

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A  
Amendment No. 2**

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2010.

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 001-34200

**PROSHARES TRUST II**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**87-6284802**  
(I.R.S. Employer  
Identification No.)

**c/o ProShare Capital Management LLC**  
**7501 Wisconsin Avenue, Suite 1000**  
**Bethesda, Maryland 20814**

(Address of principal executive offices) (Zip Code)

**(240) 497-6400**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

**Common Units of Beneficial Interest**  
(Title of each class)

**NYSE Arca, Inc.**  
(Name of exchange on which registered)

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.).  Yes  No

The aggregate market value of the ProShares Ultra DJ-UBS Commodity Fund's units held by non-affiliates as of June 30, 2010 was \$12,188,000. The ProShares Ultra DJ-UBS Commodity Fund had 550,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort DJ-UBS Commodity Fund's units held by non-affiliates as of June 30, 2010 was \$3,402,000. The ProShares UltraShort DJ-UBS Commodity Fund had 60,003 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Ultra DJ-UBS Crude Oil Fund's units held by non-affiliates as of June 30, 2010 was \$496,036,500. The ProShares Ultra DJ-UBS Crude Oil Fund had 9,900,004 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort DJ-UBS Crude Oil Fund's units held by non-affiliates as of June 30, 2010 was \$51,816,000. The ProShares UltraShort DJ-UBS Crude Oil Fund had 1,870,003 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Short DJ-UBS Natural Gas Fund's units held by non-affiliates as of June 30, 2010 was \$0. The ProShares Short DJ-UBS Natural Gas Fund had 4 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Ultra Gold Fund's units held by non-affiliates as of June 30, 2010 was \$209,362,500. The ProShares Ultra Gold Fund had 3,450,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Short Gold Fund's units held by non-affiliates as of June 30, 2010 was \$0. The ProShares Short Gold Fund had 4 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort Gold Fund's units held by non-affiliates as of June 30, 2010 was \$71,721,629. The ProShares UltraShort Gold Fund had 3,639,901 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Ultra Silver Fund's units held by non-affiliates as of June 30, 2010 was \$178,609,500. The ProShares Ultra Silver Fund had 3,950,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort Silver Fund's units held by non-affiliates as of June 30, 2010 was \$61,021,976. The ProShares UltraShort Silver Fund had 4,294,979 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Ultra Euro Fund's units held by non-affiliates as of June 30, 2010 was \$16,320,000. The ProShares Ultra Euro Fund had 300,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort Euro Fund's units held by non-affiliates as of June 30, 2010 was \$462,685,000. The ProShares UltraShort Euro Fund had 22,850,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares Ultra Yen Fund's units held by non-affiliates as of June 30, 2010 was \$4,297,500. The ProShares Ultra Yen Fund had 100,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares UltraShort Yen Fund's units held by non-affiliates as of June 30, 2010 was \$145,068,000. The ProShares UltraShort Yen Fund had 20,000,014 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares VIX Short-Term Futures Fund's units held by non-affiliates as of June 30, 2010 was \$0. The ProShares VIX Short-Term Futures Fund had 175,005 outstanding units as of February 25, 2011.

The aggregate market value of the ProShares VIX Mid-Term Futures Fund's units held by non-affiliates as of June 30, 2010 was \$0. The ProShares VIX Mid-Term Futures Fund had 100,005 outstanding units as of February 25, 2011.

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**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

THE FINANCIAL STATEMENT SCHEDULES CONTAINED IN PART IV OF THIS ANNUAL REPORT ON FORM 10-K CONSTITUTE THE ANNUAL REPORT WITH RESPECT TO THE COMMODITY POOLS FOR PURPOSES OF COMMODITY FUTURES TRADING COMMISSION RULE 4.22(C)

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## EXPLANATORY NOTE

This Amendment No. 2 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 of ProShares Trust II (the "Trust"), filed with the U.S. Securities and Exchange Commission on March 1, 2011 (the "Form 10-K"), as amended by Amendment No. 1 to the Form 10-K, is being filed to amend Part II, "Item 8. Financial Statements and Supplementary Data" of the Form 10-K to clarify that the "Report of Independent Registered Public Accounting Firm" addresses the financial statements and internal control over financial reporting of the combined Trust and each of the individual sixteen funds. This Amendment No. 2 also further amends Part II, "Item 9A. Controls and Procedures" of the Form 10-K to: (a) reflect that the Trust's management has evaluated the disclosure controls and procedures both for the individual funds and the Trust taken as a whole and to include the conclusions of such evaluations, and to make conforming changes to "Management's Annual Report on Internal Control Over Financial Reporting"; (b) reflect that there were no changes in the Trust's or the funds' internal control over financial reporting that occurred during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Trust's or the funds' internal control over financial reporting; and (c) clarify that the scope of the Trust's certifications applies both to the individual funds and to the Trust taken as a whole, and that the Principal Executive Officer and Principal Financial Officer are certifying both as to each fund and the Trust taken as a whole.

Except as set forth above, no other changes have been made to the Form 10-K, and this Amendment No. 2 does not amend, update or change any other items or disclosure found in the Form 10-K. Further, this Amendment No. 2 does not reflect events that may have occurred after the filing of the Form 10-K.

## Part II

### Item 8. Financial Statements and Supplementary Data

Statement of Operations for three month periods ended March 31, 2010, June 30, 2010, September 30, 2010, December 31, 2010, the year ended December 31, 2010, the three month periods ended March 31, 2009, June 30, 2009, September 30, 2009, December 31, 2009 and the year ended December 31, 2009 for each Fund.

#### PROSHARES ULTRA DJ-UBS COMMODITY

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (27,282)	\$ (22,326)	\$ (22,115)	\$ (29,784)	\$ (101,507)
Net realized and unrealized gain (loss)	\$(1,995,440)	\$(1,375,756)	\$2,290,577	\$4,044,641	\$ 2,964,022
Net income (loss)	\$(2,022,722)	\$(1,398,082)	\$2,268,462	\$4,014,857	\$ 2,862,515
Net increase (decrease) in net asset value per share	\$ (3.18)	\$ (2.66)	\$ 5.21	\$ 8.79	\$ 8.16

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (14,679)	\$ (47,980)	\$ (50,418)	\$ (46,918)	\$ (159,995)
Net realized and unrealized gain (loss)	\$ (946,612)	\$ 2,624,628	\$ 531,418	\$3,063,195	\$ 5,272,629
Net income (loss)	\$ (961,291)	\$ 2,576,648	\$ 481,000	\$3,016,277	\$ 5,112,634
Net increase (decrease) in net asset value per share	\$ (3.34)	\$ 4.02	\$ 1.36	\$ 4.01	\$ 6.05

#### PROSHARES ULTRASHORT DJ-UBS COMMODITY

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (7,877)	\$ (9,296)	\$ (4,531)	\$ (2,800)	\$ (24,504)
Net realized and unrealized gain (loss)	\$ 190,796	\$ 140,026	\$ (470,394)	\$ (498,795)	\$ (638,367)
Net income (loss)	\$ 182,919	\$ 130,730	\$ (474,925)	\$ (501,595)	\$ (662,871)
Net increase (decrease) in net asset value per share*	\$ 5.52	\$ 5.90	\$ (17.80)	\$ (18.73)	\$ (25.11)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (6,595)	\$ (5,935)	\$ (12,170)	\$ (9,990)	\$ (34,690)
Net realized and unrealized gain (loss)	\$ 120,121	\$ (727,500)	\$ (767,674)	\$ (894,657)	\$(2,269,710)
Net income (loss)	\$ 113,526	\$ (733,435)	\$ (779,844)	\$ (904,647)	\$(2,304,400)
Net increase (decrease) in net asset value per share*	\$ 5.68	\$ (35.14)	\$ (14.09)	\$ (17.31)	\$ (60.86)

### PROSHARES ULTRA DJ-UBS CRUDE OIL

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (591,012)	\$ (760,361)	\$ (892,150)	\$ (623,914)	\$ (2,867,437)
Net realized and unrealized gain (loss)	\$ 30,374,966	\$ (48,524,426)	\$ 60,169,253	\$ 82,389,753	\$ 124,409,546
Net income (loss)	\$ 29,783,954	\$ (49,284,787)	\$ 59,277,103	\$ 81,765,839	\$ 121,542,109
Net increase (decrease) in net asset value per share*	\$ 2.46	\$ (14.44)	\$ 2.06	\$ 9.42	\$ (0.50)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (846,128)	\$ (746,857)	\$ (515,805)	\$ (636,683)	\$ (2,745,473)
Net realized and unrealized gain (loss)	\$ (91,178,187)	\$ 159,868,909	\$ 2,578,193	\$ 54,825,365	\$ 126,094,280
Net income (loss)	\$ (92,024,315)	\$ 159,122,052	\$ 2,062,388	\$ 54,188,682	\$ 123,348,807
Net increase (decrease) in net asset value per share*	\$ (24.76)	\$ 17.89	\$ (6.87)	\$ 5.12	\$ (8.62)

### PROSHARES ULTRASHORT DJ-UBS CRUDE OIL

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (207,423)	\$ (171,589)	\$ (121,343)	\$ (283,795)	\$ (784,150)
Net realized and unrealized gain (loss)	\$ 414,798	\$ 26,434,020	\$ 4,408,653	\$ (18,667,163)	\$ 12,590,308
Net income (loss)	\$ 207,375	\$ 26,262,431	\$ 4,287,310	\$ (18,950,958)	\$ 11,806,158
Net increase (decrease) in net asset value per share*	\$ (7.93)	\$ 14.97	\$ (8.78)	\$ (15.85)	\$ (17.59)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (90,843)	\$ (169,058)	\$ (272,083)	\$ (253,332)	\$ (785,316)
Net realized and unrealized gain (loss)	\$ 7,134,043	\$ (30,655,136)	\$ 14,773,428	\$ (7,520,380)	\$ (16,268,045)
Net income (loss)	\$ 7,043,200	\$ (30,824,194)	\$ 14,501,345	\$ (7,773,712)	\$ (17,053,361)
Net increase (decrease) in net asset value per share*	\$ 10.69	\$ (71.00)	\$ (1.97)	\$ (14.30)	\$ (76.58)

### PROSHARES ULTRA GOLD

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (359,416)	\$ (370,912)	\$ (381,515)	\$ (484,082)	\$ (1,595,925)
Net realized and unrealized gain (loss)	\$ 5,192,081	\$ 38,336,601	\$ 16,441,460	\$ 30,944,584	\$ 90,914,726
Net income (loss)	\$ 4,832,665	\$ 37,965,689	\$ 16,059,945	\$ 30,460,502	\$ 89,318,801
Net increase (decrease) in net asset value per share	\$ 1.50	\$ 10.24	\$ 4.99	\$ 8.41	\$ 25.14

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (196,244)	\$ (320,496)	\$ (325,204)	\$ (405,256)	\$ (1,247,200)
Net realized and unrealized gain (loss)	\$(2,772,644)	\$ 2,074,326	\$ 15,296,192	\$ 20,443,333	\$ 35,041,207
Net income (loss)	\$(2,968,888)	\$ 1,753,830	\$ 14,970,988	\$ 20,038,077	\$ 33,794,007
Net increase (decrease) in net asset value per share	\$ 2.28	\$ 0.60	\$ 3.95	\$ 6.43	\$ 13.26

### PROSHARES ULTRASHORT GOLD

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (149,951)	\$ (126,659)	\$ (150,860)	\$ (165,500)	\$ (592,970)
Net realized and unrealized gain (loss)	\$(4,834,328)	\$(16,003,561)	\$ (8,336,818)	\$(14,054,655)	\$(43,229,362)
Net income (loss)	\$(4,984,279)	\$(16,130,220)	\$ (8,487,678)	\$(14,220,155)	\$(43,822,332)
Net increase (decrease) in net asset value per share	\$ (4.05)	\$ (10.41)	\$ (4.17)	\$ (5.41)	\$ (24.04)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (70,888)	\$ (113,001)	\$ (97,496)	\$ (121,398)	\$ (402,783)
Net realized and unrealized gain (loss)	\$(4,548,861)	\$ (3,440,899)	\$ (5,881,067)	\$ (3,642,003)	\$(17,512,830)
Net income (loss)	\$(4,619,749)	\$ (3,553,900)	\$ (5,978,563)	\$ (3,763,401)	\$(17,915,613)
Net increase (decrease) in net asset value per share	\$ (15.93)	\$ (5.59)	\$ (10.57)	\$ (12.37)	\$ (44.46)

### PROSHARES ULTRA SILVER

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (337,766)	\$ (340,190)	\$ (322,145)	\$ (723,865)	\$ (1,723,966)
Net realized and unrealized gain (loss)	\$ 7,614,188	\$ 18,161,024	\$ 52,861,734	\$ 194,697,932	\$ 273,334,878
Net income (loss)	\$ 7,276,422	\$ 17,820,834	\$ 52,539,589	\$ 193,974,067	\$ 271,610,912
Net increase (decrease) in net asset value per share	\$ 1.02	\$ 5.49	\$ 21.98	\$ 70.77	\$ 99.26

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (68,995)	\$ (160,903)	\$ (216,521)	\$ (312,275)	\$ (758,694)
Net realized and unrealized gain (loss)	\$ 4,250,528	\$ 2,380,569	\$ 30,374,574	\$ (830,079)	\$ 36,175,592
Net income (loss)	\$ 4,181,533	\$ 2,219,666	\$ 30,158,053	\$ (1,142,354)	\$ 35,416,898
Net increase (decrease) in net asset value per share	\$ 11.22	\$ 2.79	\$ 13.34	\$ 1.08	\$ 28.43

### PROSHARES ULTRASHORT SILVER

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (153,135)	\$ (106,584)	\$ (118,907)	\$ (160,247)	\$ (538,873)
Net realized and unrealized gain (loss)	\$ (8,809,391)	\$ (14,389,390)	\$ (23,341,515)	\$ (56,076,707)	\$ (102,617,003)
Net income (loss)	\$ (8,962,526)	\$ (14,495,974)	\$ (23,460,422)	\$ (56,236,954)	\$ (103,155,876)
Net increase (decrease) in net asset value per share*	\$ (25.72)	\$ (34.59)	\$ (40.41)	\$ (47.46)	\$ (148.48)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (25,274)	\$ (86,494)	\$ (132,872)	\$ (144,263)	\$ (388,903)
Net realized and unrealized gain (loss)	\$ (1,539,496)	\$ (2,361,812)	\$ (24,882,957)	\$ (9,006,921)	\$ (37,791,186)
Net income (loss)	\$ (1,564,770)	\$ (2,448,306)	\$ (25,015,829)	\$ (9,151,184)	\$ (38,180,089)
Net increase (decrease) in net asset value per share*	\$ (324.71)	\$ (103.36)	\$ (134.98)	\$ (32.61)	\$ (595.66)

### PROSHARES ULTRA EURO

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (17,820)	\$ (26,289)	\$ (30,018)	\$ (18,536)	\$ (92,663)
Net realized and unrealized gain (loss)	\$ (882,437)	\$ (2,014,364)	\$ 3,185,543	\$ (263,841)	\$ 24,901
Net income (loss)	\$ (900,257)	\$ (2,040,653)	\$ 3,155,525	\$ (282,377)	\$ (67,762)
Net increase (decrease) in net asset value per share	\$ (3.44)	\$ (4.92)	\$ 5.13	\$ (1.14)	\$ (4.37)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (11,076)	\$ (13,792)	\$ (17,177)	\$ (18,671)	\$ (60,716)
Net realized and unrealized gain (loss)	\$ (335,533)	\$ 621,312	\$ 622,620	\$ (346,375)	\$ 562,024
Net income (loss)	\$ (346,609)	\$ 607,520	\$ 605,443	\$ (365,046)	\$ 501,308
Net increase (decrease) in net asset value per share	\$ (2.96)	\$ 2.88	\$ 2.43	\$ (1.46)	\$ 0.89

### PROSHARES ULTRASHORT EURO

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (442,167)	\$ (814,585)	\$ (664,325)	\$ (884,735)	\$ (2,805,812)
Net realized and unrealized gain (loss)	\$19,664,663	\$72,553,479	\$ (83,832,685)	\$15,065,310	\$23,450,767
Net income (loss)	\$19,222,496	\$71,738,894	\$ (84,497,010)	\$14,180,575	\$20,644,955
Net increase (decrease) in net asset value per share	\$ 2.11	\$ 4.20	\$ (5.16)	\$ 0.46	\$ 1.61

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (58,136)	\$ (86,464)	\$ (87,627)	\$ (117,502)	\$ (349,729)
Net realized and unrealized gain (loss)	\$ (2,865,163)	\$ (4,426,776)	\$ (3,637,848)	\$ 2,423,580	\$ (8,506,207)
Net income (loss)	\$ (2,923,299)	\$ (4,513,240)	\$ (3,725,475)	\$ 2,306,078	\$ (8,855,936)
Net increase (decrease) in net asset value per share	\$ 1.54	\$ (2.68)	\$ (1.76)	\$ 0.63	\$ (2.27)

## PROSHARES ULTRA YEN

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (8,738)	\$ (7,785)	\$ (11,174)	\$ (10,394)	\$ (38,091)
Net realized and unrealized gain (loss)	\$ (46,286)	\$ 433,627	\$ 632,167	\$ 406,843	\$ 1,426,351
Net income (loss)	\$ (55,024)	\$ 425,842	\$ 620,993	\$ 396,449	\$ 1,388,260
Net increase (decrease) in net asset value per share	\$ (0.37)	\$ 2.84	\$ 3.25	\$ 1.63	\$ 7.35

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (8,114)	\$ (8,422)	\$ (10,320)	\$ (9,867)	\$ (36,723)
Net realized and unrealized gain (loss)	\$ (752,697)	\$ 145,261	\$ 563,132	\$ (312,026)	\$ (356,330)
Net income (loss)	\$ (760,811)	\$ 136,839	\$ 552,812	\$ (321,893)	\$ (393,053)
Net increase (decrease) in net asset value per share	\$ (4.82)	\$ 1.10	\$ 3.56	\$ (2.15)	\$ (2.31)

## PROSHARES ULTRASHORT YEN

	Three months ended (unaudited)				Year ended December 31, 2010
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	
Net investment income (loss)	\$ (217,797)	\$ (294,844)	\$ (302,251)	\$ (398,390)	\$ (1,213,282)
Net realized and unrealized gain (loss)	\$3,960,851	\$ (18,399,554)	\$ (18,503,219)	\$ (10,160,285)	\$ (43,102,207)
Net income (loss)	\$3,743,054	\$ (18,694,398)	\$ (18,805,470)	\$ (10,558,675)	\$ (44,315,489)
Net increase (decrease) in net asset value per share	\$ (0.02)	\$ (2.53)	\$ (2.20)	\$ (1.00)	\$ (5.75)

	Three months ended (unaudited)				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Net investment income (loss)	\$ (53,299)	\$ (121,257)	\$ (67,848)	\$ (106,538)	\$ (348,942)
Net realized and unrealized gain (loss)	\$4,105,784	\$ (4,771,301)	\$ (4,501,610)	\$ 3,854,790	\$ (1,312,337)
Net income (loss)	\$4,052,485	\$ (4,892,558)	\$ (4,569,458)	\$ 3,748,252	\$ (1,661,279)
Net increase (decrease) in net asset value per share	\$ 3.58	\$ (1.72)	\$ (3.34)	\$ 1.24	\$ (0.24)

\* See Note 10 of the Notes to Financial Statements in Item 8 of Part II of this Annual Report on Form 10-K.

See the Index to Financial Statements on Page F-1 for a list of the financial statements being filed as part of this Annual Report on Form 10-K. Those Financial Statements, and the notes and schedules related thereto, are incorporated by reference into this Item 8.

