Prospectus. There will be no escrow or similar holding of funds that has a time period or other conditions. Investments will be held through USHO's custodian, anticipated at this time to be Brown Brothers Harriman & Co. (Custodian), or through accounts with USHO's commodities futures brokers. There is no stated maximum time period for USHO'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, position limits on certain of the Futures Contracts in which USHO intends to invest may practically limit the maximum amount of Creation Baskets that will be sold if the General Partner determines that the other investment alternatives available to USHO at that time will not enable it to meet its stated investment objective.

Units may also be purchased and sold in smaller increments than a Creation Basket on the American Stock Exchange. However, these transactions will be effected at bid and ask prices established by specialist firm(s). Like any listed security, units of USHO can be purchased and sold at any time a secondary market is open.

In managing USHO's assets, the General Partner does not intend to use a technical trading system that issues buy and sell orders. The General Partner does intend to employ quantitative methodologies whereby each time one

or more baskets are purchased or redeemed, the General Partner will purchase or sell Futures Contracts and Other Heating Oil-Related Investments with an aggregate face amount 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 USHO only in Creation Baskets or Redemption Baskets, respectively, and only by Authorized Purchasers. Each Creation Basket and Redemption Basket will consist of 100,000 units and may be worth millions of dollars. Individual investors, therefore, will not be able to directly purchase units from or redeem units with USHO. Some of the information contained in this Prospectus, including information about buying and redeeming units directly from and to USHO is only relevant to Authorized Purchasers. Units will also be listed and traded on the American Stock Exchange 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 will not be redeemable securities. There is no guarantee that units will trade at or near the per-unit NAV.

The Units

The units are registered as securities under the Securities Act of 1933 (1933 Act) and will not provide dividend rights or conversion rights and there will not be sinking funds. The units may only be redeemed when aggregated in Redemption Baskets as discussed under Creations and Redemptions and limited partners will have limited voting rights as discussed under Who is the General Partner? Cumulative voting will neither be permitted nor required and there will be no preemptive rights. As discussed in the LP Agreement, upon liquidation of USHO, 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 will be a continuous offering under Rule 415 of the 1933 Act and it will terminate when all of the registered units have been sold. It is anticipated that when all registered units have been sold, additional units will be registered in subsequent continuous offerings. As discussed above, the minimum purchase requirement for Authorized Purchasers is a Creation Basket, which will consist of 100,000 units. Under the plan of distribution, USHO 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.

USHO's Investments in Heating Oil Interests

A brief description of the principal types of Heating Oil Interests in which USHO may invest is set forth below.

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A futures contract is a standardized contract traded on a futures exchange that calls for the future delivery of a specified quantity of a commodity at a specified time and place.

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A forward contract is a supply contract between principals, not traded on an exchange, to buy or sell a specified quantity of a commodity at or before a specified date at a specified price.

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A spot contract is a cash market transaction in which the buyer and seller agree to the immediate purchase and sale of a commodity, usually with a two-day settlement. Spot contracts are not uniform and are not exchange-traded.

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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 are standardized contracts traded on an exchange, while options on forward contracts and commodities on the spot market, referred to collectively in this Prospectus as over-the-counter options, generally are individually negotiated, principal-to-principal contracts not traded on an exchange.

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Over-the-counter contracts (such as swap contracts) generally involve an exchange of a stream of payments between the contracting parties. Over-the-counter contracts generally are not uniform and not exchange-traded.

A more detailed description of heating oil interests and other aspects of the heating oil and heating oil interest markets can be found later in this Prospectus.

As noted, USHO expects to invest primarily in Futures Contracts, including those traded on the New York Mercantile Exchange. USHO expressly disclaims any association with such Exchange or endorsement of USHO 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 USHO

An investment in USHO involves a degree of risk. Some of the risks you may face are summarized below. A more extensive discussion of these risks appears beginning on page 10.

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

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There is the risk that the changes in the price of USHO's units on the American Stock Exchange will not closely track the changes in the price of heating oil. This could happen if the price of units traded on the American Stock Exchange does not correlate closely with USHO's NAV; the changes in USHO's NAV do not closely correlate with the changes in the price of the Benchmark Futures Contract; or the changes in the price of the Benchmark Futures Contract do not closely correlate with the changes in the cash or spot price of heating oil. This is a risk because if these correlations do not exist, then investors may not be able to use USHO as a cost-effective way to invest indirectly in heating oil or as a hedge against the risk of loss in heating oil-related transactions.

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

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The price relationship between the near month contract to expire and the next month contract to expire that compose the Benchmark Futures Contract will vary and may impact both the total return over time of USHO's NAV, as well as the degree to which its total return tracks other heating oil price indices' total returns. In cases in which the near month contract's price is lower than the next month contract's price (a situation known as *contango* in the futures markets), then absent the impact of the overall movement in heating oil prices the value of the benchmark contract would tend to decline as it approaches expiration. In cases in which the near month contract's price is higher than the next month contract's price (a situation known as *backwardation* in the futures markets), then absent the impact of the overall movement in heating oil prices the value of the benchmark contract would tend to rise as it approaches expiration.

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Investors may choose to use USHO as a means of investing indirectly in heating oil and there are risks involved in such investments. The risks and hazards that are inherent in the heating oil industry may cause the price of heating oil to widely fluctuate, for example, due to changes in supply and demand for heating oil as a result of refinery shutdowns or changes in the weather. The exploration for crude oil, the raw material used in the production of heating oil, and production of heating oil are uncertain processes with many risks. The cost of drilling, completing and operating wells for crude oil, the raw material used in the production of heating oil, is often uncertain, and a number of factors can delay or prevent drilling operations or production of heating oil.

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Investors, including those who participate in the heating oil industry, may choose to use USHO 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.

- USHO expects to invest primarily in Futures Contracts that are traded in the United States. However, a portion of USHO's trades may take place in markets and on exchanges outside the United States. Some non-U.S. markets present risks because they are not subject to the same degree of regulation as their U.S. counterparts. In some of these non-U.S. markets, the performance on a contract is the responsibility of the counterparty and is not backed by an exchange or clearing corporation and therefore exposes USHO to credit risk. Trading in non-U.S. markets also leaves USHO susceptible to fluctuations in the value of the local currency against the U.S. dollar.

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

- USHO 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 USHO and will have to rely on the duties and judgment of the General Partner to manage USHO.

- The structure and operation of USHO may involve conflicts of interest. For example, a conflict may arise because the General Partner and its principal 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 United States Oil Fund, LP (USOF) and United States Natural Gas Fund, LP (USNG), the other commodity pools that it manages, or any other commodity pool the General Partner may form in the future, including United States Gasoline Fund, LP (USG).

- USHO is new and has no operating history. Therefore, you do not have the benefit of reviewing the past performance of USHO as a basis for you to evaluate an investment in USHO.

For additional risks, see [What Are the Risk Factors Involved with an Investment in USHO?](#)

Principal Offices of USHO and the General Partner

USHO's principal office is located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. The telephone number is 510.522.3336. The General Partner's principal office is also located at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502.

Financial Condition of USHO

USHO will not calculate the NAV prior to the effective date. The initial NAV will be determined as of 4:00 p.m. New York time on the effective date.

Defined Terms

For a glossary of defined terms, see Appendix A.

Breakeven Analysis [Need to update]

The breakeven analysis below indicates the approximate dollar returns and percentage required for the redemption value of a hypothetical \$50.00 initial investment in a single unit to equal the amount invested twelve months after the investment was made. 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	\$ 50.00
Management Fee (0.60%)*	\$.30
Creation Basket Fee**	\$ (.01)
Estimated Brokerage Fee ([0.13]%)***	\$.065
Interest Income (5.19%****)	\$ (2.60)
New York Mercantile Exchange Licensing Fee*****	\$.02
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	\$ (2.23)
Percentage of initial selling price per unit	0 %

*

USHO is contractually obligated to pay the General Partner a management fee based on daily net assets and paid monthly of [0.60]% per annum on average net assets of [\$1,000,000,000 or less]. For purposes of this example we assumed that the average net assets are [\$1,000,000,000 or less]. If the average net assets were greater than \$1,000,000,000 then the management fee would be [0.50]% on the incremental net assets and the breakeven amount would be lower.