## **Item 9A. Controls and Procedures.**

### **Disclosure Controls and Procedures**

Under the supervision and with the participation of the principal executive officer and principal financial officer of the Trust, Trust management has evaluated the effectiveness of the Trust's and the Funds' disclosure controls and procedures, and have concluded that the disclosure controls and procedures of the Trust and the Funds (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective, as of December 31, 2010, to provide reasonable assurance that information required to be disclosed in the reports that the Trust files or submits under the 1934 Act on behalf of itself and the Funds is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to the duly authorized officers of the Trust as appropriate to allow timely decisions regarding required disclosure.

### **Management's Annual Report on Internal Control Over Financial Reporting**

The Trust's Management takes responsibility for establishing and maintaining adequate internal control over financial reporting of the Trust and the Funds, as defined in 1934 Act Rules 13a-15(f) and 15d-15(f). The Trust's and the Funds' internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Trust and the Funds; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Trust's and the Funds' receipts and expenditures are being made only in accordance with appropriate authorizations of management of the Trust on behalf of the Trust and the Funds; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Trust's or the Funds' assets that could have a material effect on the Trust's or the Funds' financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The principal executive officer and principal financial officer of the Trust assessed the effectiveness of the Trust's and the Funds' internal control over financial reporting as of December 31, 2010. Their assessment included an evaluation of the design of the Trust's and the Funds' internal control over financial reporting and testing of the operational effectiveness of their internal control over financial reporting. In making its assessment, the Trust's management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report entitled *Internal Control – Integrated Framework*. Based on their assessment and those criteria, the principal executive officer and principal financial officer of the Trust concluded that the Trust's and the Funds' internal control over financial reporting was effective as of December 31, 2010.

The effectiveness of the Trust's and the Funds' internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, the independent registered public accounting firm, as stated in their report which is included herein.

**Changes in Internal Control over Financial Reporting**

There were no changes in the Trust's or the Funds' internal control over financial reporting that occurred during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Trust's or the Funds' internal control over financial reporting.

**Certifications**

The certifications by the Principal Executive Officer and Principal Financial Officer of the Trust required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, which are filed or furnished as exhibits to this Annual Report on Form 10-K, apply both to the Trust taken as a whole and each Fund, and the Principal Executive Officer and Principal Financial Officer of the Trust are certifying both as to the Trust taken as a whole and each Fund.

## Exhibit Index

### Part IV

#### **Item 15. Exhibits and Financial Statement Schedules.**

##### *Financial Statement Schedules*

See the Index to Financial Statements on Page F-1 for a list of the financial statements being filed as part of this Annual Report on Form 10-K/A. Schedules may have been omitted since they are either not required, not applicable, or the information has otherwise been included.

<u>Exhibit No.</u>	<u>Description of Document</u>
4.1	Trust Agreement of ProShares Trust II (1)
4.2	Amended and Restated Trust Agreement of ProShares Trust II (2)
4.2.1	Amended and Restated Trust Agreement of ProShares Trust II (3)
4.3	Form of Authorized Participant Agreement (4)
10.1	Form of Sponsor Agreement (2)
10.2	Form of Administration and Transfer Agency Services Agreement (4)
10.3	Form of Custodian Agreement (5)
10.4	Form of Distribution Agreement (4)
10.5	Form of Futures Account Agreement (4)
23.1	Consent of Independent Registered Public Accounting Firm (6)
31.1	Certification by Principal Executive Officer of the Trust Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (6)
31.2	Certification by Principal Financial Officer of the Trust Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (6)
32.1	Certification by Principal Executive Officer of the Trust Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (7)
32.2	Certification by Principal Financial Officer of the Trust Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (7)
101.INS	XBRL Instance Document (8)
101.SCH	XBRL Taxonomy Extension Schema (8)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (8)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (8)
101.LAB	XBRL Taxonomy Extension Label Linkbase (8)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (8)

- (1) Incorporated by reference to the Trust's Registration Statement, filed on October 18, 2007.
- (2) Incorporated by reference to the Trust's Registration Statement, filed on August 15, 2008.
- (3) Incorporated by reference to the Trust's Registration Statement, filed on September 18, 2008.
- (4) Incorporated by reference to the Trust's Registration Statement, filed on November 17, 2008.
- (5) Incorporated by reference to the Trust's Registration Statement, filed on October 22, 2008.
- (6) Filed herewith.
- (7) Furnished herewith.
- (8) Previously filed or furnished as an Exhibit to ProShares Trust II's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed on March 1, 2011.

**ProShares Trust II**  
**Financial Statements as of December 31, 2010**

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## Report of Independent Registered Public Accounting Firm

To the Shareholders of ProShares Trust II:

In our opinion, the accompanying combined and individual statements of financial condition and the related combined and individual statements of operations, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the combined financial position of the ProShares Trust II and the individual financial positions of each of the following sixteen funds comprising the ProShares Trust II:

- |                                          |                                          |
|------------------------------------------|------------------------------------------|
| 1. ProShares Ultra DJ-UBS Commodity      | 9. ProShares Ultra Silver                |
| 2. ProShares UltraShort DJ-UBS Commodity | 10. ProShares UltraShort Silver          |
| 3. ProShares Ultra DJ-UBS Crude Oil      | 11. ProShares Ultra Euro                 |
| 4. ProShares UltraShort DJ-UBS Crude Oil | 12. ProShares UltraShort Euro            |
| 5. ProShares Short DJ-UBS Natural Gas    | 13. ProShares Ultra Yen                  |
| 6. ProShares Ultra Gold                  | 14. ProShares UltraShort Yen             |
| 7. ProShares Short Gold                  | 15. ProShares VIX Short-Term Futures ETF |
| 8. ProShares UltraShort Gold             | 16. ProShares VIX Mid-Term Futures ETF   |

(collectively, the "Trust") at December 31, 2010 and December 31, 2009, and the combined and individual results of their operations and their combined and individual cash flows for the years ended December 31, 2010 and December 31, 2009 and the period from August 6, 2008 (Inception) through December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the combined Trust and each of the individual funds maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Trust's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the combined Trust and each of the individual fund financial statements and on the combined Trust's and each of the individual fund's internal control over financial reporting based on our audits (which were integrated audits in 2010 and 2009). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A trust's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A trust's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the trust; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the trust are being made only in accordance with authorizations of management and directors of the trust; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the trust's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
Columbus, Ohio  
February 28, 2011

**PROSHARES ULTRA DJ-UBS COMMODITY**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 17,743	\$ 78,112
Short-term U.S. government and agency obligations (Note 3) (cost \$16,426,195 and \$18,504,220, respectively)	16,426,651	18,503,052
Unrealized appreciation on swap agreements	1,755,750	1,177,968
Total assets	<u>18,200,144</u>	<u>19,759,132</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Management fee payable	13,486	15,200
Total liabilities	<u>13,486</u>	<u>15,200</u>
<b>Shareholders' equity</b>		
Shareholders' equity	18,186,658	19,743,932
Total liabilities and shareholders' equity	<u>\$ 18,200,144</u>	<u>\$ 19,759,132</u>
Shares outstanding	<u>500,014</u>	<u>700,014</u>
Net asset value per share	<u>\$ 36.37</u>	<u>\$ 28.21</u>
Market value per share (Note 2)	<u>\$ 36.27</u>	<u>\$ 28.43</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS COMMODITY**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2010

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(90% of shareholders' equity)		
U.S. Treasury Bills:		
0.108% due 01/06/11†	\$ 814,000	\$ 813,999
0.104% due 01/13/11†	2,459,000	2,458,982
0.120% due 01/20/11†	3,740,000	3,739,933
0.115% due 02/03/11	3,052,000	3,051,784
0.121% due 02/10/11	1,047,000	1,046,903
0.110% due 02/17/11†	1,512,000	1,511,796
0.108% due 02/24/11	2,702,000	2,701,576
0.130% due 03/31/11	1,102,000	1,101,678
Total short-term U.S. government and agency obligations (cost \$16,426,195)		<u>\$16,426,651</u>

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Commodity Index	01/06/11	\$ 8,446,418	\$ 419,284
Swap agreement with UBS AG based on Dow Jones-UBS Commodity Index	01/06/11	27,949,246	1,336,466
			<u>\$ 1,755,750</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS COMMODITY**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2009

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(94% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 1,000,000	\$ 999,999
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	4,557,000	4,556,997
U.S. Treasury Bills:		
0.010% due 02/04/10	4,000,000	3,999,962
0.030% due 02/25/10†	961,000	960,956
0.260% due 08/26/10†	8,000,000	7,985,138
Total short-term U.S. government and agency obligations (cost \$18,504,220)		<u>\$18,503,052</u>

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Commodity Index	01/06/10	\$ 9,230,808	\$ 284,791
Swap agreement with UBS AG based on Dow Jones-UBS Commodity Index	01/06/10	30,278,956	893,177
			<u>\$ 1,177,968</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS COMMODITY**

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 21,655	\$ 4,918	\$ —
<b>Expenses</b>			
Management fee	123,162	95,273	—
Organization costs	—	—	27,952
Offering costs	—	69,640	7,855
Limitation by Sponsor	—	—	(33,411)
Total expenses	<u>123,162</u>	<u>164,913</u>	<u>2,396</u>
Net investment income (loss)	<u>(101,507)</u>	<u>(159,995)</u>	<u>(2,396)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Swap agreements	2,383,511	4,280,412	(408,251)
Short-term U.S. government and agency obligations	1,105	—	—
Net realized gain (loss)	<u>2,384,616</u>	<u>4,280,412</u>	<u>(408,251)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Swap agreements	577,782	993,385	184,583
Short-term U.S. government and agency obligations	1,624	(1,168)	—
Change in net unrealized appreciation/depreciation	<u>579,406</u>	<u>992,217</u>	<u>184,583</u>
Net realized and unrealized gain (loss)	<u>2,964,022</u>	<u>5,272,629</u>	<u>(223,668)</u>
Net income (loss)	\$ <u>2,862,515</u>	\$ <u>5,112,634</u>	\$ <u>(226,064)</u>
Net income (loss) per weighted-average share	\$ <u>5.83</u>	\$ <u>6.84</u>	\$ <u>(1.90)</u>
Weighted-average shares outstanding	<u>491,384</u>	<u>747,000</u>	<u>118,933</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS COMMODITY**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 19,743,932	\$ 3,325,011	\$ —
Addition of shares (400,000, 1,200,000 and 150,014, respectively)	10,478,092	25,899,594	3,551,075
Redemption of shares (600,000, 650,000 and 0, respectively)	<u>(14,897,881)</u>	<u>(14,593,307)</u>	<u>—</u>
Net addition (redemption) of shares ((200,000), 550,000 and 150,014, respectively)	<u>(4,419,789)</u>	<u>11,306,287</u>	<u>3,551,075</u>
Net investment income (loss)	(101,507)	(159,995)	(2,396)
Net realized gain (loss)	2,384,616	4,280,412	(408,251)
Change in net unrealized appreciation/depreciation	<u>579,406</u>	<u>992,217</u>	<u>184,583</u>
Net income (loss)	<u>2,862,515</u>	<u>5,112,634</u>	<u>(226,064)</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 18,186,658</u>	<u>\$ 19,743,932</u>	<u>\$ 3,325,011</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS COMMODITY**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 2,862,515	\$ 5,112,634	\$ (226,064)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances for swap agreements	—	1,335,000	(1,335,000)
Net sale (purchase) of short-term U.S. government and agency obligations	2,078,025	(18,504,220)	—
Change in unrealized appreciation/depreciation on investments	(579,406)	(992,217)	(184,583)
Decrease (Increase) in receivable from Sponsor	—	33,411	(33,411)
Amortization of offering cost	—	69,640	(69,640)
Increase (Decrease) in management fee payable	(1,714)	15,200	—
Increase (Decrease) in accounts payable	—	(42,977)	42,977
Net cash provided by (used in) operating activities	<u>4,359,420</u>	<u>(12,973,529)</u>	<u>(1,805,721)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	10,478,092	25,899,594	3,551,075
Payment on shares redeemed	(14,897,881)	(14,593,307)	—
Net cash provided by (used in) financing activities	<u>(4,419,789)</u>	<u>11,306,287</u>	<u>3,551,075</u>
<b>Net increase (decrease) in cash</b>	<u>(60,369)</u>	<u>(1,667,242)</u>	<u>1,745,354</u>
Cash, beginning of period	78,112	1,745,354	—
Cash, end of period	<u>\$ 17,743</u>	<u>\$ 78,112</u>	<u>\$ 1,745,354</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY\***

## STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 10,654	\$ 90,383
Segregated cash balances for swap agreements	—	485,000
Short-term U.S. government and agency obligations (Note 3) (cost \$1,594,783 and \$2,568,287, respectively)	1,594,842	2,568,141
Total assets	<u>1,605,496</u>	<u>3,143,524</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Management fee payable	1,273	2,493
Unrealized depreciation on swap agreements	164,150	216,605
Total liabilities	<u>165,423</u>	<u>219,098</u>
<b>Shareholders' equity</b>		
Shareholders' equity	1,440,073	2,924,426
Total liabilities and shareholders' equity	<u>\$ 1,605,496</u>	<u>\$ 3,143,524</u>
Shares outstanding	<u>30,003</u>	<u>40,003</u>
Net asset value per share	<u>\$ 48.00</u>	<u>\$ 73.11</u>
Market value per share (Note 2)	<u>\$ 48.30</u>	<u>\$ 73.25</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2010

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(111% of shareholders' equity)		
U.S. Treasury Bills:		
0.095% due 01/06/11	\$ 8,000	\$ 8,000
0.102% due 01/13/11†	279,000	278,998
0.130% due 01/27/11†	615,000	614,980
0.121% due 02/10/11	149,000	148,986
0.105% due 02/24/11	272,000	271,957
0.130% due 03/31/11	272,000	271,921
Total short-term U.S. government and agency obligations (cost \$1,594,783)		<u>\$1,594,842</u>

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Commodity Index	01/06/11	\$ (897,578)	\$ (46,907)
Swap agreement with UBS AG based on Dow Jones-UBS Commodity Index	01/06/11	(1,978,699)	(117,243)
			<u>\$ (164,150)</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2009

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(88% of shareholders' equity)		
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	\$ 1,570,000	\$1,569,999
U.S. Treasury Bills:		
0.260% due 08/26/10†	1,000,000	998,142
Total short-term U.S. government and agency obligations (cost \$2,568,287)		<u>\$2,568,141</u>

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Commodity Index	01/06/10	\$(1,001,057)	\$ (34,432)
Swap agreement with UBS AG based on Dow Jones-UBS Commodity Index	01/06/10	(4,834,281)	(182,173)
			<u>\$ (216,605)</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY\***

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 3,775	\$ 822	\$ —
<b>Expenses</b>			
Management fee	28,279	3,100	—
Organization costs	—	—	27,953
Offering costs	—	278,414	31,406
Limitation by Sponsor	—	(246,002)	(56,576)
Total expenses	<u>28,279</u>	<u>35,512</u>	<u>2,783</u>
Net investment income (loss)	<u>(24,504)</u>	<u>(34,690)</u>	<u>(2,783)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Swap agreements	(691,056)	(2,479,160)	607,967
Short-term U.S. government and agency obligations	29	—	—
Net realized gain (loss)	<u>(691,027)</u>	<u>(2,479,160)</u>	<u>607,967</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Swap agreements	52,455	209,596	(426,201)
Short-term U.S. government and agency obligations	205	(146)	—
Change in net unrealized appreciation/depreciation	<u>52,660</u>	<u>209,450</u>	<u>(426,201)</u>
Net realized and unrealized gain (loss)	<u>(638,367)</u>	<u>(2,269,710)</u>	<u>181,766</u>
Net income (loss)	\$ <u>(662,871)</u>	\$ <u>(2,304,400)</u>	\$ <u>178,983</u>
Net income (loss) per weighted-average share	\$ <u>(16.89)</u>	\$ <u>(62.35)</u>	\$ <u>8.95</u>
Weighted-average shares outstanding	<u>39,236</u>	<u>36,962</u>	<u>20,003</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY\***  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 2,924,426	\$ 2,679,883	\$ —
Addition of shares (50,000, 40,000 and 20,003, respectively)	3,976,994	4,145,511	2,500,900
Redemption of shares (60,000, 20,000 and 0, respectively)	(4,798,476)	(1,596,568)	—
Net addition (redemption) of shares ((10,000), 20,000 and 20,003, respectively)	(821,482)	2,548,943	2,500,900
Net investment income (loss)	(24,504)	(34,690)	(2,783)
Net realized gain (loss)	(691,027)	(2,479,160)	607,967
Change in net unrealized appreciation/depreciation	52,660	209,450	(426,201)
Net income (loss)	(662,871)	(2,304,400)	178,983
<b>Shareholders' equity, end of period</b>	<u>\$ 1,440,073</u>	<u>\$ 2,924,426</u>	<u>\$ 2,679,883</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS COMMODITY**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ (662,871)	\$ (2,304,400)	\$ 178,983
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances for swap agreements	485,000	915,000	(1,400,000)
Net sale (purchase) of short-term U.S. government and agency obligations	973,504	(2,568,287)	—
Change in unrealized appreciation/depreciation on investments	(52,660)	(209,450)	426,201
Decrease (Increase) in receivable from Sponsor	—	56,576	(56,576)
Amortization of offering cost	—	278,414	(278,414)
Increase (Decrease) in management fee payable	(1,220)	2,493	—
Increase (Decrease) in accounts payable	—	(208,046)	208,046
Net cash provided by (used in) operating activities	<u>741,753</u>	<u>(4,037,700)</u>	<u>(921,760)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	3,976,994	4,145,511	2,500,900
Payment on shares redeemed	<u>(4,798,476)</u>	<u>(1,596,568)</u>	—
Net cash provided by (used in) financing activities	<u>(821,482)</u>	<u>2,548,943</u>	<u>2,500,900</u>
<b>Net increase (decrease) in cash</b>	<u>(79,729)</u>	<u>(1,488,757)</u>	<u>1,579,140</u>
Cash, beginning of period	90,383	1,579,140	—
Cash, end of period	<u>\$ 10,654</u>	<u>\$ 90,383</u>	<u>\$ 1,579,140</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL\***  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 905,158	\$ 80,936
Segregated cash balances with brokers for futures contracts	10,631,250	13,574,925
Short-term U.S. government and agency obligations (Note 3) (cost \$244,384,335 and \$323,044,324, respectively)	244,394,920	323,026,067
Unrealized appreciation on swap agreements	5,649,644	21,129,076
Receivable on open futures contracts	3,035,150	1,466,444
Total assets	<u>264,616,122</u>	<u>359,277,448</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	36,266,723	35,195,574
Management fee payable	216,322	262,204
Total liabilities	<u>36,483,045</u>	<u>35,457,778</u>
<b>Shareholders' equity</b>		
Shareholders' equity	228,133,077	323,819,670
Total liabilities and shareholders' equity	<u>\$ 264,616,122</u>	<u>\$ 359,277,448</u>
Shares outstanding	4,562,504	6,412,504
Net asset value per share	<u>\$ 50.00</u>	<u>\$ 50.50</u>
Market value per share (Note 2)	<u>\$ 49.98</u>	<u>\$ 50.72</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (107% of shareholders' equity)		
U.S. Treasury Bills:		
0.110% due 01/06/11	\$11,831,000	\$ 11,830,991
0.122% due 01/13/11	29,760,000	29,759,780
0.135% due 01/20/11†	70,539,000	70,537,730
0.135% due 01/27/11†	67,148,000	67,145,811
0.110% due 02/03/11	1,938,000	1,937,863
0.121% due 02/10/11†	22,408,000	22,405,918
0.110% due 02/17/11	16,918,000	16,915,721
0.110% due 02/24/11	22,775,000	22,771,424
0.130% due 03/31/11	1,090,000	1,089,682
Total short-term U.S. government and agency obligations (cost \$244,384,335)		<u>\$244,394,920</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Crude Oil – NYMEX, expires March 2011	2,100	\$193,662,000	\$ 5,412,760

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Crude Oil Sub-Index	01/06/11	\$128,304,283	\$ 2,527,855
Swap agreement with UBS AG based on Dow Jones-UBS Crude Oil Sub-Index	01/06/11	134,272,508	3,121,789
			<u>\$ 5,649,644</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2009

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (100% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 30,000,000	\$ 29,999,950
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	29,404,000	29,403,979
U.S. Treasury Bills:		
0.010% due 02/04/10	40,000,000	39,999,622
0.028% due 02/25/10 <sup>†</sup>	98,859,000	98,854,731
0.260% due 08/26/10	125,000,000	<u>124,767,785</u>
Total short-term U.S. government and agency obligations (cost \$323,044,324)		<u>\$323,026,067</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Crude Oil – NYMEX, expires March 2010	2,873	\$229,897,460	\$16,877,800

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Crude Oil Sub-Index	01/06/10	\$159,674,116	\$ 8,182,273
Swap agreement with UBS AG based on Dow Jones-UBS Crude Oil Sub-Index	01/06/10	258,057,998	<u>12,946,803</u>
			<u>\$21,129,076</u>

<sup>†</sup> All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL\***

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 452,166	\$ 110,254	\$ —
<b>Expenses</b>			
Management fee	3,172,821	2,460,980	—
Brokerage commissions	146,782	255,521	13,208
Organization costs	—	—	27,953
Offering costs	—	139,226	15,705
Limitation by Sponsor	—	—	(16,192)
Total expenses	<u>3,319,603</u>	<u>2,855,727</u>	<u>40,674</u>
Net investment income (loss)	<u>(2,867,437)</u>	<u>(2,745,473)</u>	<u>(40,674)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	60,942,921	42,952,627	(2,721,403)
Swap agreements	90,323,497	57,831,434	—
Short-term U.S. government and agency obligations	58,758	—	—
Net realized gain (loss)	<u>151,325,176</u>	<u>100,784,061</u>	<u>(2,721,403)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	(11,465,040)	4,199,400	12,678,400
Swap agreements	(15,479,432)	21,129,076	—
Short-term U.S. government and agency obligations	28,842	(18,257)	—
Change in net unrealized appreciation/depreciation	<u>(26,915,630)</u>	<u>25,310,219</u>	<u>12,678,400</u>
Net realized and unrealized gain (loss)	<u>124,409,546</u>	<u>126,094,280</u>	<u>9,956,997</u>
Net income (loss)	<u>\$ 121,542,109</u>	<u>\$ 123,348,807</u>	<u>\$ 9,916,323</u>
Net income (loss) per weighted-average share	<u>\$ 15.18</u>	<u>\$ 18.40</u>	<u>\$ 17.50</u>
Weighted-average shares outstanding	<u>8,007,606</u>	<u>6,703,668</u>	<u>566,558</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL\***  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 323,819,670	\$ 99,772,943	\$ —
Addition of shares (29,262,500, 31,787,500 and 1,812,504, respectively)	1,162,325,334	1,254,758,064	97,245,593
Redemption of shares (31,112,500, 27,062,500 and 125,000, respectively)	<u>(1,379,554,036)</u>	<u>(1,154,060,144)</u>	<u>(7,388,973)</u>
Net addition (redemption) of shares ((1,850,000), 4,725,000 and 1,687,504, respectively)	<u>(217,228,702)</u>	<u>100,697,920</u>	<u>89,856,620</u>
Net investment income (loss)	(2,867,437)	(2,745,473)	(40,674)
Net realized gain (loss)	151,325,176	100,784,061	(2,721,403)
Change in net unrealized appreciation/depreciation	<u>(26,915,630)</u>	<u>25,310,219</u>	<u>12,678,400</u>
Net income (loss)	<u>121,542,109</u>	<u>123,348,807</u>	<u>9,916,323</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 228,133,077</u>	<u>\$ 323,819,670</u>	<u>\$ 99,772,943</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA DJ-UBS CRUDE OIL**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 121,542,109	\$ 123,348,807	\$ 9,916,323
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances with brokers for futures contracts	2,943,675	23,850,113	(37,425,038)
Net sale (purchase) of short-term U.S. government and agency obligations	78,659,989	(323,044,324)	—
Change in unrealized appreciation/depreciation on investments	15,450,590	(21,110,819)	—
Decrease (Increase) in receivable on futures contracts	(1,568,706)	19,061,294	(20,527,738)
Decrease (Increase) in receivable from Sponsor	—	16,192	(16,192)
Amortization of offering cost	—	139,226	(139,226)
Increase (Decrease) in management fee payable	(45,882)	262,204	—
Increase (Decrease) in accounts payable	—	(97,742)	97,742
Net cash provided by (used in) operating activities	<u>216,981,775</u>	<u>(177,575,049)</u>	<u>(48,094,129)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	1,162,325,334	1,263,568,408	88,435,249
Payment on shares redeemed	<u>(1,378,482,887)</u>	<u>(1,126,253,543)</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>(216,157,553)</u>	<u>137,314,865</u>	<u>88,435,249</u>
<b>Net increase (decrease) in cash</b>	824,222	(40,260,184)	40,341,120
Cash, beginning of period	80,936	40,341,120	—
Cash, end of period	<u>\$ 905,158</u>	<u>\$ 80,936</u>	<u>\$ 40,341,120</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL\***

STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 4,007,347	\$ 75,409
Segregated cash balances with brokers for futures contracts	4,252,500	4,162,725
Short-term U.S. government and agency obligations (Note 3) (cost \$135,631,915 and \$66,498,959, respectively)	135,637,192	66,495,308
Receivable from capital shares sold	—	8,244,946
Total assets	<u>143,897,039</u>	<u>78,978,388</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	6,313,753	—
Payable on open futures contracts	1,140,144	1,271,069
Management fee payable	117,277	68,204
Unrealized depreciation on swap agreements	4,111,608	982,489
Total liabilities	<u>11,682,782</u>	<u>2,321,762</u>
<b>Shareholders' equity</b>		
Shareholders' equity	132,214,257	76,656,626
Total liabilities and shareholders' equity	<u>\$ 143,897,039</u>	<u>\$ 78,978,388</u>
Shares outstanding	<u>2,600,003</u>	<u>1,120,003</u>
Net asset value per share	<u>\$ 50.85</u>	<u>\$ 68.44</u>
Market value per share (Note 2)	<u>\$ 50.85</u>	<u>\$ 68.25</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2010

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(103% of shareholders' equity)		
U.S. Treasury Bills:		
0.106% due 01/06/11†	\$ 3,629,000	\$ 3,628,997
0.120% due 01/13/11†	9,907,000	9,906,927
0.135% due 01/20/11†	24,123,000	24,122,566
0.107% due 01/27/11†	6,935,000	6,934,774
0.121% due 02/03/11	52,646,000	52,642,283
0.120% due 02/10/11†	26,266,000	26,263,560
0.110% due 02/17/11	9,026,000	9,024,784
0.105% due 02/24/11	1,557,000	1,556,756
0.130% due 03/31/11	1,557,000	1,556,545
Total short-term U.S. government and agency obligations (cost \$135,631,915)		<u>\$135,637,192</u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Crude Oil - NYMEX, expires March 2011	840	\$77,464,800	\$(2,384,420)

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Crude Oil Sub-Index	01/06/11	\$ (75,087,435)	\$(1,581,960)
Swap agreement with UBS AG based on Dow Jones-UBS Crude Oil Sub-Index	01/06/11	(111,898,000)	(2,529,648)
			<u>\$(4,111,608)</u>

† All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2009

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(87% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 1,000,000	\$ 999,998
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	15,542,000	15,541,989
U.S. Treasury Bills:		
0.010% due 02/04/10	25,000,000	24,999,764
0.260% due 08/26/10 <sup>†</sup>	25,000,000	24,953,557
<b>Total short-term U.S. government and agency obligations (cost \$66,498,959)</b>		<u><u>\$66,495,308</u></u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Crude Oil – NYMEX, expires March 2010	881	\$70,497,620	\$(3,063,900)

**Swap Agreements<sup>^</sup>**

	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Swap agreement with Goldman Sachs International based on Dow Jones-UBS Crude Oil Sub-Index	01/06/10	\$(33,484,257)	\$(589,031)
Swap agreement with UBS AG based on Dow Jones-UBS Crude Oil Sub-Index	01/06/10	(49,370,522)	(393,458)
			<u><u>\$ (982,489)</u></u>

<sup>†</sup> All or partial amount segregated as collateral for swap agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For swap agreements, a positive amount represents "long" exposure to the benchmark Index. A negative amount represents "short" exposure to the benchmark Index.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL\***

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 115,372	\$ 24,406	\$ —
<b>Expenses</b>			
Management fee	842,206	442,423	—
Brokerage commissions	57,316	88,885	4,985
Organization costs	—	—	27,953
Offering costs	—	278,414	31,406
Limitation by Sponsor	—	—	(53,143)
Total expenses	<u>899,522</u>	<u>809,722</u>	<u>11,201</u>
Net investment income (loss)	<u>(784,150)</u>	<u>(785,316)</u>	<u>(11,201)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	2,313,487	(2,665,630)	2,832,831
Swap agreements	12,707,736	(13,102,965)	—
Short-term U.S. government and agency obligations	9,796	—	—
Net realized gain (loss)	<u>15,031,019</u>	<u>(15,768,595)</u>	<u>2,832,831</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	679,480	486,690	(3,550,590)
Swap agreements	(3,129,119)	(982,489)	—
Short-term U.S. government and agency obligations	8,928	(3,651)	—
Change in net unrealized appreciation/depreciation	<u>(2,440,711)</u>	<u>(499,450)</u>	<u>(3,550,590)</u>
Net realized and unrealized gain (loss)	<u>12,590,308</u>	<u>(16,268,045)</u>	<u>(717,759)</u>
Net income (loss)	<u>\$ 11,806,158</u>	<u>\$ (17,053,361)</u>	<u>\$ (728,960)</u>
Net income (loss) per weighted-average share	<u>\$ 8.49</u>	<u>\$ (19.53)</u>	<u>\$ (21.93)</u>
Weighted-average shares outstanding	<u>1,390,578</u>	<u>873,318</u>	<u>33,246</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL\***  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 76,656,626	\$ 14,502,399	\$ —
Addition of shares (9,150,000, 4,400,000 and 120,003, respectively)	569,014,790	469,708,747	18,849,361
Redemption of shares (7,670,000, 3,380,000 and 20,000, respectively)	<u>(525,263,317)</u>	<u>(390,501,159)</u>	<u>(3,618,002)</u>
Net addition (redemption) of shares (1,480,000, 1,020,000 and 100,003, respectively)	<u>43,751,473</u>	<u>79,207,588</u>	<u>15,231,359</u>
Net investment income (loss)	(784,150)	(785,316)	(11,201)
Net realized gain (loss)	15,031,019	(15,768,595)	2,832,831
Change in net unrealized appreciation/depreciation	<u>(2,440,711)</u>	<u>(499,450)</u>	<u>(3,550,590)</u>
Net income (loss)	<u>11,806,158</u>	<u>(17,053,361)</u>	<u>(728,960)</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 132,214,257</u>	<u>\$ 76,656,626</u>	<u>\$ 14,502,399</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT DJ-UBS CRUDE OIL**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 11,806,158	\$ (17,053,361)	\$ (728,960)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances with brokers for futures contracts	(89,775)	1,286,550	(5,449,275)
Net sale (purchase) of short-term U.S. government and agency obligations	(69,132,956)	(66,498,959)	—
Change in unrealized appreciation/depreciation on investments	3,120,191	986,140	—
Decrease (Increase) in receivable from Sponsor	—	53,143	(53,143)
Amortization of offering cost	—	278,414	(278,414)
Increase (Decrease) in management fee payable	49,073	68,204	—
Increase (Decrease) in payable on futures contracts	(130,925)	(2,994,829)	4,265,898
Increase (Decrease) in accounts payable	—	(208,046)	208,046
Net cash provided by (used in) operating activities	<u>(54,378,234)</u>	<u>(84,082,744)</u>	<u>(2,035,848)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	577,259,736	468,733,659	11,579,503
Payment on shares redeemed	(518,949,564)	(392,500,720)	(1,618,441)
Net cash provided by (used in) financing activities	<u>58,310,172</u>	<u>76,232,939</u>	<u>9,961,062</u>
<b>Net increase (decrease) in cash</b>	<u>3,931,938</u>	<u>(7,849,805)</u>	<u>7,925,214</u>
Cash, beginning of period	75,409	7,925,214	—
Cash, end of period	<u>\$ 4,007,347</u>	<u>\$ 75,409</u>	<u>\$ 7,925,214</u>

*See accompanying notes to financial statements.*

**PROSHARES SHORT DJ-UBS NATURAL GAS\***  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

<b>Assets</b>	
Cash	\$ 200
Total assets	<u>\$ 200</u>
<b>Shareholders' equity</b>	
Shareholders' equity	<u>\$ 200</u>

\* See Note 1.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 1,262,424	\$ 96,468
Segregated cash balances with brokers for futures contracts	467,775	480,837
Short-term U.S. government and agency obligations (Note 3) (cost \$249,242,580 and \$168,088,591, respectively)	249,250,657	168,085,670
Unrealized appreciation on forward agreements	8,724,587	—
Receivable on open futures contracts	60,830	32,930
Total assets	<u>259,766,273</u>	<u>168,695,905</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	—	6,835,057
Management fee payable	204,198	149,879
Unrealized depreciation on forward agreements	—	5,234,260
Total liabilities	<u>204,198</u>	<u>12,219,196</u>
<b>Shareholders' equity</b>		
Shareholders' equity	<u>259,562,075</u>	<u>156,476,709</u>
Total liabilities and shareholders' equity	<u>\$ 259,766,273</u>	<u>\$ 168,695,905</u>
Shares outstanding	<u>3,750,014</u>	<u>3,550,014</u>
Net asset value per share	<u>\$ 69.22</u>	<u>\$ 44.08</u>
Market value per share (Note 2)	<u>\$ 70.72</u>	<u>\$ 44.68</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (96% of shareholders' equity)		
U.S. Treasury Bills:		
0.110% due 01/06/11	\$ 8,000	\$ 8,000
0.115% due 01/13/11†	47,146,000	47,145,651
0.133% due 01/20/11†	53,152,000	53,151,043
0.134% due 01/27/11†	27,987,000	27,986,088
0.115% due 02/03/11	2,764,000	2,763,805
0.120% due 02/10/11†	22,359,000	22,356,923
0.110% due 02/17/11†	32,364,000	32,359,640
0.108% due 02/24/11	44,791,000	44,783,968
0.130% due 03/31/11	18,701,000	18,695,539
Total short-term U.S. government and agency obligations (cost \$249,242,580)		<u>\$249,250,657</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Gold Futures - COMEX, expires February 2011	77	\$10,944,780	\$ 305,980

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.995 Fine Troy Ounce Gold	01/06/11	\$ 65,620	\$ 92,235,472	\$ 1,668,106
Forward agreements with UBS AG based on 0.995 Fine Troy Ounce Gold	01/06/11	296,500	416,760,400	7,056,481
				<u>\$ 8,724,587</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents "long" exposure to the underlying commodity. A negative amount represents "short" exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (107% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 59,000,000	\$ 58,999,902
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	5,126,000	5,125,996
U.S. Treasury Bills:		
0.010% due 02/04/10	10,000,000	9,999,905
0.026% due 02/25/10 <sup>†</sup>	74,000,000	73,997,021
0.260% due 08/26/10 <sup>†</sup>	20,000,000	19,962,846
Total short-term U.S. government and agency obligations (cost \$168,088,591)		<u>\$168,085,670</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Gold Futures – COMEX, expires February 2010	89	\$9,756,180	\$ (194,200)

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.995 Fine Troy Ounce Gold	01/04/10	\$ 52,920	\$ 57,553,675	\$ (981,459)
Forward agreements with UBS AG based on 0.995 Fine Troy Ounce Gold	01/04/10	225,800	245,571,048	(4,252,801)
				<u>\$(5,234,260)</u>

<sup>†</sup> All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents “long” exposure to the underlying commodity. A negative amount represents “short” exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
**STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 271,540	\$ 55,592	\$ —
<b>Expenses</b>			
Management fee	1,863,659	1,014,224	—
Brokerage commissions	3,806	4,213	110
Organization costs	—	—	27,953
Offering costs	—	284,355	25,465
Limitation by Sponsor	—	—	(43,098)
Total expenses	<u>1,867,465</u>	<u>1,302,792</u>	<u>10,430</u>
Net investment income (loss)	<u>(1,595,925)</u>	<u>(1,247,200)</u>	<u>(10,430)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	1,766,498	1,905,831	28,483
Forward agreements	74,670,736	38,020,273	2,239,235
Short-term U.S. government and agency obligations	7,467	—	—
Net realized gain (loss)	<u>76,444,701</u>	<u>39,926,104</u>	<u>2,267,718</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	500,180	(233,970)	39,770
Forward agreements	13,958,847	(4,648,006)	(586,254)
Short-term U.S. government and agency obligations	10,998	(2,921)	—
Change in net unrealized appreciation/depreciation	<u>14,470,025</u>	<u>(4,884,897)</u>	<u>(546,484)</u>
Net realized and unrealized gain (loss)	<u>90,914,726</u>	<u>35,041,207</u>	<u>1,721,234</u>
Net income (loss)	<u>\$ 89,318,801</u>	<u>\$ 33,794,007</u>	<u>\$ 1,710,804</u>
Net income (loss) per weighted-average share	<u>\$ 24.67</u>	<u>\$ 9.17</u>	<u>\$ 3.84</u>
Weighted-average shares outstanding	<u>3,620,973</u>	<u>3,686,863</u>	<u>445,014</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 156,476,709	\$ 27,736,722	\$ —
Addition of shares (1,800,000, 5,250,000 and 900,014, respectively)	93,908,829	193,756,011	26,025,918
Redemption of shares (1,600,000, 2,600,000 and 0, respectively)	(80,142,264)	(98,810,031)	—
Net addition (redemption) of shares (200,000, 2,650,000 and 900,014, respectively)	<u>13,766,565</u>	<u>94,945,980</u>	<u>26,025,918</u>
Net investment income (loss)	(1,595,925)	(1,247,200)	(10,430)
Net realized gain (loss)	76,444,701	39,926,104	2,267,718
Change in net unrealized appreciation/depreciation	<u>14,470,025</u>	<u>(4,884,897)</u>	<u>(546,484)</u>
Net income (loss)	<u>89,318,801</u>	<u>33,794,007</u>	<u>1,710,804</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 259,562,075</u>	<u>\$ 156,476,709</u>	<u>\$ 27,736,722</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA GOLD**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 89,318,801	\$ 33,794,007	\$ 1,710,804
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances with brokers for futures contracts	13,062	(377,871)	(102,966)
Net sale (purchase) of short-term U.S. government and agency obligations	(81,153,989)	(168,088,591)	—
Change in unrealized appreciation/depreciation on investments	(13,969,845)	4,650,927	586,254
Decrease (Increase) in receivable on futures contracts	(27,900)	(30,045)	(2,885)
Decrease (Increase) in receivable from Sponsor	—	43,098	(43,098)
Amortization of offering cost	—	284,355	(284,355)
Increase (Decrease) in management fee payable	54,319	149,879	—
Increase (Decrease) in accounts payable	—	(208,045)	208,045
Net cash provided by (used in) operating activities	<u>(5,765,552)</u>	<u>(129,782,286)</u>	<u>2,071,799</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	93,908,829	198,417,932	21,363,997
Payment on shares redeemed	(86,977,321)	(91,974,974)	—
Net cash provided by (used in) financing activities	<u>6,931,508</u>	<u>106,442,958</u>	<u>21,363,997</u>
<b>Net increase (decrease) in cash</b>	<u>1,165,956</u>	<u>(23,339,328)</u>	<u>23,435,796</u>
Cash, beginning of period	96,468	23,435,796	—
Cash, end of period	<u>\$ 1,262,424</u>	<u>\$ 96,468</u>	<u>\$ 23,435,796</u>