**

Authorized Purchasers are required to pay a Creation Basket 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 Creation Basket fee is \$.01 (1,000/100,000).

USHO determined this estimate as follows. The breakeven analysis assumes an initial investment by an investor in one unit. Assuming the price of the unit is \$50.00, USHO would receive \$5,000,000 upon the sale of a Creation Basket (100,000 units multiplied by \$50.00). Assuming no change in the settlement price of the contracts, USHO would be required to purchase and sell [] futures contracts each month to support the Creation Basket (\$5,000,000 divided by the total value of a heating oil contract of \$[,] (as of April 17, 2007, the settlement price for heating oil was 1.7978)). Assuming futures commission merchants charge approximately [\$4.00] per heating oil contract for each buy or sale, the monthly futures commission merchant commission charge per contract would be approximately [\$8.00], and the annual futures commission merchant commission charge per contract would be approximately [\$96]. Assuming no change in the settlement price of the contracts, USHO would buy and sell [] heating oil contracts each month to support a Creation Basket, which means that USHO's monthly commission charge per Creation Basket would be approximately [\$,], and the annual commission charge per Creation Basket would be approximately [\$,] ([] contracts bought and sold * approximately \$[8] per month * 12 months). As a percentage of the total investment of \$5,000,000 to support the issuance of the Creation Basket, USHO's annual commission expense would be approximately [0.13]% ([\$,] divided by \$5,000,000).

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USHO will earn interest on funds it will deposit with the futures commission merchant and the Custodian and it estimates that the interest rate will be 5.19% based on the current interest rate on three-month Treasury Bills as of February 26, 2007. The actual rate may vary.

Assuming the aggregate assets of USHO, USG, USNG and USOF are \$[1,000,000,000] or less, the New York Mercantile Exchange licensing fee is [.04%]. For more information see Fees of USHO.

The Offering

- Offering:** USHO will be offering Creation Baskets consisting of 100,000 units through ALPS Distributors, Inc. (Marketing Agent) as the anticipated marketing agent to Authorized Purchasers. The initial Authorized Purchaser will purchase one or more initial Creation Baskets of 100,000 units at an initial offering price per unit equal to \$50.00. The initial Authorized Purchaser intends to offer the units of the initial Creation Basket(s) publicly. The effective date will be the date on which the SEC declares the registration statement relating to this Prospectus effective and is expected to be the date of the sale of the initial Creation Basket(s). However, the proceeds are not expected to be invested until the order for the first Creation Basket has settled and cash is received from the initial Authorized Purchaser. The units are expected to begin trading on the day following the purchase of the initial Creation Basket(s) by the initial Authorized Purchaser.
- Use of Proceeds:** The General Partner will initially apply all of USHO's assets toward trading in Futures Contracts and investing in Treasuries, cash and cash equivalents. The General Partner expects to deposit substantially all of USHO's net assets with the futures commission merchant, [TBD], or other custodian to be used to meet its current or potential margin or collateral requirements in connection with its investment in Futures Contracts. USHO will use only Treasuries or cash or cash equivalents to satisfy these requirements. The General Partner expects that all entities that will hold or trade USHO's assets will be based in the United States and will be subject to United States regulations. The General Partner believes that 5% to 10% of USHO's assets will normally be committed as margin for Futures Contracts. However, from time to time, the percentage of assets committed as margin may be substantially more, or less, than such range. The remaining portion of USHO's assets will be held in Treasuries and/or cash or cash equivalents by its custodian, anticipated at this time to be Brown Brothers Harriman & Co. (Custodian), or posted as collateral to support USHO's investments in Heating Oil Interests. All interest income earned on these investments will be retained for USHO's benefit.
- American Stock Exchange Symbol:** UHN
- Creation and Redemption:** Authorized Purchasers will pay a \$1,000 fee for each order to create or redeem one or more Creation Baskets or Redemption Baskets. Authorized Purchasers will not be required to sell any specific number or dollar amount of units. The per unit price of units offered in Creation Baskets on any day after the effective date will be the per unit NAV of USHO calculated shortly after the close of the American Stock Exchange 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;

(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. Unitholders are limited to (1) participants in DTC such as banks, brokers, dealers and trust companies (DTC Participants), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant (Indirect Participants), and (3) those banks, brokers, dealers, trust companies and others 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, anticipated at this time to be 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 USHO's total assets and subtracting any liabilities. Under USHO's current operational procedures, the Administrator calculates the NAV of USHO's units as of the earlier of 4:00 p.m. New York time or the close of the New York Stock Exchange each day. The American Stock Exchange currently calculates an approximate net asset value every 15 seconds throughout each day USHO's units are traded on the American Stock Exchange for as long as the New York Mercantile Exchange's main pricing mechanism is open.

Fund Expenses:

USHO will pay the General Partner a management fee of [0.60]% of NAV on the first \$[1,000,000,000] of assets and [0.50]% of NAV after the first \$[1,000,000,000] of assets. Brokerage fees for Treasuries, Futures Contracts, and Other Heating Oil-Related Investments are estimated to be [0.13]% and will be paid to unaffiliated brokers. USHO also pays any licensing fees for the use of intellectual property. Registration fees paid to the SEC, NASD, 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 will be paid by the General Partner, but the fees and expenses associated with subsequent SEC registrations of units will be borne by USHO. The

license fee paid to the New York Mercantile Exchange is [.04]% of NAV for the first \$[1,000,000] of assets and [.02]% of NAV after the first \$[1,000,000] of assets. The assets of USHO are aggregated with those of other funds formed or to be formed by the General Partner. USHO also pays the fees and expenses, including directors and officers liability insurance, of the independent directors. The General Partner, and not USHO, is responsible for payment of the fees of USHO's Marketing Agent, Administrator and Custodian. USHO and/or the General Partner may be required to indemnify the Marketing Agent, Administrator or Custodian under certain circumstances.

Termination Events:

USHO 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:

We expect the initial Authorized Purchaser to be [TBD]. We expect subsequent Authorized Purchasers to purchase or redeem Creation Baskets or Redemption Baskets, respectively, from or to USHO. 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.

What Are the Risk Factors Involved with an Investment in USHO?

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, including USHO's financial statements and the related notes.

Risks Associated With Investing Directly or Indirectly in Heating Oil

Investing in Heating Oil Interests subjects USHO to the risks of the heating oil industry and this could result in large fluctuations in the price of USHO's units.

USHO is subject to the risks and hazards of the heating oil industry because it invests in Heating Oil Interests. The risks and hazards that are inherent in the heating oil industry may cause the price of heating oil to widely fluctuate. If the changes in percentage terms of USHO's units' NAV reflects the changes in percentage terms of the price of heating oil, then the price of USHO's units may also fluctuate. The exploration for crude oil, the raw material used in the production of heating oil, and production of heating oil are uncertain processes with many risks. The cost of drilling, completing and operating wells for crude oil is often uncertain, and a number of factors can delay or prevent drilling operations or production of heating oil, including:

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

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

There are a variety of hazards inherent in heating oil transmission, distribution, gathering, and processing, such as leaks, explosions, pollution, release of toxic substances, adverse weather conditions (such as hurricanes and flooding),

pipeline failure, abnormal pressures, uncontrollable flows of heating oil, scheduled and unscheduled maintenance, physical damage to the gathering or transportation system, and other hazards which could affect the price of heating oil. To the extent these hazards limit the supply or delivery of heating oil, heating oil prices will increase.

The price of heating oil fluctuates on a seasonal basis and this would result in fluctuations in the price of USHO s units.

Heating oil prices fluctuate seasonally. For example, in some parts of the United States and other markets, the heating oil 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 heating oil may fluctuate substantially on a seasonal basis, which may make consecutive period to period comparisons less relevant. Cold weather increases demand and prices follow. Extremely cold and hazardous weather can make energy transportation more difficult, as oil trucks may have to wait for roads to be plowed and oil barges may be delayed due to frozen rivers and harbors.

Weather is also a key factor in inventory levels of heating oil. Extremely cold weather will cause depletion of supplies in storage at terminals and refineries and as a result, prices often rise until inventories are restored to normal levels. Supply interruptions may also affect inventories. For example, the Gulf Coast hurricanes of 2005 seriously disrupted the ability of several refineries to build up distillate (heating oil and diesel fuel) inventories for the winter months.

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

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

Limitations on ability to develop additional sources of heating oil could impact future prices.

In the past, a supply disruption in one area of the world has been softened by the ability of major oil-producing nations such as Saudi Arabia to increase output to make up the difference. Now, much of that reserve capacity has been absorbed by increased demand, with the supply cushion now estimated to be between one and two million barrels a day in a world that every day is using 85 million barrels (or nearly 3.6 billion gallons) of oil products.

Heating oil transmission and storage operations are subject to government regulations and rate proceedings which could have an impact on the price of heating oil.

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

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

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

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

The General Partner will endeavor to invest USHO's assets as fully as possible in Futures Contracts and Other Heating Oil-Related Investments so that changes in percentage terms in the NAV will closely correlate with changes in percentage terms in the price of the Benchmark Futures Contract. However, changes in USHO's NAV may not correlate with changes in the price of the Benchmark Futures Contract for several reasons as set forth below:

-

USHO (i) may not be able to buy/sell the exact amount of Futures Contracts and Other Heating Oil-Related Investments to have a perfect correlation with NAV; (ii) may not always be able to buy and sell Futures Contracts or

Other Heating Oil-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 Heating Oil-Related Investments and Treasuries, cash and cash equivalents, and (iv) is required to pay brokerage fees and the management fee, which will have an effect on the correlation.

-

Short-term supply and demand for heating oil may cause the changes in the market price of the Benchmark Futures Contract to vary from changes in USHO's NAV if USHO 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.

- USHO plans to buy only as many Futures Contracts and Other Heating Oil-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 Contract. The remainder of its assets will be invested in Treasuries, cash and cash equivalents and will be used to satisfy initial margin and additional margin requirements, if any, and to otherwise support its investments in Heating Oil Interests. Investments in Treasuries, cash and cash equivalents, both directly and as margin, will provide rates of return that will vary from changes in the value of the price of heating oil and the price of the Benchmark Futures Contract.

- In addition, because USHO will incur certain expenses in connection with its investment activities, and will hold most of its assets in more liquid short-term securities for margin and other liquidity purposes and for redemptions that may be necessary on an ongoing basis, the General Partner will not be able to fully invest USHO's assets in Futures Contracts or Other Heating Oil-Related Investments and there cannot be perfect correlation between changes in USHO's NAV and changes in the price of the Benchmark Futures Contract.

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

- USHO may not be able to buy the exact number of Futures Contracts and Other Heating Oil-Related Investments to have a perfect correlation with the Benchmark Futures Contract 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, USHO could not invest the entire proceeds from the purchase of the Creation Basket in such futures contracts (for example, assume USHO receives \$4,000,000 for the sale of a Creation Basket and assume that the price of a Futures Contract for heating oil is \$[59,950], then USHO could only invest in only 66 Futures Contracts with an aggregate value of \$[3,956,700]), USHO would be required to invest a percentage of the proceeds in Treasuries 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 cash and Treasuries 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, USHO may not be able to purchase these investments at the last reported price for such investments.

If changes in USHO's NAV do not correlate with changes in the price of the Benchmark Futures Contract, then investing in USHO may not be an effective way to hedge against heating oil-related losses or indirectly invest in heating oil.

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

When using the Benchmark Futures Contract as a strategy to track the price of heating oil, at best the correlation between changes in prices of such Heating Oil Interests and the delivery price of heating oil can be only approximate. The degree of imperfection of correlation depends upon circumstances such as variations in the speculative heating oil market, supply of and demand for such Heating Oil Interests and technical influences in futures trading. If there is a weak correlation between the Heating Oil Interests and the price of heating oil, then the price of units may not accurately track the price of heating oil and you may not be able to effectively use USHO as a way to hedge the risk of losses in your heating oil-related transactions or as a way to indirectly invest in heating oil.

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

The value of Treasuries generally moves inversely with movements in interest rates. If USHO is required to sell Treasuries at a price lower than the price at which they were acquired, USHO 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 USHO's Futures Contracts and Other Heating Oil-Related Investments, and the delivery price of heating oil.

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

USHO 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 heating oil production or exports, or in another major export, can also make it difficult to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as accountability levels, position limits and price fluctuation limits, may contribute to a lack of liquidity with respect to some Heating Oil Interests.

Unexpected market illiquidity may cause major losses to investors at any time or from time to time. In addition, USHO does not intend at this time to establish a credit facility, which would provide an additional source of liquidity, but instead will rely only on the Treasuries, cash and 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 USHO increases the risk of illiquidity. Other Heating Oil-Related Investments that USHO invests in, such as negotiated over-the-counter contracts, may have a greater likelihood of being illiquid since they are contracts between two parties that take into account not only market risk, but also the relative credit, tax, and settlement risks under such contracts. Such contracts also have limited transferability that results from such risks and from the contract's express limitations. Because both Futures Contracts and Other Heating Oil-Related Investments may be illiquid, USHO's Heating Oil Interests may more difficult to liquidate at favorable prices in periods of illiquid markets and losses may be incurred during the period in which positions are being liquidated.

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

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

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

While it is not the current intention of USHO to take physical delivery of heating oil under its Futures Contracts, futures contracts are not required to be cash-settled and it is possible to take delivery under these contracts. Storage costs associated with purchasing heating oil could result in costs and other liabilities that could impact the value of Futures Contracts or Other Heating Oil-Related Investments. Storage costs include the time value of money invested in heating oil as a physical commodity plus the actual costs of storing the heating oil less any benefits from ownership

of heating oil that are not obtained by the holder of a futures contract. In general, Futures Contracts have a one-month delay for contract delivery and the back month (the back month is any future delivery month other than the spot month) includes storage costs. To the extent that these storage costs change for heating oil while USHO holds Futures Contracts or Other Heating Oil-Related Investments, the value of the Futures Contracts or Other Heating Oil-Related Investments, and therefore USHO's NAV, may change as well.

The price relationship between the near month contract and the next to near month contract that compose the Benchmark Futures Contract will vary and may impact both the total return over time of USHO's NAV, as well as the degree to which its total return tracks other heating oil price indices' total returns.

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

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 USHO.

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. In addition, various national governments 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 USHO is impossible to predict, but could be substantial and adverse.

If you are investing in USHO for purposes of hedging, you might be subject to several risks including the possibility of losing the benefit of favorable market movement.

While USHO will not engage in hedging strategies, participants in the heating oil or in other industries may use USHO as a vehicle to hedge the risk of losses in their heating oil-related transactions. There are several risks in connection with using USHO as a hedging device. While hedging can provide protection against an adverse movement in market prices, it can also preclude a hedgor's opportunity to benefit from a favorable market movement. In a hedging transaction, the hedgor may be concerned that the hedged item will increase in price, but must recognize the risk that the price may instead decline and if this happens he will have lost his opportunity to profit from the change in price because the hedging transaction will result in a loss rather than a gain. Thus, the hedgor foregoes the opportunity to profit from favorable price movements.