*See accompanying notes to financial statements.*

**PROSHARES SHORT GOLD\***  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

<b>Assets</b>	
Cash	\$ 200
Total assets	<u>\$ 200</u>
<b>Shareholders' equity</b>	
Shareholders' equity	<u>\$ 200</u>

\* See Note 1.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 404,683	\$ 75,790
Segregated cash balances with brokers for futures contracts	364,500	140,916
Short-term U.S. government and agency obligations (Note 3) (cost \$80,111,190 and \$66,312,955, respectively)	80,114,447	66,310,764
Unrealized appreciation on forward agreements	—	2,144,062
Total assets	<u>80,883,630</u>	<u>68,671,532</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	—	1,014,755
Payable on open futures contracts	94,800	—
Management fee payable	64,932	53,966
Unrealized depreciation on forward agreements	2,991,391	—
Total liabilities	<u>3,151,123</u>	<u>1,068,721</u>
<b>Shareholders' equity</b>		
Shareholders' equity	<u>77,732,507</u>	<u>67,602,811</u>
Total liabilities and shareholders' equity	<u>\$ 80,883,630</u>	<u>\$ 68,671,532</u>
Shares outstanding	<u>2,739,901</u>	<u>1,290,003</u>
Net asset value per share	<u>\$ 28.37</u>	<u>\$ 52.41</u>
Market value per share (Note 2)	<u>\$ 27.80</u>	<u>\$ 51.75</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(103% of shareholders' equity)		
U.S. Treasury Bills:		
0.110% due 01/06/11	\$ 2,000	\$ 2,000
0.114% due 01/13/11	6,655,000	6,654,951
0.157% due 01/20/11†	30,149,000	30,148,457
0.137% due 01/27/11†	10,249,000	10,248,666
0.115% due 02/03/11†	1,860,000	1,859,869
0.121% due 02/10/11	365,000	364,966
0.111% due 02/17/11†	25,860,000	25,856,517
0.108% due 02/24/11	3,525,000	3,524,446
0.130% due 03/31/11	1,455,000	1,454,575
Total short-term U.S. government and agency obligations (cost \$80,111,190)		<u>\$80,114,447</u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Gold Futures - COMEX, expires February 2011	60	\$8,528,400	\$ (292,750)

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs				
International based on 0.995 Fine Troy Ounce Gold	01/06/11	\$ (27,798)	\$ (39,072,869)	\$ (685,426)
Forward agreements with UBS AG based on				
0.995 Fine Troy Ounce Gold	01/06/11	(76,400)	(107,387,840)	(2,305,965)
				<u>\$(2,991,391)</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents "long" exposure to the underlying commodity. A negative amount represents "short" exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2009

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(98% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 23,000,000	\$22,999,962
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	10,339,000	10,338,993
U.S. Treasury Bills:		
0.010% due 02/04/10	15,000,000	14,999,858
0.040% due 02/25/10†	3,000,000	2,999,817
0.260% due 08/26/10†	15,000,000	14,972,134
Total short-term U.S. government and agency obligations (cost \$66,312,955)		<u>\$66,310,764</u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Gold Futures – COMEX, expires February 2010	28	\$3,069,360	\$ 39,140

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.995 Fine Troy Ounce Gold	01/04/10	\$ (23,998)	\$ (26,099,265)	\$ 443,041
Forward agreements with UBS AG based on 0.995 Fine Troy Ounce Gold	01/04/10	(97,000)	(105,493,320)	1,701,021
				<u>\$ 2,144,062</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents “long” exposure to the underlying commodity. A negative amount represents “short” exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 103,561	\$ 16,787	\$ —
<b>Expenses</b>			
Management fee	693,428	131,683	—
Brokerage commissions	3,103	3,532	40
Organization costs	—	—	27,953
Offering costs	—	284,355	25,465
Limitation by Sponsor	—	—	(51,088)
Total expenses	<u>696,531</u>	<u>419,570</u>	<u>2,370</u>
Net investment income (loss)	<u>(592,970)</u>	<u>(402,783)</u>	<u>(2,370)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	(847,406)	(640,078)	(10,583)
Forward agreements	(36,923,353)	(18,989,796)	(712,991)
Short-term U.S. government and agency obligations	3,292	—	—
Net realized gain (loss)	<u>(37,767,467)</u>	<u>(19,629,874)</u>	<u>(723,574)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	(331,890)	61,830	(22,690)
Forward agreements	(5,135,453)	2,057,405	86,657
Short-term U.S. government and agency obligations	5,448	(2,191)	—
Change in net unrealized appreciation/depreciation	<u>(5,461,895)</u>	<u>2,117,044</u>	<u>63,967</u>
Net realized and unrealized gain (loss)	<u>(43,229,362)</u>	<u>(17,512,830)</u>	<u>(659,607)</u>
Net income (loss)	<u>\$ (43,822,332)</u>	<u>\$ (17,915,613)</u>	<u>\$ (661,977)</u>
Net income (loss) per weighted-average share	<u>\$ (23.09)</u>	<u>\$ (27.57)</u>	<u>\$ (24.22)</u>
Weighted-average shares outstanding	<u>1,897,740</u>	<u>649,811</u>	<u>27,336</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 67,602,811	\$ 3,875,093	\$ —
Addition of shares (2,100,000, 1,970,000 and 40,003, respectively) (Note 1)	82,715,498	134,255,857	4,537,070
Redemption of shares (650,102, 720,000 and 0, respectively) (Note 1)	(28,763,470)	(52,612,526)	—
Net addition (redemption) of shares (1,449,898, 1,250,000 and 40,003, respectively) (Note 1)	<u>53,952,028</u>	<u>81,643,331</u>	<u>4,537,070</u>
Net investment income (loss)	(592,970)	(402,783)	(2,370)
Net realized gain (loss)	(37,767,467)	(19,629,874)	(723,574)
Change in net unrealized appreciation/depreciation	(5,461,895)	2,117,044	63,967
Net income (loss)	<u>(43,822,332)</u>	<u>(17,915,613)</u>	<u>(661,977)</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 77,732,507</u>	<u>\$ 67,602,811</u>	<u>\$ 3,875,093</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT GOLD**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ (43,822,332)	\$ (17,915,613)	\$ (661,977)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances for forward agreements	—	540,000	(540,000)
Decrease (Increase) in segregated cash balances with brokers for futures contracts	(223,584)	(113,167)	(27,749)
Net sale (purchase) of short-term U.S. government and agency obligations	(13,798,235)	(66,312,955)	—
Change in unrealized appreciation/depreciation on investments	5,130,005	(2,055,214)	(86,657)
Decrease (Increase) in receivable from Sponsor	—	51,088	(51,088)
Amortization of offering cost	—	284,355	(284,355)
Increase (Decrease) in management fee payable	10,966	53,966	—
Increase (Decrease) in payable on futures contracts	94,800	(10,931)	10,931
Increase (Decrease) in accounts payable	—	(208,046)	208,046
Net cash provided by (used in) operating activities	<u>(52,608,380)</u>	<u>(85,686,517)</u>	<u>(1,432,849)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	82,715,498	134,255,857	4,537,070
Payment on shares redeemed	<u>(29,778,225)</u>	<u>(51,597,771)</u>	—
Net cash provided by (used in) financing activities	<u>52,937,273</u>	<u>82,658,086</u>	<u>4,537,070</u>
<b>Net increase (decrease) in cash</b>	328,893	(3,028,431)	3,104,221
Cash, beginning of period	75,790	3,104,221	—
Cash, end of period	<u>\$ 404,683</u>	<u>\$ 75,790</u>	<u>\$ 3,104,221</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 2,505,032	\$ 75,670
Segregated cash balances with brokers for futures contracts	2,395,913	928,138
Short-term U.S. government and agency obligations (Note 3) (cost \$495,898,270 and \$157,779,376, respectively)	495,915,529	157,772,073
Unrealized appreciation on forward agreements	46,191,568	—
Receivable on open futures contracts	391,421	—
Total assets	<u>547,399,463</u>	<u>158,775,881</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	—	6,007,423
Management fee payable	395,544	123,889
Unrealized depreciation on forward agreements	—	7,228,187
Total liabilities	<u>395,544</u>	<u>13,359,499</u>
<b>Shareholders' equity</b>		
Shareholders' equity	547,003,919	145,416,382
Total liabilities and shareholders' equity	<u>\$ 547,399,463</u>	<u>\$ 158,775,881</u>
Shares outstanding	<u>3,500,014</u>	<u>2,550,014</u>
Net asset value per share	<u>\$ 156.29</u>	<u>\$ 57.03</u>
Market value per share (Note 2)	<u>\$ 158.59</u>	<u>\$ 56.15</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(91% of shareholders' equity)		
U.S. Treasury Bills:		
0.106% due 01/06/11†	\$ 1,713,000	\$ 1,712,999
0.111% due 01/13/11†	120,905,000	120,904,105
0.119% due 01/20/11†	98,760,000	98,758,222
0.135% due 01/27/11†	59,599,000	59,597,057
0.120% due 02/03/11	26,914,000	26,912,100
0.120% due 02/10/11†	75,577,000	75,569,979
0.110% due 02/17/11†	6,506,000	6,505,124
0.108% due 02/24/11	80,653,000	80,640,337
0.130% due 03/31/11	25,323,000	25,315,606
Total short-term U.S. government and agency obligations (cost \$495,898,270)		<u>\$495,915,529</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Silver Futures - COMEX, expires March 2011	229	\$35,422,865	\$ 3,056,220

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.999 Fine Troy Ounce Silver	01/06/11	\$ 8,095,800	\$247,992,165	\$10,761,350
Forward agreements with UBS AG based on 0.999 Fine Troy Ounce Silver	01/06/11	26,454,000	810,344,219	35,430,218
				<u>\$46,191,568</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents "long" exposure to the underlying commodity. A negative amount represents "short" exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (108% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 32,000,000	\$ 31,999,947
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	24,866,000	24,865,981
U.S. Treasury Bills:		
0.010% due 02/04/10	40,000,000	39,999,611
0.035% due 02/25/10†	11,000,000	10,999,420
0.260% due 08/26/10†	50,000,000	49,907,114
Total short-term U.S. government and agency obligations (cost \$157,779,376)		<u>\$157,772,073</u>

**Futures Contracts Purchased**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Silver Futures – COMEX, expires March 2010	160	\$13,476,000	\$ (568,800)

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.999 Fine Troy Ounce Silver	01/04/10	\$ 4,120,800	\$ 70,017,337	\$(1,908,743)
Forward agreements with UBS AG based on 0.999 Fine Troy Ounce Silver	01/04/10	12,210,000	207,462,552	(5,319,444)
				<u>\$(7,228,187)</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents “long” exposure to the underlying commodity. A negative amount represents “short” exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**  
**STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 310,024	\$ 28,466	\$ —
<b>Expenses</b>			
Management fee	2,027,722	710,900	—
Brokerage commissions	6,268	5,134	65
Organization costs	—	—	27,952
Offering costs	—	71,126	6,370
Limitation by Sponsor	—	—	(30,776)
Total expenses	<u>2,033,990</u>	<u>787,160</u>	<u>3,611</u>
Net investment income (loss)	<u>(1,723,966)</u>	<u>(758,694)</u>	<u>(3,611)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	7,706,675	1,910,810	10,196
Forward agreements	208,546,511	41,804,200	388,023
Short-term U.S. government and agency obligations	12,355	—	—
Net realized gain (loss)	<u>216,265,541</u>	<u>43,715,010</u>	<u>398,219</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	3,625,020	(560,755)	(8,045)
Forward agreements	53,419,755	(6,971,360)	(256,827)
Short-term U.S. government and agency obligations	24,562	(7,303)	—
Change in net unrealized appreciation/depreciation	<u>57,069,337</u>	<u>(7,539,418)</u>	<u>(264,872)</u>
Net realized and unrealized gain (loss)	<u>273,334,878</u>	<u>36,175,592</u>	<u>133,347</u>
Net income (loss)	<u>\$ 271,610,912</u>	<u>\$ 35,416,898</u>	<u>\$ 129,736</u>
Net income (loss) per weighted-average share	<u>\$ 96.74</u>	<u>\$ 21.35</u>	<u>\$ 0.76</u>
Weighted-average shares outstanding	<u>2,807,685</u>	<u>1,659,192</u>	<u>170,014</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 145,416,382	\$ 10,011,149	\$ —
Addition of shares (2,700,000, 3,500,000 and 350,014, respectively)	244,471,386	161,850,670	9,881,413
Redemption of shares (1,750,000, 1,300,000 and 0, respectively)	(114,494,761)	(61,862,335)	—
Net addition (redemption) of shares (950,000, 2,200,000 and 350,014, respectively)	129,976,625	99,988,335	9,881,413
Net investment income (loss)	(1,723,966)	(758,694)	(3,611)
Net realized gain (loss)	216,265,541	43,715,010	398,219
Change in net unrealized appreciation/depreciation	57,069,337	(7,539,418)	(264,872)
Net income (loss)	271,610,912	35,416,898	129,736
<b>Shareholders' equity, end of period</b>	<u>\$ 547,003,919</u>	<u>\$ 145,416,382</u>	<u>\$ 10,011,149</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA SILVER**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 271,610,912	\$ 35,416,898	\$ 129,736
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances with brokers for futures contracts	(1,467,775)	(854,433)	(73,705)
Net sale (purchase) of short-term U.S. government and agency obligations	(338,118,894)	(157,779,376)	—
Change in unrealized appreciation/depreciation on investments	(53,444,317)	6,978,663	256,827
Decrease (Increase) in receivable on futures contracts	(391,421)	24,488	(24,488)
Decrease (Increase) in receivable from Sponsor	—	30,776	(30,776)
Amortization of offering cost	—	71,126	(71,126)
Increase (Decrease) in management fee payable	271,655	123,889	—
Increase (Decrease) in accounts payable	—	(42,976)	42,976
Net cash provided by (used in) operating activities	<u>(121,539,840)</u>	<u>(116,030,945)</u>	<u>229,444</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	244,471,386	163,320,200	8,411,883
Payment on shares redeemed	(120,502,184)	(55,854,912)	—
Net cash provided by (used in) financing activities	<u>123,969,202</u>	<u>107,465,288</u>	<u>8,411,883</u>
<b>Net increase (decrease) in cash</b>	<u>2,429,362</u>	<u>(8,565,657)</u>	<u>8,641,327</u>
Cash, beginning of period	75,670	8,641,327	—
Cash, end of period	<u>\$ 2,505,032</u>	<u>\$ 75,670</u>	<u>\$ 8,641,327</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER\***  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 3,514,285	\$ 78,312
Segregated cash balances with brokers for futures contracts	512,663	447,653
Short-term U.S. government and agency obligations (Note 3) (cost \$105,316,101 and \$64,775,162, respectively)	105,319,504	64,772,241
Unrealized appreciation on forward agreements	—	2,859,064
Total assets	<u>109,346,452</u>	<u>68,157,270</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	—	3,588,515
Payable on open futures contracts	227,423	—
Management fee payable	75,903	52,610
Unrealized depreciation on forward agreements	10,010,345	—
Total liabilities	<u>10,313,671</u>	<u>3,641,125</u>
<b>Shareholders' equity</b>		
Shareholders' equity	99,032,781	64,516,145
Total liabilities and shareholders' equity	<u>\$ 109,346,452</u>	<u>\$ 68,157,270</u>
Shares outstanding	2,482,479	342,500
Net asset value per share	<u>\$ 39.89</u>	<u>\$ 188.37</u>
Market value per share (Note 2)	<u>\$ 39.28</u>	<u>\$ 191.60</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(106% of shareholders' equity)		
U.S. Treasury Bills:		
0.106% due 01/06/11†	\$ 807,000	\$ 806,999
0.117% due 01/13/11†	31,073,000	31,072,770
0.144% due 01/20/11†	20,060,000	20,059,639
0.135% due 01/27/11†	825,000	824,973
0.115% due 02/03/11	16,883,000	16,881,808
0.121% due 02/10/11†	4,180,000	4,179,612
0.120% due 02/17/11†	9,147,000	9,145,768
0.109% due 02/24/11	18,236,000	18,233,137
0.130% due 03/31/11	4,116,000	4,114,798
Total short-term U.S. government and agency obligations (cost \$105,316,101)		<u>\$105,319,504</u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Silver Futures - COMEX, expires March 2011	49	\$7,579,565	\$ (519,420)

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.999 Fine Troy Ounce Silver	01/06/11	\$ (1,727,500)	\$ (52,917,126)	\$ (2,469,105)
Forward agreements with UBS AG based on 0.999 Fine Troy Ounce Silver	01/06/11	(4,498,000)	(137,783,636)	(7,541,240)
				<u>\$(10,010,345)</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents "long" exposure to the underlying commodity. A negative amount represents "short" exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (101% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 18,000,000	\$17,999,970
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	10,810,000	10,809,992
U.S. Treasury Bills:		
0.010% due 02/04/10	8,000,000	7,999,922
0.040% due 02/25/10†	8,000,000	7,999,511
0.260% due 08/26/10†	20,000,000	19,962,846
Total short-term U.S. government and agency obligations (cost \$64,775,162)		<u>\$64,772,241</u>

**Futures Contracts Sold**

	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Silver Futures – COMEX, expires March 2010	77	\$6,485,325	\$ 184,735

**Forward Agreements<sup>^</sup>**

	<u>Settlement Date</u>	<u>Commitment to (Deliver)/Receive</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Forward agreements with Goldman Sachs International based on 0.999 Fine Troy Ounce Silver	01/04/10	\$ (1,837,500)	\$(31,221,330)	\$ 787,670
Forward agreements with UBS AG based on 0.999 Fine Troy Ounce Silver	01/04/10	(5,363,000)	(91,123,806)	2,071,394
				<u>\$2,859,064</u>

† All or partial amount segregated as collateral for forward agreements.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

\* For forward agreements, a positive amount represents “long” exposure to the underlying commodity. A negative amount represents “short” exposure to the underlying commodity.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER\***

STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Investment Income</b>			
Interest	\$ 95,673	\$ 15,541	\$ —
<b>Expenses</b>			
Management fee	631,456	257,865	—
Brokerage commissions	3,090	4,382	85
Organization costs	—	—	27,953
Offering costs	—	142,197	12,734
Limitation by Sponsor	—	—	(38,902)
Total expenses	<u>634,546</u>	<u>404,444</u>	<u>1,870</u>
Net investment income (loss)	<u>(538,873)</u>	<u>(388,903)</u>	<u>(1,870)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	(1,309,400)	(664,595)	(22,030)
Forward agreements	(87,744,703)	(40,120,635)	(563,763)
Short-term U.S. government and agency obligations	4,340	—	—
Net realized gain (loss)	<u>(89,049,763)</u>	<u>(40,785,230)</u>	<u>(585,793)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	(704,155)	185,385	(650)
Forward agreements	(12,869,409)	2,811,580	47,484
Short-term U.S. government and agency obligations	6,324	(2,921)	—
Change in net unrealized appreciation/depreciation	<u>(13,567,240)</u>	<u>2,994,044</u>	<u>46,834</u>
Net realized and unrealized gain (loss)	<u>(102,617,003)</u>	<u>(37,791,186)</u>	<u>(538,959)</u>
Net income (loss)	<u>\$ (103,155,876)</u>	<u>\$ (38,180,089)</u>	<u>\$ (540,829)</u>
Net income (loss) per weighted-average share	<u>\$ (152.09)</u>	<u>\$ (235.74)</u>	<u>\$ (216.33)</u>
Weighted-average shares outstanding	<u>678,259</u>	<u>161,956</u>	<u>2,500</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER\***  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 64,516,145	\$ 1,960,071	\$ —
Addition of shares (2,667,500, 581,250 and 2,500, respectively) (Note 1)	196,300,406	178,025,835	2,500,900
Redemption of shares (527,521, 241,250 and 0, respectively) (Note 1)	<u>(58,627,894)</u>	<u>(77,289,672)</u>	<u>—</u>
Net addition (redemption) of shares (2,139,979, 340,000 and 2,500, respectively) (Note 1)	<u>137,672,512</u>	<u>100,736,163</u>	<u>2,500,900</u>
Net investment income (loss)	(538,873)	(388,903)	(1,870)
Net realized gain (loss)	(89,049,763)	(40,785,230)	(585,793)
Change in net unrealized appreciation/depreciation	<u>(13,567,240)</u>	<u>2,994,044</u>	<u>46,834</u>
Net income (loss)	<u>(103,155,876)</u>	<u>(38,180,089)</u>	<u>(540,829)</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 99,032,781</u>	<u>\$ 64,516,145</u>	<u>\$ 1,960,071</u>