In addition, if the hedge is not a perfect one, the hedgor 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 heating oil 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 USHO as a hedge for changes in energy costs (*e.g.*, investing in heating oil, crude oil, gasoline, or other fuels, or electricity) may not correlate because changes in the spot price of heating oil may vary from changes in energy costs because the spot price of heating oil does not reflect the refining, transportation, and other costs that may impact the hedgor s energy costs.

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

Historically, Futures Contracts and Other Heating Oil-Related Investments have generally been non-correlated to the performance of other asset classes such as stocks and bonds. Non-correlation means that there is a low statistically valid relationship between the performance of futures and other commodity interest transactions, on the one hand, and stocks or bonds, on the other hand. However, there can be no assurance that such non-correlation will continue during future periods. If, contrary to historic patterns, USHO'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, USHO may have no gains to offset your losses from other investments, and you may suffer losses on your investment in USHO 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 heating oil prices and heating oil-linked instruments, including Futures Contracts and Other Heating Oil-Related Investments, than on traditional securities. These additional variables may create additional investment risks that subject USHO'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 heating oil and prices of other financial assets, such as stocks and bonds, are negatively correlated. In the absence of negative correlation, USHO cannot be expected to be automatically profitable during unfavorable periods for the stock market, or vice versa.

USHO's Operating Risks

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

USHO 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.

USHO has no operating history so there is no performance history to serve as a basis for you to evaluate an investment in USHO.

USHO is new and has no operating history. Therefore, you do not have the benefit of reviewing the past performance of USHO as a basis for you to evaluate an investment in USHO. The General Partner's current experience involves managing United States Oil Fund, LP (USOF), an exchange traded security that invests primarily in Futures Contracts for crude oil, Treasuries, cash and cash equivalents and United States Natural Gas Fund, LP (USNG), an exchange traded security that invests primarily in Futures Contracts for natural gas, Treasuries, cash and cash equivalents. However, there are significant differences between the crude oil futures markets and the natural gas futures markets and that of heating oil futures. The General Partner's results with the crude oil and natural gas funds may not be representative of results that may be experienced with a fund investing in heating oil futures.

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 USHO, the General Partner relies heavily on Mr. Nicholas Gerber, Mr. John Love and Mr. John Hyland (all discussed in greater detail below). If Mr. Gerber, Mr. Love or Mr. Hyland were to leave or be unable to carry out their present responsibilities, it may have an adverse effect on the management of USHO. Furthermore, Mr. Gerber, Mr. Hyland, and Mr. Love are involved in the management of USOF and USNG, and the General Partner is currently in the process of registering another exchange

traded security fund, United States Gasoline Fund, LP (USG). Mr. Gerber and Mr. Love are also employed by Ameristock Corporation, a registered investment adviser that manages a public mutual fund. It is estimated that Mr. Gerber will spend approximately 50% of his time on USOF, USNG, USHO and USG matters . Mr. Love will spend approximately 80% of his time on USOF, USNG, USHO and USG matters and Mr. Hyland will spend approximately 75% of his time on USOF, USNG, USHO and USG matters.

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

U.S. designated contract markets such as the New York Mercantile Exchange 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 in USHO is not) may hold, own or control. For example, the current accountability level for investments at any one time in heating oil Futures Contracts (including investments in the Benchmark Futures Contract) is 7,000. While this is not a fixed ceiling, it is a threshold above which the New York Mercantile Exchange may exercise greater scrutiny and control over an investor, including limiting an investor to holding no more than 7,000 heating oil Futures Contracts. With regard to position limits, the New York Mercantile Exchange 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 New York Mercantile Exchange also sets daily price fluctuation limits on the Benchmark Futures Contract. The daily price fluctuation limit establishes the maximum amount that the price of futures contracts may vary either up or down from the previous day's settlement price. Once the daily price fluctuation limit has been reached in a particular Futures Contract, no trades may be made at a price beyond that limit.

In addition to accountability levels and position limits, the New York Mercantile Exchange also limits the amount of price fluctuation for Futures Contracts. For example, the New York Mercantile Exchange imposes a \$0.25 per gallon (\$10,500 per contract) price fluctuation limit for heating oil Futures Contracts. This limit is initially based off of the previous trading day's settlement price. If any heating oil 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 \$0.25 per gallon in either direction of that point. If another halt were triggered, the market would continue to be expanded by \$0.25 per gallon in either direction after each successive five-minute trading halt. There is no maximum price fluctuation limit during any one trading session.

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

USHO is not limiting the size of the offering and is committed to utilizing substantially all of its proceeds to purchase Futures Contracts and Other Heating Oil-Related Investments. If USHO encounters accountability levels, position limits, or price fluctuation limits for heating oil contracts on the New York Mercantile Exchange, it may then, if permitted under applicable regulatory requirements, purchase Futures Contracts on the ICE Futures (formerly, the International Petroleum Exchange) or other exchanges that trade listed heating oil futures. The Futures Contracts available on the ICE Futures are comparable to the contracts on the New York Mercantile Exchange, but they may have different underlying commodities, sizes, deliveries, and prices.

There are technical and fundamental risks inherent in the trading system the General Partner intends to employ.

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.

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

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

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

The General Partner serves as the general partner to each of USOF, USNG, USHO and USG. The General Partner may have a conflict to the extent that its trading decisions for USHO may be influenced by the effect they would have on USOF, USNG and USG. These trading decisions may be influenced since the General Partner also serves as the general partner for USOF, USNG and USG and is required to meet investment objectives for USOF, USNG and USG as well as USHO's. If the General Partner believes that a trading decision it made on behalf of USHO might (i) impede USOF, USNG or USG from reaching its investment objective, or (ii) improve the likelihood of meeting the objective of USOF, USNG or USG, then the General Partner may choose to change its trading decision for USHO, which could either impede or improve the opportunity for USHO from meeting its investment objective. In addition, the General Partner is required to indemnify the officers and directors of USOF, USNG and USG, 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 USHO and do not control the General Partner so they will not have influence over basic matters that affect USHO.

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 USHO'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 USHO or the conduct of its business. Unitholders and limited partners must therefore rely upon the duties and judgment of the General Partner to manage USHO's affairs.

The General Partner may manage a large amount of assets and this could affect USHO'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 USHO that it may manage. The more assets the General Partner manages, the more difficult it may be for it to trade profitably because of the difficulty of trading larger positions without adversely affecting prices and performance and of managing risk associated with larger positions.

USHO 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.

USHO may terminate at any time, regardless of whether USHO has incurred losses, subject to the terms of the LP Agreement. In particular, unforeseen circumstances, including the death, adjudication of incompetence, bankruptcy, dissolution, or removal of the General Partner could cause USHO 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 interest of the limited partners subject to conditions. However, no level of losses will

require the General Partner to terminate USHO. USHO'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 our 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, we 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.

USHO's existing units are, and any units USHO issues in the future will be, subject to restrictions on transfer. Failure to satisfy these requirements will preclude you 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 USHO to be taxable as a corporation or affect USHO'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 USHO to the risk of cancellation or forfeiture of any of its assets under any federal, state or local law or regulation. All purchasers of USHO'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, she or it agrees to be bound by USHO's LP Agreement and is eligible to purchase USHO'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 USHO'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.

USHO does not expect to make cash distributions.

The General Partner intends to re-invest any realized gains in Heating Oil Interests rather than distributing cash to limited partners. Therefore, unlike mutual funds, commodity pools or other investment pools that actively manage their investments in an attempt to realize income and gains from their investing activities and distribute such income

and gains to their investors, USHO generally does not expect to distribute cash to limited partners. You should not invest in USHO if you will need cash distributions from USHO to pay taxes on your share of income and gains of USHO, if any, or for any other reason. Although USHO does not intend to make cash distributions, the income earned from its investments held directly or posted as margin may reach levels that merit distribution, e.g., at levels where such income is not necessary to support its underlying investments in Heating Oil Interests and investors adversely react to being taxed on such income without receiving distributions that could be used to pay such tax. If this income becomes significant then cash distributions may be made.

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

USHO pays brokerage charges of approximately [0.20]% (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, the NASD, 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. USHO also pays the fees and expenses, including directors and officers liability insurance, of the independent directors, management fees of [0.60]% of NAV on the first \$[1,000,000,000] of assets and [0.50]% of NAV after the first \$[1,000,000,000] of assets, and over-the-counter spreads and extraordinary expenses (i.e., 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 USHO'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 USHO's activities are profitable. Accordingly, USHO must earn trading gains sufficient to compensate for these fees and expenses before it can earn any profit.

Currently, USHO is depending upon its affiliates to pay all its expenses. If this offering of units does not raise sufficient funds to pay USHO's future expenses, its affiliates no longer pay such expenses and no other source of funding of expenses is found, USHO will terminate and investors may lose all or part of their investment.

To date, all of USHO's expenses have been funded by the General Partner. Previously, affiliates of the General Partner had funded the General Partner's expenses. These affiliates are under no obligation to continue payment of the General Partner's expenses or to pay USHO's expenses. If the General Partner and USHO are unsuccessful in raising sufficient funds to cover its expenses or in locating any other source of funding, USHO will terminate and investors may lose all or part of their investment.

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

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

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

The General Partner does not employ trading advisors for USHO; however, it reserves the right to employ them in the future. The only advisor to USHO is the General Partner. A lack of trading advisors may be disadvantageous to USHO 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 USHO.

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

The failure or bankruptcy of a clearing broker could result in a substantial loss of USHO's assets.

Under CFTC regulations, a clearing broker maintains customers' assets in a bulk segregated account. If a clearing broker fails to do so, or is unable to satisfy a substantial deficit in a customer account, its other customers may be subject to risk of loss of their funds in the event of that clearing broker's bankruptcy. In that event, the

clearing broker's customers, such as USHO, 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. USHO 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.

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 USHO's trades.

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

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

The General Partner anticipates using mathematical formulas built into a generally available spreadsheet program to decide whether it should buy or sell Heating Oil Interests each day. Specifically, the General Partner anticipates using the spreadsheet to make mathematical calculations and to monitor positions in Heating Oil Interests and Treasuries and correlations to the Benchmark Futures Contract. The General Partner must accurately process the spreadsheets outputs and execute the transactions called for by the formulas. In addition, USHO 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 USHO's transactions could impair its ability to achieve USHO's investment objective. It could also result in decisions to undertake transactions based on inaccurate or incomplete information. This could cause substantial losses on transactions.

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

USHO'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 Partners and USHO's reputations, increased operational expenses and diversion of technical resources.

If the computer and communications systems are not upgraded, USHO'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 USHO'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 its trading activities effectively. USHO's future success will depend on USHO's ability to respond to changing technologies on a timely and cost-effective basis.

USHO 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.

USHO 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 USHO'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 USHO's trading activity and materially affect USHO's profitability.

The operations of USHO, the exchanges, brokers and counterparties with which USHO does business, and the markets in which USHO does business could be severely disrupted in the event of a major terrorist attack or the outbreak, continuation or expansion of war or other hostilities. The terrorist attacks of September 11, 2001 and the war in Iraq, 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 permits USHO to become leveraged, you could lose all or substantially all of your investment if USHO'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 face value. This feature permits commodity pools to leverage their assets by purchasing or selling futures contracts (or other commodity interests) with an aggregate value in excess of the commodity pool's assets. While this leverage can increase the pool's profits, relatively small adverse movements in the price of the pool's futures contracts can cause significant losses to the pool. While the General Partner does not currently intend to leverage USHO's assets, it is not prohibited from doing so under the LP Agreement or otherwise.

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

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

- worldwide or regional demand for energy, which is affected by economic conditions;
- the domestic and foreign supply and inventories of oil and gas;
- weather conditions, including abnormally mild winter or summer weather, and abnormally harsh winter or summer weather;

- availability and adequacy of pipeline and other transportation facilities;
- domestic and foreign governmental regulations and taxes;
- political conditions in gas or oil producing regions;
- technological advances relating to energy usage or relating to technology for exploration, production, refining and petrochemical manufacturing;
- the ability of members of the Organization of 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.

The impact of environmental and other governmental laws and regulations that may affect the price of heating oil.

Since heating oil prices correlate to crude oil prices, law and regulations that affect the price of crude oil impact the price of heating oil. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon oil wells. Other laws have prevented exploration and drilling of crude oil in certain environmentally sensitive federal lands and waters. Several environmental laws that have a direct or an indirect impact on the price of heating oil 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 heating oil may cause the price of heating oil to increase.

Heating oil is transported throughout the United States by way of pipelines, barges, tankers, trucks and rail cars and is stored in aboveground 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 heating oil service is already limited due to minimal pipeline and storage infrastructure. As a result of the limited method for transporting and storing heating oil, the price of heating oil may increase.

Over-the-Counter Contract Risk

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

A portion of USHO's assets may be used to trade over-the-counter heating oil interest contracts, such as forward contracts or swap or spot contracts. 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 are essentially unregulated by the CFTC. You therefore do not receive the protection of CFTC regulation or the statutory scheme of the Commodity Exchange Act in connection with this type of trading activity by USHO. The markets for over-the-counter contracts rely upon the integrity of market participants in lieu of the additional regulation imposed by the CFTC on participants in the futures markets. The lack of regulation in these markets could expose USHO in certain circumstances to significant losses in the event of trading abuses or financial failure by participants.

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

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

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

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

Over-the-counter contracts have terms that make them less marketable than Futures Contracts. Over-the-counter contracts are less marketable because they are not traded on an exchange, do not have uniform terms and conditions, and are entered into based upon the creditworthiness of the parties and the availability of credit support, such as collateral, and in general, they are not transferable without the consent of the counterparty. These conditions diminish the ability to realize the full value of such contracts.

Risk of Trading in International Markets

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

The General Partner expects to invest primarily in Futures Contracts, a significant portion of which will be on United States exchanges including the New York Mercantile Exchange. However, a portion of USHO'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. None of the CFTC, NFA, or any domestic exchange regulates activities of any foreign boards of trade or exchanges, including the execution, delivery and clearing of transactions, nor has the 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 USHO, 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, USHO has less legal and regulatory protection than it does when it trades domestically.

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

International trading activities subject USHO to foreign exchange risk.

The price of any non-U.S. Futures Contract, option on any non-U.S. Futures Contract or other non-U.S. Heating Oil-Related Investment, and, therefore, the potential profit and loss on such Heating Oil 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 USHO even if the contract traded is profitable.

USHO's international trading would 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, USHO may not have the same access to certain positions on foreign trading exchanges as do local traders, and the historical market data on which 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, 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 USHO'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 USHO in making allocations for tax purposes and other factors, your allocable share of USHO'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 USHO 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 USHO is in many respects uncertain. USHO will apply 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 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.

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

Legal Risks

Others may notify USHO of intellectual property rights that could adversely impact USHO.

New York Mercantile Exchange

The General Partner has engaged in discussions with the New York Mercantile Exchange regarding a possible license agreement regarding USHO and its use of the prices and service marks of the New York Mercantile Exchange. At this time, the General Partner is unable to determine what the outcome from this matter will be. Thus, depending on the

outcome of this matter, USHO may or may not enter into a licensing agreement with the New York Mercantile Exchange.