\* See Note 10.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT SILVER**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended</u> <u>December 31, 2010</u>	<u>Year ended</u> <u>December 31, 2009</u>	<u>August 6, 2008</u> <u>(Inception)</u> <u>through</u> <u>December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ (103,155,876)	\$ (38,180,089)	\$ (540,829)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances for forward agreements	—	820,000	(820,000)
Decrease (Increase) in segregated cash balances with brokers for futures contracts	(65,010)	(425,373)	(22,280)
Net sale (purchase) of short-term U.S. government and agency obligations	(40,540,939)	(64,775,162)	—
Change in unrealized appreciation/depreciation on investments	12,863,085	(2,808,659)	(47,484)
Decrease (Increase) in receivable from Sponsor	—	38,902	(38,902)
Amortization of offering cost	—	142,197	(142,197)
Increase (Decrease) in management fee payable	23,293	52,610	—
Increase (Decrease) in payable on futures contracts	227,423	(5,171)	5,171
Increase (Decrease) in accounts payable	—	(97,742)	97,742
Net cash provided by (used in) operating activities	<u>(130,648,024)</u>	<u>(105,238,487)</u>	<u>(1,508,779)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	196,300,406	178,025,835	2,500,900
Payment on shares redeemed	<u>(62,216,409)</u>	<u>(73,701,157)</u>	—
Net cash provided by (used in) financing activities	<u>134,083,997</u>	<u>104,324,678</u>	<u>2,500,900</u>
<b>Net increase (decrease) in cash</b>	3,435,973	(913,809)	992,121
Cash, beginning of period	78,312	992,121	—
Cash, end of period	<u>\$ 3,514,285</u>	<u>\$ 78,312</u>	<u>\$ 992,121</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 13,447	\$ 79,160
Short-term U.S. government and agency obligations (Note 3) (cost \$7,373,910 and \$7,736,562, respectively)	7,374,157	7,736,270
Unrealized appreciation on foreign currency forward contracts	348,179	—
Total assets	<u>7,735,783</u>	<u>7,815,430</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Management fee payable	6,099	6,315
Unrealized depreciation on foreign currency forward contracts	—	277,258
Total liabilities	<u>6,099</u>	<u>283,573</u>
<b>Shareholders' equity</b>		
Shareholders' equity	<u>7,729,684</u>	<u>7,531,857</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 7,735,783</u>	<u>\$ 7,815,430</u>
Shares outstanding	<u>300,014</u>	<u>250,014</u>
Net asset value per share	<u>\$ 25.76</u>	<u>\$ 30.13</u>
Market value per share (Note 2)	<u>\$ 25.86</u>	<u>\$ 30.17</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(95% of shareholders' equity)		
U.S. Treasury Bills:		
0.115% due 01/06/11	\$ 11,000	\$ 11,000
0.090% due 01/13/11	265,000	264,998
0.173% due 01/20/11 <sup>†</sup>	2,300,000	2,299,959
0.100% due 01/27/11	241,000	240,992
0.115% due 02/03/11	248,000	247,982
0.121% due 02/10/11	150,000	149,986
0.110% due 02/17/11	1,102,000	1,101,852
0.108% due 02/24/11	2,079,000	2,078,674
0.130% due 03/31/11	979,000	978,714
Total short-term U.S. government and agency obligations (cost \$7,373,910)		<u>\$7,374,157</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Euro with Goldman Sachs International	01/07/11	6,509,725	\$8,701,573	\$ 191,373
Euro with UBS AG	01/07/11	5,408,200	7,229,160	162,114
				<u>\$ 353,487</u>
<b>Contracts to Sell</b>				
Euro with Goldman Sachs International	01/07/11	(274,700)	\$ (367,192)	\$ (4,476)
Euro with UBS AG	01/07/11	(75,600)	(101,055)	(832)
				<u>\$ (5,308)</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (103% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes: 0.010% due 01/07/10	\$ 3,000,000	\$2,999,995
Federal Home Loan Bank, Discount Notes: 0.001% due 01/27/10	2,610,000	2,609,998
U.S. Treasury Bills: 0.040% due 02/25/10	130,000	129,992
0.260% due 08/26/10 <sup>†</sup>	2,000,000	1,996,285
<b>Total short-term U.S. government and agency obligations (cost \$7,736,562)</b>		<u><u>\$7,736,270</u></u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Euro with Goldman Sachs International	01/08/10	4,573,425	\$6,546,398	\$ (117,213)
Euro with UBS AG	01/08/10	6,184,000	8,851,774	(160,354)
				<u><u>\$ (277,567)</u></u>
<b>Contracts to Sell</b>				
Euro with Goldman Sachs International	01/08/10	(71,600)	\$ (102,488)	\$ (74)
Euro with UBS AG	01/08/10	(144,700)	(207,124)	383
				<u><u>\$ 309</u></u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
**STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 16,178	\$ 2,956	\$ —
<b>Expenses</b>			
Management fee	108,841	7,827	—
Organization costs	—	—	27,952
Offering costs	—	69,640	7,855
Limitation by Sponsor	—	(13,795)	(32,913)
Total expenses	<u>108,841</u>	<u>63,672</u>	<u>2,894</u>
Net investment income (loss)	<u>(92,663)</u>	<u>(60,716)</u>	<u>(2,894)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Foreign currency forward contracts	(602,156)	699,029	571,180
Short-term U.S. government and agency obligations	<u>1,081</u>	<u>—</u>	<u>—</u>
Net realized gain (loss)	<u>(601,075)</u>	<u>699,029</u>	<u>571,180</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Foreign currency forward contracts	625,437	(136,713)	(140,545)
Short-term U.S. government and agency obligations	<u>539</u>	<u>(292)</u>	<u>—</u>
Change in net unrealized appreciation/depreciation	<u>625,976</u>	<u>(137,005)</u>	<u>(140,545)</u>
Net realized and unrealized gain (loss)	<u>24,901</u>	<u>562,024</u>	<u>430,635</u>
Net income (loss)	<u>\$ (67,762)</u>	<u>\$ 501,308</u>	<u>\$ 427,741</u>
Net income (loss) per weighted-average share	<u>\$ (0.15)</u>	<u>\$ 2.18</u>	<u>\$ 3.86</u>
Weighted-average shares outstanding	<u>458,370</u>	<u>230,014</u>	<u>110,825</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 7,531,857	\$ 4,386,411	\$ —
Addition of shares (850,000, 150,000 and 150,014, respectively)	20,023,154	3,982,252	3,958,670
Redemption of shares (800,000, 50,000 and 0, respectively)	(19,757,565)	(1,338,114)	—
Net addition (redemption) of shares (50,000, 100,000 and 150,014, respectively)	265,589	2,644,138	3,958,670
Net investment income (loss)	(92,663)	(60,716)	(2,894)
Net realized gain (loss)	(601,075)	699,029	571,180
Change in net unrealized appreciation/depreciation	625,976	(137,005)	(140,545)
Net income (loss)	(67,762)	501,308	427,741
<b>Shareholders' equity, end of period</b>	<u>\$ 7,729,684</u>	<u>\$ 7,531,857</u>	<u>\$ 4,386,411</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA EURO**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ (67,762)	\$ 501,308	\$ 427,741
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net sale (purchase) of short-term U.S. government and agency obligations	362,652	(7,736,562)	—
Change in unrealized appreciation/depreciation on investments	(625,976)	137,005	140,545
Decrease (Increase) in receivable from Sponsor	—	32,913	(32,913)
Amortization of offering cost	—	69,640	(69,640)
Increase (Decrease) in management fee payable	(216)	6,315	—
Increase (Decrease) in accounts payable	—	(42,977)	42,977
Net cash provided by (used in) operating activities	<u>(331,302)</u>	<u>(7,032,358)</u>	<u>508,710</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	20,023,154	3,982,252	3,958,670
Payment on shares redeemed	<u>(19,757,565)</u>	<u>(1,338,114)</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>265,589</u>	<u>2,644,138</u>	<u>3,958,670</u>
<b>Net increase (decrease) in cash</b>	<u>(65,713)</u>	<u>(4,388,220)</u>	<u>4,467,380</u>
Cash, beginning of period	79,160	4,467,380	—
Cash, end of period	<u>\$ 13,447</u>	<u>\$ 79,160</u>	<u>\$ 4,467,380</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 251,588	\$ 76,035
Short-term U.S. government and agency obligations (Note 3) (cost \$471,813,434 and \$98,876,200, respectively)	471,829,446	98,870,358
Unrealized appreciation on foreign currency forward contracts	—	1,954,967
Total assets	<u>472,081,034</u>	<u>100,901,360</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	4,109,402	—
Management fee payable	364,560	53,574
Unrealized depreciation on foreign currency forward contracts	23,194,077	—
Total liabilities	<u>27,668,039</u>	<u>53,574</u>
<b>Shareholders' equity</b>		
Shareholders' equity	444,412,995	100,847,786
Total liabilities and shareholders' equity	<u>\$ 472,081,034</u>	<u>\$ 100,901,360</u>
Shares outstanding	<u>21,900,014</u>	<u>5,400,014</u>
Net asset value per share	<u>\$ 20.29</u>	<u>\$ 18.68</u>
Market value per share (Note 2)	<u>\$ 20.31</u>	<u>\$ 18.70</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(106% of shareholders' equity)		
U.S. Treasury Bills:		
0.103% due 01/06/11	\$ 2,146,000	\$ 2,145,998
0.113% due 01/13/11 <sup>†</sup>	103,643,000	103,642,233
0.136% due 01/20/11 <sup>†</sup>	122,103,000	122,100,802
0.145% due 01/27/11	9,796,000	9,795,681
0.134% due 02/03/11 <sup>†</sup>	72,353,000	72,347,892
0.121% due 02/10/11	4,325,000	4,324,598
0.110% due 02/17/11	33,032,000	33,027,551
0.109% due 02/24/11	96,559,000	96,543,840
0.130% due 03/31/11 <sup>†</sup>	27,909,000	27,900,851
Total short-term U.S. government and agency obligations (cost \$471,813,434)		<u>\$471,829,446</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Euro with Goldman Sachs International	01/07/11	93,466,300	\$ 124,936,741	\$ 75,371
Euro with UBS AG	01/07/11	56,570,100	75,617,457	855,607
				<u>\$ 930,978</u>
<b>Contracts to Sell</b>				
Euro with Goldman Sachs International	01/07/11	(417,611,725)	\$(558,223,100)	\$(12,262,061)
Euro with UBS AG	01/07/11	(396,904,800)	(530,544,078)	(11,862,994)
				<u>\$(24,125,055)</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b> (98% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 15,000,000	\$14,999,975
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	13,695,000	13,694,990
U.S. Treasury Bills:		
0.010% due 02/04/10	30,000,000	29,999,717
0.040% due 02/25/10	250,000	249,985
0.260% due 08/26/10 <sup>†</sup>	40,000,000	39,925,691
Total short-term U.S. government and agency obligations (cost \$98,876,200)		<u>\$98,870,358</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Euro with Goldman Sachs International	01/08/10	3,298,800	\$ 4,721,901	<u>\$ (10,410)</u>
<b>Contracts to Sell</b>				
Euro with Goldman Sachs International	01/08/10	(62,465,425)	\$ (89,412,976)	\$ 782,795
Euro with UBS AG	01/08/10	(81,656,800)	(116,883,500)	<u>1,182,582</u>
				<u>\$ 1,965,377</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 574,152	\$ 23,700	\$ —
<b>Expenses</b>			
Management fee	3,379,964	303,788	—
Organization costs	—	—	27,952
Offering costs	—	69,641	7,856
Limitation by Sponsor	—	—	(32,234)
Total expenses	<u>3,379,964</u>	<u>373,429</u>	<u>3,574</u>
Net investment income (loss)	<u>(2,805,812)</u>	<u>(349,729)</u>	<u>(3,574)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Foreign currency forward contracts	48,542,523	(10,304,179)	(493,306)
Short-term U.S. government and agency obligations	35,434	—	—
Net realized gain (loss)	<u>48,577,957</u>	<u>(10,304,179)</u>	<u>(493,306)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Foreign currency forward contracts	(25,149,044)	1,803,814	151,153
Short-term U.S. government and agency obligations	21,854	(5,842)	—
Change in net unrealized appreciation/depreciation	<u>(25,127,190)</u>	<u>1,797,972</u>	<u>151,153</u>
Net realized and unrealized gain (loss)	<u>23,450,767</u>	<u>(8,506,207)</u>	<u>(342,153)</u>
Net income (loss)	<u>\$ 20,644,955</u>	<u>\$ (8,855,936)</u>	<u>\$ (345,727)</u>
Net income (loss) per weighted-average share	<u>\$ 1.25</u>	<u>\$ (4.45)</u>	<u>\$ (2.06)</u>
Weighted-average shares outstanding	<u>16,567,274</u>	<u>1,989,603</u>	<u>167,582</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 100,847,786	\$ 7,331,163	\$ —
Addition of shares (35,700,000, 6,050,000 and 350,014, respectively)	737,508,814	123,512,066	7,676,890
Redemption of shares (19,200,000, 1,000,000 and 0, respectively)	(414,588,560)	(21,139,507)	—
Net addition (redemption) of shares (16,500,000, 5,050,000 and 350,014, respectively)	322,920,254	102,372,559	7,676,890
Net investment income (loss)	(2,805,812)	(349,729)	(3,574)
Net realized gain (loss)	48,577,957	(10,304,179)	(493,306)
Change in net unrealized appreciation/depreciation	(25,127,190)	1,797,972	151,153
Net income (loss)	20,644,955	(8,855,936)	(345,727)
<b>Shareholders' equity, end of period</b>	<u>\$ 444,412,995</u>	<u>\$ 100,847,786</u>	<u>\$ 7,331,163</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT EURO**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended</u> <u>December 31, 2010</u>	<u>Year ended</u> <u>December 31, 2009</u>	<u>August 6, 2008</u> <u>(Inception)</u> <u>through</u> <u>December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 20,644,955	\$ (8,855,936)	\$ (345,727)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net sale (purchase) of short-term U.S. government and agency obligations	(372,937,234)	(98,876,200)	—
Change in unrealized appreciation/depreciation on investments	25,127,190	(1,797,972)	(151,153)
Decrease (Increase) in receivable from Sponsor	—	32,234	(32,234)
Amortization of offering cost	—	69,641	(69,641)
Increase (Decrease) in management fee payable	310,986	53,574	—
Increase (Decrease) in accounts payable	—	(42,977)	42,977
Net cash provided by (used in) operating activities	<u>(326,854,103)</u>	<u>(109,417,636)</u>	<u>(555,778)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	737,508,814	123,512,066	7,676,890
Payment on shares redeemed	<u>(410,479,158)</u>	<u>(21,139,507)</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>327,029,656</u>	<u>102,372,559</u>	<u>7,676,890</u>
<b>Net increase (decrease) in cash</b>	<u>175,553</u>	<u>(7,045,077)</u>	<u>7,121,112</u>
Cash, beginning of period	76,035	7,121,112	—
Cash, end of period	<u>\$ 251,588</u>	<u>\$ 76,035</u>	<u>\$ 7,121,112</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 10,637	\$ 85,344
Short-term U.S. government and agency obligations (Note 3) (cost \$4,733,572 and \$4,155,279, respectively)	4,733,703	4,155,133
Unrealized appreciation on foreign currency forward contracts	283,503	—
Total assets	<u>5,027,843</u>	<u>4,240,477</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Management fee payable	3,603	3,397
Unrealized depreciation on foreign currency forward contracts	—	315,813
Total liabilities	<u>3,603</u>	<u>319,210</u>
<b>Shareholders' equity</b>		
Shareholders' equity	5,024,240	3,921,267
Total liabilities and shareholders' equity	<u>\$ 5,027,843</u>	<u>\$ 4,240,477</u>
Shares outstanding	<u>150,014</u>	<u>150,014</u>
Net asset value per share	<u>\$ 33.49</u>	<u>\$ 26.14</u>
Market value per share (Note 2)	<u>\$ 33.29</u>	<u>\$ 26.58</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(94% of shareholders' equity)		
U.S. Treasury Bills:		
0.115% due 01/06/11 <sup>†</sup>	\$ 274,000	\$ 274,000
0.092% due 01/13/11	1,975,000	1,974,985
0.131% due 01/20/11 <sup>†</sup>	689,000	688,988
0.113% due 01/27/11	455,000	454,985
0.115% due 02/03/11	100,000	99,993
0.121% due 02/10/11	115,000	114,989
0.107% due 02/24/11	678,000	677,894
0.130% due 03/31/11	448,000	447,869
Total short-term U.S. government and agency obligations (cost \$4,733,572)		<u>\$4,733,703</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Yen with Goldman Sachs International	01/07/11	398,750,000	\$4,908,950	\$ 169,715
Yen with UBS AG	01/07/11	441,640,000	5,436,962	123,053
				<u>\$ 292,768</u>
<b>Contracts to Sell</b>				
Yen with Goldman Sachs International	01/07/11	(24,020,000)	\$ (295,707)	<u>\$ (9,265)</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(106% of shareholders' equity)		
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	\$ 3,037,000	\$3,036,998
U.S. Treasury Bills:		
0.040% due 02/25/10	120,000	119,993
0.260% due 08/26/10 <sup>†</sup>	1,000,000	998,142
Total short-term U.S. government and agency obligations (cost \$4,155,279)		<u>\$4,155,133</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Yen with Goldman Sachs International	01/08/10	409,800,000	\$4,400,924	\$ (173,671)
Yen with UBS AG	01/08/10	349,710,000	3,755,606	(147,277)
				<u>\$ (320,948)</u>
<b>Contracts to Sell</b>				
Yen with Goldman Sachs International	01/08/10	(20,780,000)	\$ (223,161)	\$ 3,211
Yen with UBS AG	01/08/10	(8,190,000)	(87,954)	1,924
				<u>\$ 5,135</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
**STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 6,585	\$ 1,709	\$ —
<b>Expenses</b>			
Management fee	44,676	4,210	—
Organization costs	—	—	27,952
Offering costs	—	69,639	7,856
Limitation by Sponsor	—	(35,417)	(33,137)
Total expenses	44,676	38,432	2,671
Net investment income (loss)	(38,091)	(36,723)	(2,671)
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Foreign currency forward contracts	826,717	(241,945)	548,948
Short-term U.S. government and agency obligations	41	—	—
Net realized gain (loss)	826,758	(241,945)	548,948
<b>Change in net unrealized appreciation/depreciation on</b>			
Foreign currency forward contracts	599,316	(114,239)	(201,574)
Short-term U.S. government and agency obligations	277	(146)	—
Change in net unrealized appreciation/depreciation	599,593	(114,385)	(201,574)
Net realized and unrealized gain (loss)	1,426,351	(356,330)	347,374
Net income (loss)	\$ 1,388,260	\$ (393,053)	\$ 344,703
Net income (loss) per weighted-average share	\$ 8.66	\$ (2.55)	\$ 3.45
Weighted-average shares outstanding	160,288	154,124	100,014

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 3,921,267	\$ 2,845,053	\$ —
Addition of shares (100,000, 100,000 and 100,014, respectively)	3,077,318	2,725,367	2,500,350
Redemption of shares (100,000, 50,000 and 0, respectively)	(3,362,605)	(1,256,100)	—
Net addition (redemption) of shares (0, 50,000 and 100,014, respectively)	(285,287)	1,469,267	2,500,350
Net investment income (loss)	(38,091)	(36,723)	(2,671)
Net realized gain (loss)	826,758	(241,945)	548,948
Change in net unrealized appreciation/depreciation	599,593	(114,385)	(201,574)
Net income (loss)	1,388,260	(393,053)	344,703
<b>Shareholders' equity, end of period</b>	<u>\$ 5,024,240</u>	<u>\$ 3,921,267</u>	<u>\$ 2,845,053</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRA YEN**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 1,388,260	\$ (393,053)	\$ 344,703
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net sale (purchase) of short-term U.S. government and agency obligations	(578,293)	(4,155,279)	—
Change in unrealized appreciation/depreciation on investments	(599,593)	114,385	201,574
Decrease (Increase) in receivable from Sponsor	—	33,137	(33,137)
Amortization of offering cost	—	69,639	(69,639)
Increase (Decrease) in management fee payable	206	3,397	—
Increase (Decrease) in accounts payable	—	(42,975)	42,975
Net cash provided by (used in) operating activities	<u>210,580</u>	<u>(4,370,749)</u>	<u>486,476</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	3,077,318	2,725,367	2,500,350
Payment on shares redeemed	(3,362,605)	(1,256,100)	—
Net cash provided by (used in) financing activities	<u>(285,287)</u>	<u>1,469,267</u>	<u>2,500,350</u>
<b>Net increase (decrease) in cash</b>	<u>(74,707)</u>	<u>(2,901,482)</u>	<u>2,986,826</u>
Cash, beginning of period	85,344	2,986,826	—
Cash, end of period	<u>\$ 10,637</u>	<u>\$ 85,344</u>	<u>\$ 2,986,826</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**  
STATEMENTS OF FINANCIAL CONDITION

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 120,494	\$ 75,424
Short-term U.S. government and agency obligations (Note 3) (cost \$223,865,319 and \$62,597,986, respectively)	223,873,131	62,595,795
Unrealized appreciation on foreign currency forward contracts	—	4,865,068
Total assets	<u>223,993,625</u>	<u>67,536,287</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Management fee payable	170,158	48,370
Unrealized depreciation on foreign currency forward contracts	16,137,654	—
Total liabilities	<u>16,307,812</u>	<u>48,370</u>
<b>Shareholders' equity</b>		
Shareholders' equity	207,685,813	67,487,917
<b>Total liabilities and shareholders' equity</b>	<u>\$ 223,993,625</u>	<u>\$ 67,536,287</u>
Shares outstanding	<u>13,250,014</u>	<u>3,150,014</u>
Net asset value per share	<u>\$ 15.67</u>	<u>\$ 21.42</u>
Market value per share (Note 2)	<u>\$ 15.67</u>	<u>\$ 21.30</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(108% of shareholders' equity)		
<b>U.S. Treasury Bills:</b>		
0.103% due 01/06/11	\$ 5,293,000	\$ 5,292,996
0.111% due 01/13/11 <sup>†</sup>	30,836,000	30,835,772
0.136% due 01/20/11 <sup>†</sup>	67,636,000	67,634,783
0.118% due 01/27/11	28,156,000	28,155,082
0.109% due 02/03/11 <sup>†</sup>	33,492,000	33,489,635
0.121% due 02/10/11	1,110,000	1,109,897
0.110% due 02/17/11	8,576,000	8,574,845
0.107% due 02/24/11	32,360,000	32,354,919
0.130% due 03/31/11 <sup>†</sup>	16,430,000	16,425,202
Total short-term U.S. government and agency obligations (cost \$223,865,319)		<u>\$223,873,131</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Yen with Goldman Sachs International	01/07/11	4,660,570,000	\$ 57,375,559	\$ 1,244,985
Yen with UBS AG	01/07/11	3,734,640,000	45,976,577	611,783
				<u>\$ 1,856,768</u>
<b>Contracts to Sell</b>				
Yen with Goldman Sachs International	01/07/11	(20,869,950,000)	\$(256,926,737)	\$ (8,865,037)
Yen with UBS AG	01/07/11	(21,245,680,000)	(261,552,292)	(9,129,385)
				<u>\$(17,994,422)</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2010. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2009**

	<u>Principal Amount</u>	<u>Value</u>
<b>Short-term U.S. government and agency obligations</b>		
(93% of shareholders' equity)		
Federal Agricultural Mortgage Corp., Discount Notes:		
0.010% due 01/07/10	\$ 18,000,000	\$17,999,970
Federal Home Loan Bank, Discount Notes:		
0.001% due 01/27/10	7,944,000	7,943,994
U.S. Treasury Bills:		
0.010% due 02/04/10	18,000,000	17,999,830
0.024% due 02/25/10	3,680,000	3,679,867
0.260% due 08/26/10 <sup>†</sup>	15,000,000	14,972,134
Total short-term U.S. government and agency obligations (cost \$62,597,986)		<u>\$62,595,795</u>

**Foreign Currency Forward Contracts<sup>^</sup>**

	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value (USD)</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Contracts to Purchase</b>				
Yen with Goldman Sachs International	01/08/10	87,770,000	\$ 942,580	<u>\$ (15,760)</u>
<b>Contracts to Sell</b>				
Yen with Goldman Sachs International	01/08/10	(6,109,260,000)	\$(65,608,565)	\$ 2,308,309
Yen with UBS AG	01/08/10	(6,534,450,000)	(70,174,765)	<u>2,572,519</u>
				<u>\$ 4,880,828</u>

<sup>†</sup> All or partial amount segregated as collateral for foreign currency forward contracts.

<sup>^</sup> The positions and counterparties herein are as of December 31, 2009. The Funds continually evaluate different counterparties for their transactions and counterparties are subject to change. New counterparties can be added at anytime.

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**  
**STATEMENTS OF OPERATIONS**  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 233,813	\$ 25,604	\$ —
<b>Expenses</b>			
Management fee	1,447,095	304,905	—
Organization costs	—	—	27,952
Offering costs	—	69,641	7,856
Limitation by Sponsor	—	—	(33,660)
Total expenses	<u>1,447,095</u>	<u>374,546</u>	<u>2,148</u>
Net investment income (loss)	<u>(1,213,282)</u>	<u>(348,942)</u>	<u>(2,148)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Foreign currency forward contracts	(22,116,381)	(6,039,297)	(467,502)
Short-term U.S. government and agency obligations	6,893	—	—
Net realized gain (loss)	<u>(22,109,488)</u>	<u>(6,039,297)</u>	<u>(467,502)</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Foreign currency forward contracts	(21,002,722)	4,729,151	135,917
Short-term U.S. government and agency obligations	10,003	(2,191)	—
Change in net unrealized appreciation/depreciation	<u>(20,992,719)</u>	<u>4,726,960</u>	<u>135,917</u>
Net realized and unrealized gain (loss)	<u>(43,102,207)</u>	<u>(1,312,337)</u>	<u>(331,585)</u>
Net income (loss)	<u>\$ (44,315,489)</u>	<u>\$ (1,661,279)</u>	<u>\$ (333,733)</u>
Net income (loss) per weighted-average share	<u>\$ (5.29)</u>	<u>\$ (0.95)</u>	<u>\$ (3.34)</u>
Weighted-average shares outstanding	<u>8,370,014</u>	<u>1,751,521</u>	<u>100,014</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 67,487,917	\$ 2,166,617	\$ —
Addition of shares (14,050,000, 4,950,000 and 100,014, respectively)	256,674,572	110,783,920	2,500,350
Redemption of shares (3,950,000, 1,900,000 and 0, respectively)	(72,161,187)	(43,801,341)	—
Net addition (redemption) of shares (10,100,000, 3,050,000 and 100,014, respectively)	184,513,385	66,982,579	2,500,350
Net investment income (loss)	(1,213,282)	(348,942)	(2,148)
Net realized gain (loss)	(22,109,488)	(6,039,297)	(467,502)
Change in net unrealized appreciation/depreciation	(20,992,719)	4,726,960	135,917
Net income (loss)	(44,315,489)	(1,661,279)	(333,733)
<b>Shareholders' equity, end of period</b>	<u>\$ 207,685,813</u>	<u>\$ 67,487,917</u>	<u>\$ 2,166,617</u>

*See accompanying notes to financial statements.*

**PROSHARES ULTRASHORT YEN**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2009</u>	<u>August 6, 2008 (Inception) through December 31, 2008</u>
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ (44,315,489)	\$ (1,661,279)	\$ (333,733)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net sale (purchase) of short-term U.S. government and agency obligations	(161,267,333)	(62,597,986)	—
Change in unrealized appreciation/depreciation on investments	20,992,719	(4,726,960)	(135,917)
Decrease (Increase) in receivable from Sponsor	—	33,660	(33,660)
Amortization of offering cost	—	69,641	(69,641)
Increase (Decrease) in management fee payable	121,788	48,370	—
Increase (Decrease) in accounts payable	—	(42,978)	42,978
Net cash provided by (used in) operating activities	<u>(184,468,315)</u>	<u>(68,877,532)</u>	<u>(529,973)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	256,674,572	110,783,920	2,500,350
Payment on shares redeemed	<u>(72,161,187)</u>	<u>(43,801,341)</u>	—
Net cash provided by (used in) financing activities	<u>184,513,385</u>	<u>66,982,579</u>	<u>2,500,350</u>
<b>Net increase (decrease) in cash</b>	45,070	(1,894,953)	1,970,377
Cash, beginning of period	75,424	1,970,377	—
Cash, end of period	<u>\$ 120,494</u>	<u>\$ 75,424</u>	<u>\$ 1,970,377</u>

*See accompanying notes to financial statements.*

**PROSHARES VIX SHORT-TERM FUTURES ETF\***

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010

<b>Assets</b>	
Cash	\$ 400
Offering costs (Note 5)	<u>198,998</u>
Total assets	<u>199,398</u>
<b>Liabilities and shareholders' equity</b>	
<b>Liabilities</b>	
Payable for offering costs	<u>198,998</u>
Total liabilities	<u>198,998</u>
<b>Shareholders' equity</b>	
Shareholders' equity	<u>400</u>
Total liabilities and shareholders' equity	<u>\$199,398</u>

\* See Note 1.

*See accompanying notes to financial statements.*

**PROSHARES VIX MID-TERM FUTURES ETF\***

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010

<b>Assets</b>	
Cash	\$ 400
Offering costs (Note 5)	<u>124,374</u>
Total assets	<u>124,774</u>
<b>Liabilities and shareholders' equity</b>	
<b>Liabilities</b>	
Payable for offering costs	<u>124,374</u>
Total liabilities	<u>124,374</u>
<b>Shareholders' equity</b>	
Shareholders' equity	<u>400</u>
Total liabilities and shareholders' equity	<u>\$124,774</u>

\* See Note 1.

*See accompanying notes to financial statements.*

**PROSHARES TRUST II**  
**COMBINED STATEMENTS OF FINANCIAL CONDITION**

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Assets</b>		
Cash	\$ 13,024,692	\$ 967,043
Segregated cash balances for swap agreements	—	485,000
Segregated cash balances with brokers for futures contracts	18,624,601	19,735,194
Short-term U.S. government and agency obligations (Note 3) (cost \$2,036,391,604 and \$1,040,937,901, respectively)	2,036,464,179	1,040,890,872
Unrealized appreciation on swap agreements	7,405,394	22,307,044
Unrealized appreciation on forward agreements	54,916,155	5,003,126
Unrealized appreciation on foreign currency forward contracts	631,682	6,820,035
Receivable from capital shares sold	—	8,244,946
Receivable on open futures contracts	3,487,401	1,499,374
Offering costs (Note 5)	323,372	—
Total assets	<u>2,134,877,476</u>	<u>1,105,952,634</u>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Payable for capital shares redeemed	46,689,878	52,641,324
Payable on open futures contracts	1,462,367	1,271,069
Management fee payable	1,633,355	840,101
Payable for offering costs	323,372	—
Unrealized depreciation on swap agreements	4,275,758	1,199,094
Unrealized depreciation on forward agreements	13,001,736	12,462,447
Unrealized depreciation on foreign currency forward contracts	39,331,731	593,071
Total liabilities	<u>106,718,197</u>	<u>69,007,106</u>
<b>Shareholders' equity</b>		
Shareholders' equity	<u>2,028,159,279</u>	<u>1,036,945,528</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$2,134,877,476</u>	<u>\$1,105,952,634</u>
Shares outstanding	<u>55,764,988</u>	<u>24,955,111</u>

*See accompanying notes to financial statements.*

**PROSHARES TRUST II**  
**COMBINED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Investment Income</b>			
Interest	\$ 2,204,494	\$ 310,755	\$ —
<b>Expenses</b>			
Management fee	14,363,309	5,737,178	—
Brokerage commissions	220,365	361,667	18,493
Organization costs	—	—	335,430
Offering costs	—	1,826,288	187,829
Limitation by Sponsor	—	(295,214)	(455,130)
Total expenses	<u>14,583,674</u>	<u>7,629,919</u>	<u>86,622</u>
Net investment income (loss)	<u>(12,379,180)</u>	<u>(7,319,164)</u>	<u>(86,622)</u>
<b>Realized and unrealized gain (loss) on investment activity</b>			
<b>Net realized gain (loss) on</b>			
Futures contracts	70,572,775	42,798,965	117,494
Swap agreements	104,723,688	46,529,721	199,716
Forward agreements	158,549,191	20,714,042	1,350,504
Foreign currency forward contracts	26,650,703	(15,886,392)	159,320
Short-term U.S. government and agency obligations	140,591	—	—
Net realized gain (loss)	<u>360,636,948</u>	<u>94,156,336</u>	<u>1,827,034</u>
<b>Change in net unrealized appreciation/depreciation on</b>			
Futures contracts	(7,696,405)	4,138,580	9,136,195
Swap agreements	(17,978,314)	21,349,568	(241,618)
Forward agreements	49,373,740	(6,750,381)	(708,940)
Foreign currency forward contracts	(44,927,013)	6,282,013	(55,049)
Short-term U.S. government and agency obligations	119,604	(47,029)	—
Change in net unrealized appreciation/depreciation	<u>(21,108,388)</u>	<u>24,972,751</u>	<u>8,130,588</u>
Net realized and unrealized gain (loss)	<u>339,528,560</u>	<u>119,129,087</u>	<u>9,957,622</u>
Net income (loss)	<u>\$ 327,149,380</u>	<u>\$ 111,809,923</u>	<u>\$ 9,871,000</u>

*See accompanying notes to financial statements.*

**PROSHARES TRUST II**

COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM  
AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Shareholders' equity, beginning of period</b>	\$ 1,036,945,528	\$ 180,592,515	\$ —
Addition of shares (98,830,000, 59,978,750 and 4,095,111, respectively)	3,380,476,387	2,663,403,894	181,728,490
Redemption of shares (68,020,123, 38,973,750 and 145,000, respectively)	<u>(2,716,412,016)</u>	<u>(1,918,860,804)</u>	<u>(11,006,975)</u>
Net addition (redemption) of shares (30,809,877, 21,005,000 and 3,950,111, respectively)	<u>664,064,371</u>	<u>744,543,090</u>	<u>170,721,515</u>
Net investment income (loss)	(12,379,180)	(7,319,164)	(86,622)
Net realized gain (loss)	360,636,948	94,156,336	1,827,034
Change in net unrealized appreciation/depreciation	<u>(21,108,388)</u>	<u>24,972,751</u>	<u>8,130,588</u>
Net income (loss)	<u>327,149,380</u>	<u>111,809,923</u>	<u>9,871,000</u>
<b>Shareholders' equity, end of period</b>	<u>\$ 2,028,159,279</u>	<u>\$ 1,036,945,528</u>	<u>\$ 180,592,515</u>

*See accompanying notes to financial statements.*

**PROSHARES TRUST II**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009 AND THE PERIOD FROM**  
**AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	Year ended December 31, 2010	Year ended December 31, 2009	August 6, 2008 (Inception) through December 31, 2008
<b>Cash flow from operating activities</b>			
Net income (loss)	\$ 327,149,380	\$ 111,809,923	\$ 9,871,000
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Decrease (Increase) in segregated cash balances for swap agreements	485,000	2,250,000	(2,735,000)
Decrease (Increase) in segregated cash balances for forward agreements	—	1,360,000	(1,360,000)
Decrease (Increase) in segregated cash balances with brokers for futures contracts	1,110,593	23,365,819	(43,101,013)
Net sale (purchase) of short-term U.S. government and agency obligations	(995,453,703)	(1,040,937,901)	—
Change in unrealized appreciation/depreciation on investments	13,411,983	(20,834,171)	1,005,607
Decrease (Increase) in receivable on futures contracts	(1,988,027)	19,055,737	(20,555,111)
Decrease (Increase) in receivable from Sponsor	—	455,130	(455,130)
Decrease (Increase) in offering costs	(323,372)	—	—
Amortization of offering cost	—	1,826,288	(1,826,288)
Increase (Decrease) in management fee payable	793,254	840,101	—
Increase (Decrease) in payable on futures contracts	191,298	(3,010,931)	4,282,000
Increase (Decrease) in accounts payable	—	(1,285,527)	1,285,527
Increase (Decrease) in payable for offering costs	323,372	—	—
Net cash provided by (used in) operating activities	<u>(654,300,222)</u>	<u>(905,105,532)</u>	<u>(53,588,408)</u>
<b>Cash flow from financing activities</b>			
Proceeds from addition of shares	3,388,721,333	2,677,370,601	159,516,837
Payment on shares redeemed	<u>(2,722,363,462)</u>	<u>(1,875,608,014)</u>	<u>(1,618,441)</u>
Net cash provided by (used in) financing activities	<u>666,357,871</u>	<u>801,762,587</u>	<u>157,898,396</u>
<b>Net increase (decrease) in cash</b>	12,057,649	(103,342,945)	104,309,988
Cash, beginning of period	967,043	104,309,988	—
Cash, end of period	<u>\$ 13,024,692</u>	<u>\$ 967,043</u>	<u>\$ 104,309,988</u>

*See accompanying notes to financial statements.*

**PROSHARES TRUST II**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**NOTE 1 – ORGANIZATION**

ProShares Trust II (formerly known as the Commodities and Currencies Trust) (the “Trust”) is a Delaware statutory trust formed on October 9, 2007 and currently organized into separate series (each, a “Fund” and collectively, the “Funds”). The following twelve series of the Trust, ProShares Ultra DJ-UBS Commodity, ProShares UltraShort DJ-UBS Commodity, ProShares Ultra DJ-UBS Crude Oil, ProShares UltraShort DJ-UBS Crude Oil, ProShares Ultra Gold, ProShares UltraShort Gold, ProShares Ultra Silver, ProShares UltraShort Silver, ProShares Ultra Euro, ProShares UltraShort Euro, ProShares Ultra Yen and ProShares UltraShort Yen (each, a “Leveraged Fund” and collectively, the “Leveraged Funds”) issue common units of beneficial interest (“Shares”), which represent units of fractional undivided beneficial interest in and ownership of only that Leveraged Fund. The Shares of each Leveraged Fund are listed on the New York Stock Exchange Archipelago (“NYSE Arca”). The Trust has also registered shares for four additional series: ProShares Short DJ-UBS Natural Gas and ProShares Short Gold (each, a “Short Fund” and collectively, the “Short Funds”), ProShares VIX Short-Term Futures ETF and ProShares VIX Mid-Term Futures ETF (each, a VIX Fund and collectively, the “VIX Funds”). As of December 31, 2010, each of the Short Funds had seed capital of \$200 and each of the VIX Funds had seed capital of \$400 but none of these Funds had commenced investment operations; therefore, these Financial Statements do not include Schedules of Investments, Statements of Operations, Statements of Changes in Shareholders’ Equity or Statements of Cash Flows for the Short Funds or the VIX Funds.