Representatives of the New York Mercantile Exchange have notified the General Partner that the other fund that it manages, USOF, is engaging in unauthorized use of such Exchange's service marks and settlement prices. The General Partner has engaged in discussions with the New York Mercantile Exchange regarding a possible license

agreement. In this regard, USOF received a letter from the Exchange dated March 29, 2006 (the March 29th Letter). The March 29th Letter was in response to USOF's request for additional information in connection with the negotiation of the possible license agreement. In the March 29th Letter, the Exchange stated that it would cause the cessation of any market data vendor's provision of New York Mercantile Exchange settlement prices to USOF and/or take other action to prevent USOF from using any New York Mercantile Exchange settlement prices unless USOF enters into a license agreement with the Exchange, or has indicated in writing that it will cease from using any Exchange settlement prices. USOF will continue to seek an amicable resolution to this situation. It is evaluating the current draft of the license agreement in view of the March 29th letter but is also taking into account a recent New York federal district court decision against New York Mercantile Exchange that found under similar circumstances that New York Mercantile Exchange's intellectual property rights, including those related to its settlement prices, were significantly limited. USOF and the General Partner have retained separate counsel to represent them in this matter.

If a license agreement is not consummated, it is possible that the New York Mercantile Exchange would cause the cessation of any market data vendor's provision of New York Mercantile Exchange settlement prices to USOF, USNG, USG and USHO and/or take other action to prevent USOF, USNG, USG and USHO from using any New York Mercantile Exchange settlement prices. It is estimated that if a license agreement is consummated, then USHO, together with USOF, USNG and USG, will pay a license fee based on daily NAV that equals [.04]% for the first [\$1,000,000,000] of combined assets of all four funds and [.02]% for combined assets above [\$1,000,000,000].

At this time, the General Partner is unable to determine what the outcome from this matter will be. Thus, depending on the outcome of this matter, USHO together with USOF, USNG and USG may or may not enter into a licensing agreement with the New York Mercantile Exchange.

Goldman, Sachs & Co.

Separately, Goldman, Sachs & Co. (Goldman Sachs) sent USOF a letter on March 17, 2006, providing USOF and the General Partner notice under 35 U.S.C. Section 154(d) of two pending United States patent applications, Publication Nos. 2004/0225593A1 and 2006/0036533A1. Both patent applications are generally directed to a method and system for creating and administering a publicly traded interest in a commodity pool. In particular, the Abstract of each patent application defines a means for creating and administering a publicly traded interest in a commodity pool that includes the steps of forming a commodity pool having a first position in a futures contract and a corresponding second position in a margin investment, and issuing equity interest of the commodity pool to third party investors. If patents were to be issued to Goldman Sachs based upon these patent applications as currently drafted, and USOF continued to operate as currently contemplated after the patents were issued, claims against USOF and the General Partner for infringement of the patents may be made by Goldman Sachs. USHO, USG, USNG and USOF are similarly structured and USHO, USG and USNG each will be a commodity pool that is administered like USOF. As a result, a claim could also be made against USHO, USG and USNG. However, as these patent applications are pending and have not been substantively examined by the U.S. Patent and Trademark Office, it is uncertain at this time what subject matter will be covered by the claims of any patent issuing on one of these applications, should a patent issue at all.

Under the provisions of 35 U.S.C. § 154(d), Goldman Sachs may seek damages in the form of a reasonable royalty from the date the units are publicly offered for sale to the date one of their cited patent applications issues as a U.S. Patent if, and only if, the invention as claimed in the issued patent is substantially identical to the invention as claimed in the published patent application. To obtain a reasonable royalty under 35 U.S.C. § 154(d), one of Goldman Sachs's patents must issue and then it must be proved that post-issuance acts or systems of USOF infringe a valid claim of the issued patent, and that the infringed claim is substantially identical to one of the claims in the corresponding published application. If at the time a Goldman Sachs patent issues, USOF does not infringe the claims of the issued patent based on its current design or through modifications made prior to issuance, or if any infringed issued claim is not substantially identical to a published claim, then Goldman Sachs will not be able to obtain a reasonable royalty under 35 U.S.C. § 154(d). At this time neither of Goldman Sachs's patent applications have been substantively examined by an examiner at the U.S. Patent and Trademark Office nor are they currently being considered for examination on an

expedited basis under a Petition to Make Special, and considering that both have been placed in Class 705 for examination, which has an average pendency of approximately 44-45 months to issuance (or abandonment) and an issuance rate of approximately 11% in 2004, it is likely that neither application will issue within the next two years. Nonetheless, USOF is currently reviewing the Goldman Sachs published patent applications, and is engaged in discussions with Goldman Sachs regarding their pending applications and the

General Partner's own pending patent application. At this time, due in part to the requirements of 35 U.S.C. § 154(d) and the fact that the Goldman Sachs patent applications are pending and have not been issued as U.S. Patents, we are unable to determine what the outcome from this matter will be. See **Operating Risks** 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.

The Offering

What is USHO?

USHO is a Delaware limited partnership organized on April 13, 2007. USHO maintains its main business office at 1320 Harbor Bay Parkway, Suite 145, Alameda, California 94502. USHO is a commodity pool. It operates pursuant to the terms of the LP Agreement, which grants full management control to the General Partner.

Who is the General Partner?

Our sole General Partner is Victoria Bay Asset Management, LLC, a single member limited liability company that was formed in the state of Delaware on May 10, 2005. 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 also owns an insurance company organized under Bermuda law and a registered investment advisor firm named Ameristock Corporation. 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 and USNG. USOF is a publicly traded limited partnership which seeks to have the changes in percentage terms of its unit's NAV track the changes in percentage terms in the spot price of West Texas Intermediate light, sweet crude oil as traded in the United States. USOF invests in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. USOF began trading on the American Stock Exchange on April 10, 2006. As of February 27, 2007, USOF had total net assets of \$976,715,539.04 and had outstanding units of 19,200,000.

USNG is a publicly traded limited partnership which seeks to have the changes in percentage terms of its unit's NAV track the changes in percentage terms reflect the changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana. USNG invests in a mixture of listed natural gas futures contracts, other non-listed natural gas-related investments, Treasuries, cash and cash equivalents. USNG began trading on the American Stock Exchange on April 18, 2007.

The General Partner is currently in the process of registering another exchange traded security fund, USG. USG will be a publicly traded limited partnership which seeks to have the changes in percentage terms of its unit's NAV track the changes in percentage terms of the price of unleaded gasoline delivered to the New York harbor. USG will invest in a mixture of listed gasoline futures contracts, other non-listed gasoline-related investments, Treasuries, cash and cash equivalents. It is expected that USG will began trading on the American Stock Exchange on [Month] [Day], 2007.

Both USOF and USNG employ an investment strategy in their operations that is similar to the investment strategy of USHO. USG will also employ a similar investment strategy.

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

Administrator, and the Custodian and, in connection with the initial public offering of the units, registration fees paid to SEC, the NASD, or any other regulatory agency, including the legal, printing, accounting and other expenses associated therewith.

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 limited partner interests (excluding for purposes of such determination interests owned by the withdrawing General Partner and its affiliates) may elect its successor. The General Partner may not be removed as general partner except upon approval

by the affirmative vote of the holders of at least 66 2/3 % of our outstanding limited partner interests (excluding limited partner interests owned by the General Partner and its affiliates), subject to the satisfaction of certain conditions set forth in the LP Agreement.

The business and affairs of our General Partner are managed by a board of directors, and will be comprised of four management directors who are also its executive officers (the Management Directors) and three independent directors who meet the independent director requirements established by the American Stock Exchange 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. The General Partner 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 USHO's website. Gordon L. Ellis and Malcolm R. Fobes III meet the financial sophistication requirements of the American Stock Exchange and the audit committee charter. Through its Management Directors, the General Partner manages the day-to-day operations of USHO.