The Trust had no operations prior to November 24, 2008 other than matters relating to its organization, the registration of each series under the Securities Act of 1933, as amended, and the sale and issuance to ProShare Capital Management LLC (the “Sponsor”) of fourteen Shares of each Leveraged Fund at an aggregate purchase price of \$350 in each of the Funds.

Eight of the Funds, ProShares Ultra DJ-UBS Commodity, ProShares UltraShort DJ-UBS Commodity, ProShares Ultra DJ-UBS Crude Oil, ProShares UltraShort DJ-UBS Crude Oil, ProShares Ultra Euro, ProShares UltraShort Euro, ProShares Ultra Yen and ProShares UltraShort Yen, commenced trading on the NYSE Arca on November 25, 2008. Four of the Funds, ProShares Ultra Silver, ProShares UltraShort Silver, ProShares Ultra Gold and ProShares UltraShort Gold, commenced trading on the NYSE Arca on December 3, 2008. As of December 31, 2010, ProShares Short DJ-UBS Natural Gas, ProShares Short Gold, ProShares VIX Short-Term Futures ETF and ProShares VIX Mid-Term Futures ETF had not yet commenced investment operations.

Each “Ultra” Fund seeks daily investment results (before fees and expenses) that correspond to twice (200%) the daily performance of its corresponding benchmark. Each “Short” Fund seeks daily investment results (before fees and expenses) that correspond to the inverse (opposite) of the daily performance of its corresponding benchmark. Each “UltraShort” Fund seeks daily investment results (before fees and expenses) that correspond to twice (200%) the inverse (opposite) of the daily performance of its corresponding benchmark. The Short Funds, together with the Leveraged Funds are referred to as the “Geared Funds” in these Notes to Financial Statements. Each “VIX” Fund seeks daily investment results (before fees and expenses) that match the performance of a benchmark. Each VIX Fund intends to obtain exposure to its VIX Index by investing in futures contracts (“VIX futures contracts”) based on the Chicago Board Options Exchange (“CBOE”) Volatility Index (the “VIX”). Each of the Geared Funds generally invests or will invest in Financial Instruments (*i.e.*, commodity-based or currency-based instruments whose value is derived from the value of an underlying asset, rate or index, including futures contracts and options on futures contracts, swap agreements, forward contracts and other commodity-based or currency-based options contracts) as a substitute for investing directly in a commodity or currency in order to gain exposure to the commodity index, commodity or currency. The Financial Instruments in which ProShares Short DJ-UBS Natural Gas will invest are limited to futures contracts. Financial Instruments also are used to produce economically “leveraged” or “inverse” investment results for the Funds.

The Geared Funds do not seek to achieve their stated investment objective over a period of time greater than one day because mathematical compounding prevents the Geared Funds from achieving such results. Accordingly, results over periods of time greater than one day should not be expected to be a simple multiple (+200 or -200%) of the period return of the corresponding benchmark and will likely differ significantly. The VIX Funds seek to achieve their stated investment objective both over a single day and over time.

ProShares Ultra DJ-UBS Commodity, ProShares UltraShort DJ-UBS Commodity, ProShares Ultra DJ-UBS Crude Oil and ProShares UltraShort DJ-UBS Crude Oil each have a benchmark designed to track the performance of commodity futures contracts. The daily performance of these indexes and the corresponding funds will likely be very different from the daily performance of the price of the related physical commodities.

On May 6, 2009, UBS Securities LLC acquired the commodity business of AIG Financial Products Corp. Effective May 7, 2009, the Dow Jones-AIG Commodity Indexes were re-branded as the Dow Jones-UBS Commodity Indexes. The Dow Jones-UBS Commodity Indexes have an identical methodology to the Dow Jones-AIG Commodity Indexes and take the identical form and format of the Dow Jones-AIG Commodity Indexes. In connection therewith:

The following Indexes were renamed:

<b>Former Index Name</b>	<b>New Index Name</b>
Dow Jones-AIG Commodity Index	Dow Jones-UBS Commodity Index
Dow Jones-AIG Crude Oil Sub-Index	Dow Jones-UBS Crude Oil Sub-Index

The following Funds were renamed:

<b>Former Fund Name</b>	<b>New Fund Name</b>
ProShares Ultra DJ-AIG Commodity	ProShares Ultra DJ-UBS Commodity
ProShares UltraShort DJ-AIG Commodity	ProShares UltraShort DJ-UBS Commodity
ProShares Ultra DJ-AIG Crude Oil	ProShares Ultra DJ-UBS Crude Oil
ProShares UltraShort DJ-AIG Crude Oil	ProShares UltraShort DJ-UBS Crude Oil

Prior to the opening of trading on the NYSE Arca on April 15, 2010, ProShares UltraShort Gold executed a 1-for-5 reverse split of shares, and ProShares UltraShort Silver executed a 1-for-10 reverse split of shares. The funds traded at their post-split prices on April 15, 2010. The ticker symbols for the funds did not change, and they continue to trade on the NYSE Arca.

The reverse splits were applied retroactively for all periods presented, reducing the number of shares outstanding for each of the ProShares UltraShort Gold Fund and ProShares UltraShort Silver Fund, and resulted in a proportionate increase in the price per share and per share information of each of the ProShares UltraShort Gold Fund and ProShares UltraShort Silver Fund. Therefore, the reverse splits did not change the aggregate net asset value of a shareholder's investment at the time of the split.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by each Geared Fund and each VIX Fund, as applicable, in preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP").

### **Use of Estimates & Indemnifications**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

In the normal course of business the Trust enters into contracts that contain a variety of representations which provide general indemnifications. The Trust's maximum exposure under these arrangements cannot be known; however, the Trust expects any risk of loss to be remote.

### **Basis of Presentation**

Pursuant to rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), audited financial statements are presented for the Trust as a whole, as the SEC registrant, and for each Fund individually. The debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular Fund shall be enforceable only against the assets of such Fund and not against the assets of the Trust generally or any other Fund. Accordingly, the assets of one Fund of the Trust include only those funds and other assets that are paid to, held by or distributed to the Trust on account of and for the benefit of that Fund, including, without limitation, funds delivered to the Trust for the purchase of Units in that Fund.

### **Statement of Cash Flows**

The cash amount shown in the Statements of Cash Flows is the amount reported as cash in the Statement of Financial Condition dated December 31, 2010, and represents non-segregated cash with the custodian and does not include short-term investments.

### **Final Net Asset Value for Fiscal Period**

The times of the calculation of the Leveraged Funds' final net asset value for creation and redemption of fund shares for the year ended December 31, 2010 were as follows. All times are Eastern Time:

	<u>NAV Calculation Time</u>	<u>NAV Calculation Date</u>
Ultra Silver, UltraShort Silver	7:00 A.M.	December 31
Ultra Gold, UltraShort Gold	10:00 A.M.	December 30
Ultra DJ-UBS Commodity, UltraShort DJ-UBS Commodity	2:30 P.M.	December 31
Ultra DJ-UBS Crude Oil, UltraShort DJ-UBS Crude Oil	2:30 P.M.	December 31
Ultra Euro, UltraShort Euro	4:00 P.M.	December 31
Ultra Yen, UltraShort Yen	4:00 P.M.	December 31

Although the Leveraged Funds' shares may continue to trade on secondary markets subsequent to the calculation of the final NAV, these times represent the final opportunity to transact in creation or redemption units for the year ended December 31, 2010.

Market value per share is determined at the close of the NYSE Arca and may be later than when the Funds' NAV per share is calculated.

For financial reporting purposes, the Leveraged Funds value transactions based upon the final closing price in their primary markets. Accordingly, the investment valuations in these financial statements differ from those used in the calculation of some Leveraged Funds' final creation/redemption NAV for the year ended December 31, 2010.

### **Investment Valuation**

Short-term investments are valued at market price. Treasury securities having a maturity of greater than sixty days are valued at market price.

Derivatives (e.g., futures, swaps and forward agreements) are generally valued using independent sources and/or agreements with counterparties or other procedures as determined by the Sponsor. Futures contracts, except for those entered into by the Gold and Silver Funds, are generally valued at the last settled price on the applicable exchange on which that future trades. Futures contracts entered into by the Gold and Silver Funds are valued at the last sales price prior to the time at which the NAV per Share of a Fund is determined. If there was no sale on that day, and for non-exchange-traded derivatives, the Sponsor may in its sole discretion choose to determine a fair value price as the basis for determining the market value of such position for such day. Such fair value prices would be generally determined based on available inputs about the current value of the underlying financial instrument or commodity and would be based on principles that the Sponsor deems fair and equitable so long as such principles are consistent with normal industry standards. When market closing prices are not available, the Sponsor may value an asset of a Fund pursuant to the policies the Sponsor has adopted, which are consistent with normal industry standards.

Fair value pricing may require subjective determinations about the value of an investment. While the Leveraged Funds' policy is intended to result in a calculation of a Leveraged Fund's NAV that fairly reflects investment values as of the time of pricing, the Leveraged Fund cannot ensure that fair values determined by the Sponsor or persons acting at their direction would accurately reflect the price that a Fund could obtain for an investment if it were to dispose of that investment as of the time of pricing (for instance, in a forced or distressed sale). The prices used by a Leveraged Fund may differ from the value that would be realized if the investments were sold and the differences could be material to the financial statements.

### **Fair Value of Financial Instruments**

The Funds disclose the fair value of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The disclosure requirements establish a fair value hierarchy that distinguishes between: (1) market participant assumptions developed based on market data obtained from sources independent of the Funds (observable inputs); and (2) the Funds' own assumptions about market participant assumptions developed based on the best information available under the circumstances (unobservable inputs). The three levels defined by the disclosure requirements hierarchy are as follows:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II assets include the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level III – Unobservable pricing input at the measurement date for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

In some instances, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest input level that is significant to the fair value measurement in its entirety.

Fair value measurements also require additional disclosure when the volume and level of activity for the asset or liability have significantly decreased, as well as when circumstances indicate that a transaction is not orderly.

The following table summarizes the valuation of investments at December 31, 2010 using the fair value hierarchy:

	Level I – Quoted Prices		Level II – Other Significant Observable Inputs			Total
	Short-Term U.S. Government and Agencies	Futures Contracts	Forward Agreements	Foreign Currency Forward Contracts	Swap Agreements	
Ultra DJ-UBS Commodity	\$ 16,426,651	\$ —	\$ —	\$ —	\$ 1,755,750	\$ 18,182,401
UltraShort DJ-UBS Commodity	1,594,842	—	—	—	(164,150)	1,430,692
Ultra DJ-UBS Crude Oil	244,394,920	5,412,760	—	—	5,649,644	255,457,324
UltraShort DJ-UBS Crude Oil	135,637,192	(2,384,420)	—	—	(4,111,608)	129,141,164
Ultra Gold	249,250,657	305,980	8,724,587	—	—	258,281,224
UltraShort Gold	80,114,447	(292,750)	(2,991,391)	—	—	76,830,306
Ultra Silver	495,915,529	3,056,220	46,191,568	—	—	545,163,317
UltraShort Silver	105,319,504	(519,420)	(10,010,345)	—	—	94,789,739
Ultra Euro	7,374,157	—	—	348,179	—	7,722,336
UltraShort Euro	471,829,446	—	—	(23,194,077)	—	448,635,369
Ultra Yen	4,733,703	—	—	283,503	—	5,017,206
UltraShort Yen	223,873,131	—	—	(16,137,654)	—	207,735,477
<b>Total Trust</b>	<b>\$2,036,464,179</b>	<b>\$ 5,578,370</b>	<b>\$ 41,914,419</b>	<b>\$(38,700,049)</b>	<b>\$ 3,129,636</b>	<b>\$2,048,386,555</b>

At December 31, 2010, there were no Level III portfolio investments for which significant unobservable inputs were used to determine fair value.

At December 31, 2010, there were no significant transfers in or out of Level I or Level II fair value measurements.

The following table summarizes the valuation of investments at December 31, 2009 using the fair value hierarchy:

	LEVEL I – Quoted Prices		LEVEL II – Other Significant Observable Inputs				Total
	Short-Term U.S. Government and Agencies	Futures Contracts	Short-Term U.S. Government and Agencies	Forward Agreements	Foreign Currency Forward Contracts	Swap Agreements	
Ultra DJ-UBS Commodity	\$ 7,985,138	\$ —	\$ 10,517,914	\$ —	\$ —	\$ 1,177,968	\$ 19,681,020
UltraShort DJ-UBS Commodity	998,142	—	1,569,999	—	—	(216,605)	2,351,536
Ultra DJ-UBS Crude Oil	124,767,785	16,877,800	198,258,282	—	—	21,129,076	361,032,943
UltraShort DJ-UBS Crude Oil	24,953,557	(3,063,900)	41,541,751	—	—	(982,489)	62,448,919
Ultra Gold	19,962,846	(194,200)	148,122,824	(5,234,260)	—	—	162,657,210
UltraShort Gold	14,972,134	39,140	51,338,630	2,144,062	—	—	68,493,966
Ultra Silver	49,907,114	(568,800)	107,864,959	(7,228,187)	—	—	149,975,086
UltraShort Silver	19,962,846	184,735	44,809,395	2,859,064	—	—	67,816,040
Ultra Euro	1,996,285	—	5,739,985	—	(277,258)	—	7,459,012
UltraShort Euro	39,925,691	—	58,944,667	—	1,954,967	—	100,825,325
Ultra Yen	998,142	—	3,156,991	—	(315,813)	—	3,839,320
UltraShort Yen	14,972,134	—	47,623,661	—	4,865,068	—	67,460,863
Total Trust	\$321,401,814	\$13,274,775	\$719,489,058	\$(7,459,321)	\$6,226,964	\$21,107,950	\$1,074,041,240

At December 31, 2009, there were no Level III portfolio investments for which significant unobservable inputs were used to determine fair value.

At December 31, 2009, there were no significant transfers in or out of Level I or Level II fair value measurements.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those securities.

### Investment Transactions and Related Income

Investment transactions are recorded on the trade date. All such transactions are recorded on the identified cost basis and marked to market daily. Unrealized appreciation/depreciation on open contracts are reflected in the Statements of Financial Condition and changes in the unrealized appreciation/depreciation between periods are reflected in the Statements of Operations. Discounts on short-term securities purchased are amortized and reflected as Interest Income in the Statements of Operations.

### Brokerage Commissions and Fees

Each Geared Fund pays its respective brokerage commissions, including applicable exchange fees, National Futures Association (“NFA”) fees, give-up fees, pit brokerage fees and other transaction related fees and expenses charged in connection with trading activities for each Fund’s investment in U.S. Commodity Futures Trading Commission regulated investments. Brokerage commissions on futures contracts are recognized on a half-turn basis. The Sponsor will pay brokerage commissions on futures contracts for the VIX Funds.

## **Federal Income Tax**

Each Geared Fund and each VIX Fund is registered as a series of a Delaware statutory trust and is or will be treated as a partnership for U.S. federal income tax purposes. Accordingly, no Fund expects to incur U.S. federal income tax liability; rather, each beneficial owner of a Geared Fund's or a VIX Fund's Shares is or will be required to take into account its allocable share of its Geared Fund's or VIX Fund's income, gain, loss, deductions and other items for its Fund's taxable year ending with or within the beneficial owner's taxable year.

Management of the Funds has reviewed all open tax years and major jurisdictions and concluded that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns. The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. On an ongoing basis, management will monitor its tax positions taken under the interpretation to determine if adjustments to conclusions are necessary based on factors including, but not limited to, further implementation of guidance expected from the Financial Accounting Standards Board and on-going analysis of tax law, regulation, and interpretations thereof.

## **NOTE 3 – INVESTMENTS**

### **Short-Term Investments**

The Leveraged Funds may purchase U.S. Treasury Bills, agency securities, and other high-credit quality short-term fixed income or similar securities with original maturities of one year or less. A portion of these investments may be posted as collateral in connection with swap agreements and/or used as margin for a Leveraged Fund's trading in futures and forward contracts.

### **Accounting for Derivative Instruments**

In seeking to achieve each Leveraged Fund's investment objective, the Sponsor uses a mathematical approach to investing. Using this approach, the Sponsor determines the type, quantity and mix of investment positions that the Sponsor believes in combination should produce daily returns consistent with a Leveraged Fund's objective.

All open derivative positions at period-end for each Leveraged Fund are disclosed in the Schedule of Investments and the notional value of these open positions relative to the shareholders' equity of each Leveraged Fund is generally representative of the notional value of open positions to shareholders' equity throughout the reporting period for each respective Leveraged Fund. The volume associated with derivative positions varies on a daily basis as each Leveraged Fund transacts derivative contracts in order to achieve the appropriate exposure, as expressed in notional value, in comparison to shareholders' equity consistent with each Leveraged Fund's investment objective.

Following is a description of the derivative instruments used by the Leveraged Funds during the reporting period, including the primary underlying risk exposures related to each instrument type.

### **Futures Contracts**

The Leveraged Funds enter into futures contracts to gain exposure to changes in the value of an underlying commodity. A futures contract obligates the seller to deliver (and the purchaser to accept) the future delivery of a specified quantity and type of a commodity at a specified time and place. The contractual obligations of a buyer or seller may generally be satisfied by taking or making physical delivery of the underlying commodity or by making an offsetting sale or purchase of an identical futures contract on the same or linked exchange before the designated date of delivery.

Upon entering into a futures contract, each Leveraged Fund is required to deposit and maintain as collateral at least such initial margin as required by the exchange on which the transaction is effected. The initial margin is segregated as cash balances with brokers for futures contracts, as disclosed in the Statements of Financial Condition, and is restricted as to its use. Pursuant to the futures contract, each Leveraged Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the futures contract. Such receipts or payments are known as variation margin and are recorded by each Leveraged Fund as unrealized gains or losses. Each Leveraged Fund will realize a gain or loss upon closing of a futures transaction.

Futures contracts involve, to varying degrees, elements of market risk (specifically commodity price risk) and exposure to loss in excess of the amount of variation margin. The face or contract amounts reflect the extent of the total exposure each Leveraged Fund has in the particular classes of instruments. Additional risks associated with the use of futures contracts are imperfect correlation between movements in the price of the futures contracts and the market value of the underlying securities or commodity and the possibility of an illiquid market for a futures contract. With futures contracts, there is minimal counterparty risk to the Leveraged Funds since futures contracts are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures contracts, guarantees the futures contracts against default.

### **Swap Agreements**

The Leveraged Funds enter into swap agreements for purposes of pursuing their investment objectives or as a substitute for investing directly in (or shorting) commodities, or to create an economic hedge against a position. Swap agreements are two-party contracts entered into primarily with institutional investors for a specified period, ranging from a day to more than one year. In a standard swap transaction, two parties agree to exchange the returns earned or realized on a particular predetermined investment, instrument or index in exchange for a fixed or floating rate of return in respect of a predetermined notional amount. In the case of futures contracts based indices, such as those used by the Commodity Index Funds, the reference interest rate is zero. The gross returns to be exchanged are calculated with respect to a notional amount and the benchmark returns to which the swap is linked. Swap agreements do not involve the delivery of securities or other underlying instruments.