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. Mr. Gerber will act as a portfolio manager for USHO and USG. He registered with NFA as a Principal of the General Partner in November 2005, and as an Associated Person of the General Partner in December 2005. Currently, Mr. Gerber manages USOF and USNG. Currently, Mr. Gerber manages USOF and USNG. He will also manage USHO and USG. Mr. Gerber also serves as Vice President/Chief Investment Officer of Lyon's Gate Reinsurance Company, Ltd. since June of 2003. 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 1995. Since 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 currently has approximately \$800 million in assets. In these roles, Mr. Gerber has gained extensive experience in evaluating and retaining third-party service providers, including custodians, accountants, transfer agents, and distributors. Prior to managing Ameristock Mutual Fund Inc., Mr. Gerber served as a portfolio manager with Bank of America Capital Management. While there he was responsible for the daily stewardship of four funds with a combined value in excess of \$240 million. At Bank of America Capital Management, Mr. Gerber worked extensively in the development and managing of mutual funds and institutional accounts that were designed to track assorted equity market indices such as the Standard & Poor's 500 and the Standard & Poor's Midcap 400. Before joining Bank of America, he was managing director and founder of the Marc Stevens Futures Index Fund, a fund that combined the use of commodity futures with equity stock index futures. The futures index fund was a commodity pool and Mr. Gerber was the CPO. It was ultimately purchased by Newport Commodities. Mr. Gerber's two decades of experience in institutional investment include a period of employment as a floor trader on the New York Futures Exchange. 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 44 years old.

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. As treasurer of the General Partner, Mr. Ngim is currently involved in the management of USOF and USNG and will be involved in the management of USHO and USG. He received a Bachelor of Arts from the University of California at Berkeley in 1983. Mr. Ngim has been the Managing Director of Ameristock Corporation since 1999. He was the co-portfolio manager of the Ameristock Large Company Growth Fund from December 2000 to June 2002 and a Benefits Consultant with PriceWaterhouseCoopers from 1994 to 1999. Mr. Ngim is 46 years old.

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. In these roles, Mr. Mah is currently involved in the management of USOF and USNG and will be involved in the management of

USHO and USG. 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 has been the Compliance Officer of Ameristock Corporation since 2001; a tax & finance consultant in private practice since 1995, Secretary of Ameristock Mutual Fund since 1995 and Ameristock Focused Value Fund from December 2000 to January 2005; Chief Compliance Officer of Ameristock Mutual Fund since

2004 and the Co-Portfolio Manager of the Ameristock Focused Value Fund from December 2000 to January 2005. Mr. Mah is 42 years old.

Robert L. Nguyen has been a Management Director of the General Partner since May 10, 2005. As a Management Director of the General Partner, Mr. Nguyen is currently involved in the management of USOF and USNG and will be involved in the management of USHO and USG. He received a Bachelor of Science from California State University Sacramento in 1981. Mr. Nguyen has been the Managing Principal of Ameristock Corporation since 2000. He was Co-Portfolio Manager of the Ameristock Large Company Growth Fund from December 2000 to June 2002 and Institutional Specialist with Charles Schwab & Company Inc. from 1995 to 1999. Mr. Nguyen is 47 years old.

Peter M. Robinson has been an Independent Director of the General Partner since September 30, 2005. Mr. Robinson has been employed as a Research Fellow with the Hoover Institution since 1993. Mr. Robinson graduated from Dartmouth College in 1979 and Oxford University in 1982. Mr. Robinson spent six years in the White House, serving from 1982 to 1983 as chief speechwriter to Vice President George Bush and from 1983 to 1988 as special assistant and speechwriter to President Ronald Reagan. After the White House, Mr. Robinson received an MBA from the Stanford University Graduate School of Business. Mr. Robinson then spent a year in New York City with Fox Television. He spent a second year in Washington, D.C., with the Securities and Exchange Commission, where he served as the director of the Office of Public Affairs, Policy Evaluation, and Research. 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 49 years old.

Gordon L. Ellis has been an Independent Director of the General Partner since September 30, 2005. Mr. Ellis has been Chairman of International Absorbents, Inc. 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. 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. Mr. Ellis is a professional engineer with an MBA in international finance. Mr. Ellis is 59 years old.

Malcolm R. Fobes III has been an Independent Director of the General Partner since September 30, 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 1997. Since 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). Prior to forming Berkshire Capital Holdings, Inc., Mr. Fobes was employed by various technology-related companies, including Adobe Systems, Inc., a leading provider of digital publishing and imaging software technologies. Mr. Fobes holds a B.S. degree in Finance and Economics from San Jose State University in California. Mr. Fobes is 42 years old.

John Love will act as the Operations Manager. Mr. Love became the operations manager for USOF in April 2006 and for USNG in March 2007 and is expected to be the operations manager for USHO and USG. Mr. Love has also served as the operations manager of Ameristock Corporation since 2002, where he is responsible for marketing the Ameristock Mutual Fund. From April 2001 to September 2002, Mr. Love was the project manager for TouchVision

Interactive where he provided leadership to project teams while assisting with business and process development. From January 1996 to November 2000, Mr. Love was the managing director of Jamison/ Gold (Keane Inc.) where he provided leadership to all departments including operations, production, technology, sales, marketing, administration, recruiting, and finance. From December 2000 to February 2001, Mr. Love was employed by Digital Boardwalk Inc. Mr. Love's experience also includes leading a group of multimedia producers who controlled web

and kiosk projects from pre-contract to deployment. He holds a BFA in cinema-television from the University of Southern California. Mr. Love is 34 years old.

John T. Hyland, CFA will act as a Portfolio Manager and as the Director of Portfolio Research. He registered with NFA as an Associated Person of the General Partner in December 2005, and as a Principal of the General Partner in January 2006. In April 2006, Mr. Hyland became the Portfolio Manager and Director of Portfolio Research for USOF and in March 2007 became the Portfolio Manager and Director of Portfolio Research for USNG. He is also expected to become the Portfolio Manager and Director of Portfolio Research for USG. As part of his responsibilities for USOF, Mr. Hyland handles day-to-day trading, helps set investment policies, and oversees USOF's and USNG's activities with its 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 provides portfolio management and new fund development expertise to non-U.S. institutional investors. Mr. Hyland has been, and remains, a Principal and Portfolio Manager for Towerhouse. From July 2001 to January 2002, Mr. Hyland was the Director of Global Property Securities Research for Roulac International, where he worked on the development of a hedge fund focused on global real estate stocks. From 1996 through 2001, Mr. Hyland was the Director of Securities Research and Portfolio Manager for the capital markets division of CB Richard Ellis, a global commercial real estate services firm. His division provided portfolio management of equities as an advisor or sub-advisor for mutual funds and separate accounts focused on real estate investment trusts. In addition, his group conducted research in the area of structured commercial real estate debt (including Commercial Mortgage-Back Securities, or CMBS), and lead the creation of one of the earliest re-securitizations of multiple CMBS pool tranches into a Collateralized Debt Obligation (CDO) vehicle. In the ten years prior to working at CB Richard Ellis, Mr. Hyland had worked as a portfolio manager or financial representative for several other investment firms and mutual funds. Mr. Hyland received his Chartered Financial Analyst (CFA) designation in 1994. From 1993 until 2003, Mr. Hyland was on the Board of Directors of the Security Analysts of San Francisco (SASF), a not-for-profit organization of investment management professionals. He served as the president of the SASF from 2001-2002. Mr. Hyland is a member of the CFA Institute (formerly AIMR). He is also a member of the National Association of Petroleum Investment Analysts (NAPIA), a not-for-profit organization of investment professionals focused on the oil industry. He serves as an arbitrator for the National Association of Securities Dealers (NASD), as part of their dispute resolution program. He is a graduate of the University of California, Berkeley and received a BA in 1982. Mr. Hyland is 47 years old.

The following are individual Principals, as that term is defined in CFTC Rule 3.1, for USHO: Melinda Gerber, Howard Mah, Andrew Ngim, Robert Nguyen, Peter Robinson, Gordon Ellis, Malcolm Fobes, John Love, and John Hyland. 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 USHO. Nicholas Gerber and John Hyland make trading and investment decisions for USHO. Nicholas Gerber, John Love, and John Hyland execute trades on behalf of USHO. In addition, Nicholas Gerber, John Love, and John Hyland are registered with the CFTC as Associated Persons of the General Partner and are members of the NFA.

Currently, the General Partner contributed \$20 and Wainwright contributed \$980 to USHO for their limited partnership interests. However, following the commencement of the offering, neither the General Partner nor its affiliates will have any beneficial interest in the pool because USHO will redeem out the General Partner's and Wainwright's initial limited partnership interests.

Executive Compensation and Fees to the General Partner

USHO does not directly employ, compensate or set the compensation of any of the individuals that perform significant services on its behalf. Messrs. Gerber, Mah and Hyland are employed and compensated by our General Partner, and Mr. Love is employed and compensated by Ameristock. The compensation of these individuals derives, in part, from management fees that USHO pays to the General Partner under the Management Agreement. Pursuant to such agreement USHO is obligated to pay the General Partner management fees as follows:

Assets	Management Fee
First [\$1,000,000,000]	[0.60%] of NAV
After the first [\$1,000,000,000]	[0.50%] of NAV

As a new entity, no management fees have been paid to date.

Prior Performance of the General Partner and Affiliates

The General Partner is also currently the general partner of USOF and USNG. Each of the General Partner, USOF and USNG is located in California. USOF is a publicly traded limited partnership which seeks to have the changes in its unit's NAV track the changes in the spot price of West Texas Intermediate light, sweet crude oil as traded in the United States. USOF invests in a mixture of listed crude oil futures contracts, other non-listed oil related investments, Treasuries, cash and cash equivalents. USOF began trading on the American Stock Exchange on April 10th, 2006 and is a continuous offering. As of December 31, 2006, the total amount of money raised by USOF from Authorized Purchasers was \$1,706,503,000; the total number of Authorized Purchasers was 9; the number of baskets purchased by Authorized Purchasers was 290; and the aggregate amount of units purchased was 29 million. There are significant differences between the crude oil futures market and that of heating oil futures. The General Partner's results with the crude oil fund may not be representative of results that may be experienced with a fund investing in heating oil futures. For more information on the performance of USOF, see the Performance Tables below.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**Experience in Raising and Investing in Funds through December 31, 2006**

Dollar Amount Offered in USOF Offering:	\$ 2,708,260,000
Dollar Amount Raised in USOF Offering:	\$ 1,706,503,000
Organizational Expenses in USOF Offering:	
SEC registration fee*:	\$ 111,369.93
AMEX Listing Fee*:	\$ 5,000
Auditor's fees and expenses*:	\$ 44,000
Legal fees and expenses*:	\$ 1,151,354.68
Printing expenses*:	\$ 400,000
Length of USOF Offering:	Continuous

*

Paid for by an affiliate of the General Partner in connection with the initial public offering.

Compensation to the General Partner and Other Compensation

USOF:

Expenses Paid by USOF through December 31, 2006 in Dollar Terms (unaudited):

Expense	Amount in Dollar Terms
Amount Paid to General Partner in USOF Offering:	\$ 1,018,078
Amount Paid in Portfolio Brokerage Commissions in USOF offering:	\$ 431,541.05
Other Amounts Paid in USOF Offering:	\$ 0
Total Expenses Paid in USOF Offering:	\$ 1,449,619.05

Expenses Paid by USOF through December 31, 2006 as a Percentage of Average Daily Net Assets (unaudited):

Expenses in USOF Offering:	Amount As a Percentage of Average Daily Net Assets
General Partner:	0.50% annualized
Portfolio Brokerage Commissions:	0.13% annualized
Total Expense Ratio:	0.63% 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 March 30, 2007):	\$2,933,494,900
Total Net Assets as of March 30, 2007:	\$964,116,921
Initial NAV Per Unit as of Inception:	\$67.39
NAV per Unit as of March 30, 2007:	\$53.56
Worst Monthly Percentage Draw-down:	September 2006 (11.71%) June 2006-January 2007 (30.6%)
Worst Peak-to-Valley Draw-down:	(30.6%)

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Month	Rates of Return For the Year 2006
April	3.47 %

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May	(2.91 %)
June	3.16 %
July	(0.50 %)
August	(6.97 %)
September	(11.71 %)
October	(8.46 %)
November	4.73 %
December	(5.21 %)
Total Rate of Return (since inception through December 31, 2006)	(23.03 %)

Month	Rates of Return For the Year 2007
January	(6.55 %)
February	5.63 %
March	4.61 %
Total Rate of Return (through March 30, 2007)	(3.26 %)

Draw-down: Losses experienced by USOF 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 USOF. 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-trough 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.

Nicholas Gerber, the president and CEO of the General Partner, ran the Marc Stevens Futures Index Fund over 10 years ago. This fund combined commodity futures with equity stock index futures. It was a very small private offering, which had under \$1 million in assets. The Marc Stevens Futures Index Fund was a commodity pool and Mr. Gerber was the CPO. Ameristock Corporation is an affiliate of the General Partner and it is a California-based registered investment advisor registered under the Investment Advisors Act of 1940 that has been sponsoring and providing portfolio management services to mutual funds since 1995. Ameristock Corporation is the investment adviser to the Ameristock Mutual Fund, Inc., a mutual fund registered under the Investment Company Act of 1940 that focuses on large cap U.S. equities that has approximately \$800 million in assets.

How Does USHO Operate?

The net assets of USHO will consist primarily of investments in futures contracts for heating oil, crude oil, gasoline, natural gas and other petroleum-based fuels traded on the New York Mercantile Exchange, ICE Futures or other U.S. and foreign exchanges (collectively, *Futures Contracts*). USHO may also invest in other heating oil-related investments such as cash-settled options on Futures Contracts, forward contracts for heating oil, and over-the-counter transactions that are based on the price of heating oil, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, *Other Heating Oil-Related Investments*). For convenience and unless otherwise specified, *Futures Contracts* and *Other Heating Oil-Related Investments* collectively are referred to as *Heating Oil Interests* in this Prospectus.

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

The investment objective of USHO is to have the changes in percentage terms of the units' net asset value reflect the changes in percentage terms of the price of heating oil (also known as No. 2 fuel) delivered at the New York harbor, as measured by the Futures Contract on heating oil traded on the New York Mercantile Exchange (the Benchmark Futures Contract) that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case the futures contract will be the next month contract to expire, less USHO's expenses.

It is not the intent of USHO to be operated in a fashion such that its NAV will equal, in dollar terms, the dollar price of spot heating oil or any particular futures contract based on heating oil.

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

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

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

An investment in the units will allow both retail and institutional investors to easily gain exposure to the heating oil 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 heating oil prices.

The Benchmark Futures Contract will be changed or rolled from the near month contract to expire to the next month to expire over a four (4) day period.

The General Partner believes that market arbitrage opportunities will cause changes in USHO's unit price on the American Stock Exchange to closely track changes in USHO's NAV. The General Partner believes that changes in USHO's NAV in percentage terms will closely track the changes in percentage terms in the Benchmark Futures Contract in, less USHO's expenses.

These relationships are illustrated in the following diagram:

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