Generally, swap agreements entered into by the Leveraged Funds calculate and settle the obligations of the parties to the agreement on a "net basis" with a single payment. Consequently, each Fund's current obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of such obligations (or rights) (the "net amount"). In a typical swap agreement entered into by an Ultra Fund, the Ultra Fund would be entitled to settlement payments in the event the benchmark increases and would be required to make payments to the swap counterparties in the event the benchmark decreases, adjusted for any transaction costs or trading spreads on the notional amount the Leveraged Funds may pay. In a typical swap agreement entered into by an UltraShort Fund, the UltraShort Fund would be required to make payments to the swap counterparties in the event the benchmark increases and would be entitled to settlement payments in the event the benchmark decreases, adjusted for any transaction costs or trading spreads on the notional amount the Leveraged Funds may pay.

The net amount of the excess, if any, of each Leveraged Fund's obligations over its entitlements with respect to each swap agreement is accrued on a daily basis and an amount of cash and/or securities having an aggregate NAV at least equal to such accrued excess is maintained in a segregated account by the Leveraged Funds' Custodian. Until a swap agreement is settled in cash, the gain or loss on the notional amount less any transaction costs or trading spreads payable by each Leveraged Fund on the notional amount are recorded as "unrealized appreciation or depreciation on swap agreements" and, when cash is exchanged, the gain or loss realized is recorded as "realized gains or losses on swap agreements." Swap agreements are generally valued at the last settled price of the benchmark referenced Index.

The Trust, on behalf of a Leveraged Fund, may enter into agreements with certain counterparties for derivative transactions. These agreements contain various conditions, events of default, termination events,

covenants and representations. The triggering of certain events or the default on certain terms of the agreement could allow a party to terminate a transaction under the agreement and request immediate payment in an amount equal to the net positions owed the party under the agreement. This could cause a Leveraged Fund to have to enter into a new transaction with the same counterparty, enter into a transaction with a different counterparty or seek to achieve its investment objective through any number of different investments or investment techniques.

Swap agreements involve, to varying degrees, elements of market risk (commodity price risk) and exposure to loss in excess of the unrealized gain/loss reflected. The notional amounts reflect the extent of the total investment exposure each Leveraged Fund has under the swap agreement, which may exceed the NAV of each Leveraged Fund. Additional risks associated with the use of swap agreements are imperfect correlation between movements in the notional amount and the price of the underlying reference index and the inability of counterparties to perform. Each Leveraged Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. A Leveraged Fund will enter into swap agreements only with large, well-capitalized and well established financial institutions. The creditworthiness of each of the firms which is a party to a swap agreement is monitored by the Sponsor. The Sponsor may use various techniques to minimize credit risk including early termination and payment, using different counterparties and limiting the net amount due from any individual counterparty. All of the outstanding swap agreements at December 31, 2010 contractually terminate within one month but may be terminated without penalty by either party daily. Upon termination, the Leveraged Fund is entitled to pay or receive the “unrealized appreciation or depreciation” amount.

The Leveraged Funds collateralize swap agreements with cash and/or certain securities as indicated on the Statements of Financial Condition or Schedules of Investments and such collateral is held for the benefit of the counterparty in a segregated account at the Custodian to protect the counterparty against non-payment by the Leveraged Funds. In the event of a default by the counterparty, the Leveraged Funds will seek return of this collateral and may incur certain costs and time delays in exercising its right with respect to the collateral.

The Leveraged Funds may remain subject to credit risk with respect to the amounts they expect to receive from counterparties, as those amounts are not always similarly collateralized by the counterparty. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Leveraged Funds may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Leveraged Funds may obtain only limited recovery or may obtain no recovery in such circumstances.

### **Forward Contracts**

The Leveraged Funds enter into forward contracts for purposes of pursuing their investment objectives and as a substitute for investing directly in (or shorting) commodities/currencies. A forward contract is an agreement between two parties to purchase or sell a specified quantity of a commodity or currency at or before a specified date in the future at a specified price. Forward contracts are typically traded in the over-the-counter (“OTC”) markets and all details of the contract are negotiated between the counterparties to the agreement. Accordingly, the forward contracts are valued by reference to the contracts traded in the OTC markets.

The contractual obligations of a buyer or seller may generally be satisfied by taking or making physical delivery of the underlying commodity or currency, establishing an opposite position in the contract and recognizing the profit or loss on both positions simultaneously on the delivery date or, in some instances, paying a cash settlement before the designated date of delivery. The forward contracts are adjusted by the daily fluctuation of the underlying commodity or currency and any gains or losses are recorded for financial statement purposes as unrealized gains or losses until the contract settlement date.

Forward contracts are, in general, not cleared or guaranteed by a third party. The Leveraged Funds may collateralize forward commodity contracts with cash and/or certain securities as indicated on their Statements of

Financial Condition or Schedules of Investments and such collateral is held for the benefit of the counterparty in a segregated account at the Custodian to protect the counterparty against non-payment by the Funds. In the event of a default by the counterparty, the Leveraged Funds will seek return of this collateral and may incur certain costs exercising its right with respect to the collateral.

The Leveraged Funds may remain subject to credit risk with respect to the amounts they expect to receive from counterparties, as those amounts are not always similarly collateralized by the counterparty. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Leveraged Funds may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding. The Leveraged Funds may obtain only limited recovery or may obtain no recovery in such circumstances.

Participants in trading foreign exchange forward contracts often do not require margin deposits, but rely upon internal credit limitations and their judgments regarding the creditworthiness of their counterparties.

A Leveraged Fund will enter into forward contracts only with large, well-capitalized and well established financial institutions. The creditworthiness of each of the firms which is a party to a forward contract is monitored by the Sponsor.

**Fair Value of Derivative Instruments  
as of December 31, 2010**

Derivatives not accounted for as hedging instruments	Asset Derivatives			Liability Derivatives		
	Statements of Financial Condition Location	Fund	Unrealized Appreciation	Statements of Financial Condition Location	Fund	Unrealized Depreciation
Commodities Contracts	Receivables on open futures contracts, unrealized appreciation on swap and/or forward agreements	ProShares Ultra DJ-UBS	\$ 1,755,750	Payable on open futures contracts, unrealized depreciation on swap and/or forward agreements	ProShares UltraShort DJ-UBS Commodity	\$ 164,150
		Commodity	11,062,404**		ProShares UltraShort DJ-UBS Crude Oil	6,496,028**
		ProShares Ultra DJ-UBS Crude Oil	9,030,567**		ProShares UltraShort DJ-UBS Crude Oil	3,284,141**
		ProShares Ultra Gold			ProShares UltraShort Gold	
		ProShares Ultra Silver	49,247,788**		ProShares UltraShort Silver	10,529,765**
Foreign Exchange Contracts	Unrealized appreciation on foreign currency forward contracts	ProShares Ultra Euro	353,487	Unrealized appreciation on foreign currency forward contracts	ProShares Ultra Euro	5,308
		ProShares UltraShort Euro	930,978		ProShares UltraShort Euro	24,125,055
		ProShares Ultra Yen	292,768		ProShares Ultra Yen	9,265
		ProShares UltraShort Yen	1,856,768		ProShares UltraShort Yen	17,994,422
		Total Trust	\$ 74,530,510**		Total Trust	\$ 62,608,134**

\*\* Includes cumulative appreciation/depreciation of futures contracts as reported in the Schedules of Investments. Only current day's variation margin is reported within the Statements of Financial Condition in receivable/payable on open futures contracts.

**Fair Value of Derivative Instruments**  
as of December 31, 2009

Derivatives not accounted for as hedging instruments	Asset Derivatives			Liability Derivatives		
	Statements of Financial Condition		Unrealized	Statements of Financial Condition		Unrealized
	Location	Fund	Appreciation	Location	Fund	Depreciation
Commodities Contracts	Receivables on open futures contracts, unrealized appreciation on swap and/or forward agreements	ProShares Ultra DJ-UBS Commodity	\$ 1,177,968	Payable on open futures contracts, unrealized depreciation on swap and/or forward agreements	ProShares UltraShort DJ-UBS Commodity	\$ 216,605
		ProShares Ultra DJ-UBS Crude Oil	38,006,876**		ProShares UltraShort DJ-UBS Crude Oil	4,046,389**
		ProShares UltraShort Gold	2,183,202**		ProShares Ultra Gold	5,428,460**
		ProShares UltraShort Silver	3,043,799**		ProShares Ultra Silver	7,796,987**
Foreign Exchange Contracts	Unrealized appreciation on foreign currency forward contracts	ProShares Ultra Euro	383	Unrealized appreciation on foreign currency forward contracts	ProShares Ultra Euro	277,641
		ProShares UltraShort Euro	1,965,377		ProShares UltraShort Euro	10,410
		ProShares Ultra Yen	5,135		ProShares Ultra Yen	320,948
		ProShares UltraShort Yen	4,880,828		ProShares UltraShort Yen	15,760
		Total Trust	\$ 51,263,568**	Total Trust	\$ 18,113,200**	

\*\* Includes cumulative appreciation/depreciation of futures contracts as reported in the Schedules of Investments. Only current day's variation margin is reported within the Statements of Financial Condition in receivable/payable on open futures contracts.

**The Effect of Derivative Instruments on the Statements of Operations**  
For the year ended December 31, 2010

Derivatives not accounted for as hedging instruments	Location of Gain or (Loss) on Derivatives Recognized in Income	Fund	Realized Gain	Change in
			or (Loss) on Derivatives Recognized in Income	Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income
Commodity Contracts	Net realized gain (loss) on futures contracts, swap and/or forward agreements/changes in unrealized appreciation/ depreciation on futures contracts, swaps and/or forward agreements	ProShares Ultra DJ-UBS Commodity	\$ 2,383,511	\$ 577,782
		ProShares UltraShort DJ-UBS Commodity	(691,056)	52,455
		ProShares Ultra DJ-UBS Crude Oil	151,266,418	(26,944,472)
		ProShares UltraShort DJ-UBS Crude Oil	15,021,223	(2,449,639)
		ProShares Ultra Gold	76,437,234	14,459,027
		ProShares UltraShort Gold	(37,770,759)	(5,467,343)
		ProShares Ultra Silver	216,253,186	57,044,775
		ProShares UltraShort Silver	(89,054,103)	(13,573,564)
Foreign Exchange Contracts	Net realized gain (loss) on foreign currency forward contracts/ changes in unrealized appreciation/depreciation on foreign currency forward contracts	ProShares Ultra Euro	(602,156)	625,437
		ProShares UltraShort Euro	48,542,523	(25,149,044)
		ProShares Ultra Yen	826,717	599,316
		ProShares UltraShort Yen	(22,116,381)	(21,002,722)
		Total Trust	\$ 360,496,357	\$ (21,227,992)

**The Effect of Derivative Instruments on the Statements of Operations**  
**For the year ended December 31, 2009**

<b>Derivatives not accounted for as hedging instruments</b>	<b>Location of Gain or (Loss) on Derivatives Recognized in Income</b>	<b>Fund</b>	<b>Realized Gain or (Loss) on Derivatives Recognized in Income</b>	<b>Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income</b>
Commodity Contracts	Net realized gain (loss) on futures contracts, swap and/or forward agreements/changes in unrealized appreciation/ depreciation on futures contracts, swap and/or forward agreements	ProShares Ultra DJ-UBS Commodity	\$ 4,280,412	\$ 993,385
		ProShares UltraShort DJ-UBS Commodity	(2,479,160)	209,596
		ProShares Ultra DJ-UBS Crude Oil	100,784,061	25,328,476
		ProShares UltraShort DJ-UBS Crude Oil	(15,768,595)	(495,799)
		ProShares Ultra Gold	39,926,104	(4,881,976)
		ProShares UltraShort Gold	(19,629,874)	2,119,235
		ProShares Ultra Silver	43,715,010	(7,532,115)
		ProShares UltraShort Silver	(40,785,230)	2,996,965
Foreign Exchange Contracts	Net realized gain (loss) on foreign currency forward contracts changes in unrealized appreciation/depreciation on foreign currency forward contracts	ProShares Ultra Euro	699,029	(136,713)
		ProShares UltraShort Euro	(10,304,179)	1,803,814
		ProShares Ultra Yen	(241,945)	(114,239)
		ProShares UltraShort Yen	(6,039,297)	4,729,151
		Total Trust	\$ 94,156,336	\$ 25,019,780

**The Effect of Derivative Instruments on the Statements of Operations**  
**For the period ended December 31, 2008**

<b>Derivatives not accounted for as hedging instruments</b>	<b>Location of Gain or (Loss) on Derivatives Recognized in Income</b>	<b>Fund</b>	<b>Realized Gain or (Loss) on Derivatives Recognized in Income</b>	<b>Change in Unrealized Appreciation/ Depreciation on Derivatives Recognized in Income</b>
Commodity Contracts	Net realized gain (loss) on transactions from futures, swaps, and/or forwards/changes in unrealized appreciation/ depreciation of futures, swaps, and/or forwards	ProShares Ultra DJ-UBS Commodity*	\$ (408,251)	\$ 184,583
		ProShares UltraShort DJ-UBS Commodity*	607,967	(426,201)
		ProShares Ultra DJ-UBS Crude Oil*	(2,721,403)	12,678,400
		ProShares UltraShort DJ-UBS Crude Oil*	2,832,831	(3,550,590)
		ProShares Ultra Gold**	2,267,718	(546,484)
		ProShares UltraShort Gold**	(723,574)	63,967
		ProShares Ultra Silver**	398,219	(264,872)
		ProShares UltraShort Silver**	(585,793)	46,834
Foreign Exchange Contracts	Net realized gain (loss) on transactions from foreign currency transactions/changes in unrealized appreciation/ depreciation of foreign currency transactions	ProShares Ultra Euro*	571,180	(140,545)
		ProShares UltraShort Euro*	(493,306)	151,153
		ProShares Ultra Yen*	548,948	(201,574)
		ProShares UltraShort Yen*	(467,502)	135,917
		Total Trust	\$ 1,827,034	\$ 8,130,588

\* Commenced investment operations on November 24, 2008.

\*\* Commenced investment operations on December 1, 2008.

## **NOTE 4 – AGREEMENTS**

### **Management Fee**

Each Geared Fund pays or will pay the Sponsor a Management Fee, monthly in arrears, in an amount equal to 0.95% per annum of its average daily NAV of such Fund. In the first year of the Leveraged Funds' operations, the Sponsor waived the Management Fee to the extent that such amounts cumulatively exceeded the organization and offering costs incurred by the Leveraged Fund. Each VIX Fund will pay the Sponsor a management fee, monthly in arrears, in an amount equal to 0.85% per annum of its average daily NAV to the extent that such amounts cumulatively exceed the offering costs incurred by the VIX Funds for the first year of operations. The Management Fee is or will be paid in consideration of the Sponsor's services as commodity pool operator and commodity trading advisor, and for managing the business and affairs of the Geared Funds and the VIX Funds. From the Management Fee, the Sponsor pays or will pay the fees and expenses of the Administrator, Custodian, Distributor, Transfer Agent and the licensors for the Commodity Index Funds (Dow Jones & Company, Inc. and UBS Securities LLC, together, "DJ-UBS"), the routine operational, administrative and other ordinary expenses of each Fund, and the normal and expected expenses incurred in connection with the continuous offering of Shares of each Geared Fund and each VIX Fund after the commencement of its trading operations, including, but not limited to, expenses such as ongoing SEC registration fees not exceeding 0.021% per annum of the NAV of a Geared Fund or a VIX Fund and Financial Industry Regulatory Authority ("FINRA") filing fees. Each Leveraged Fund and VIX Fund incurs and pays and each Short Fund will incur and pay, its non-recurring and unusual fees and expenses. No other management fee is paid by the Leveraged Funds or will be paid by the Short Funds or the VIX Funds.

### **The Administrator**

The Sponsor and the Trust, for itself and on behalf of each Geared Fund and each VIX Fund, has appointed Brown Brothers Harriman & Co. ("BBH&Co.") as the Administrator of the Funds, and the Sponsor, the Trust, on its own behalf and on behalf of each Geared Fund and each VIX Fund, and BBH&Co. have entered into an Administrative Agency Agreement (the "Administration Agreement") in connection therewith. Pursuant to the terms of the Administration Agreement and under the supervision and direction of the Sponsor and the Trust, BBH&Co. prepares and files certain regulatory filings on behalf of the Geared Funds and the VIX Funds. BBH&Co. may also perform other services for the Geared Funds and the VIX Funds pursuant to the Administration Agreement as mutually agreed upon by the Sponsor, the Trust and BBH&Co. from time to time. Pursuant to the terms of the Administration Agreement, BBH&Co. also serves as the Transfer Agent of the Geared Funds and the VIX Funds. The Administrator's fees are or will be paid on behalf of the Geared Funds and the VIX Funds by the Sponsor.

### **The Custodian**

BBH&Co. serves as Custodian of the Geared Funds and the VIX Funds, and the Trust, on its own behalf and on behalf of each Geared Fund and each VIX Fund, and BBH&Co. have entered into a Custodian Agreement in connection therewith. Pursuant to the terms of the Custodian Agreement, BBH&Co. is responsible for the holding and safekeeping of assets delivered to it by the Geared Funds and the VIX Funds, and performing various administrative duties in accordance with instructions delivered to BBH&Co. by the Geared Funds and the VIX Funds. The Custodian's fees are or will be paid on behalf of the Geared Funds and the VIX Funds by the Sponsor.

### **The Distributor**

SEI Investments Distribution Co. ("SEI"), serves as Distributor of the Funds and assists the Sponsor and the Administrator with certain functions and duties relating to distribution and marketing, including taking creation and redemption orders, consulting with the marketing staff of the Sponsor and its affiliates with respect to compliance with the requirements of FINRA and/or the NFA in connection with marketing efforts, and reviewing

and filing of marketing materials with FINRA and/or the NFA. SEI retains all marketing materials separately for each Geared Fund and each VIX Fund, at c/o SEI, One Freedom Valley Drive, Oaks, PA 19456. The Sponsor, on behalf of each Geared Fund and each VIX Fund, has entered into a Distribution Services Agreement with SEI.

### **Routine Operational, Administrative and Other Ordinary Expenses**

The Sponsor pays or will pay all of the routine operational, administrative and other ordinary expenses of each Geared Fund and each VIX Fund generally, as determined by the Sponsor including, but not limited to, fees and expenses of the Administrator, Custodian, Distributor, Transfer Agent, DJ-UBS, accounting and auditing fees and expenses, tax preparation expenses, legal fees not in excess of \$100,000 per annum, ongoing SEC registration fees not exceeding 0.021% per annum of the NAV of a Geared Fund or a VIX Fund, FINRA filing fees, individual K-1 preparation and mailing fees not exceeding 0.10% per annum of the NAV of a Geared Fund or a VIX Fund, and report preparation and mailing expenses.

### **Non-Recurring Fees and Expenses**

Each Leveraged Fund and VIX Fund pays and each Short Fund will pay all non-recurring and unusual fees and expenses, if any, as determined by the Sponsor. Non-recurring fees and expenses are fees and expenses such as legal claims and liabilities, litigation costs or indemnification or other material expenses which are not currently anticipated obligations of the Geared Funds or the VIX Funds. Such fees and expenses are those that are non-recurring, unexpected or unusual in nature.

### **NOTE 5 – ORGANIZATION AND OFFERING COSTS**

Organization costs are expensed as incurred and offering costs will be amortized by the Funds over a twelve month period on a straight-line basis. The Sponsor did not collect any fee in the first year of operation of each Leveraged Fund in an amount equal to the organization and offering fees. The Sponsor reimbursed each Leveraged Fund to the extent that its organization and offering costs exceeded 0.95% of its average daily NAV for the first year of operations.

Offering costs on the VIX Funds will be amortized over a twelve month period on a straight-line basis. The Sponsor will not collect any fee in the first year of operation of each VIX Fund in an amount equal to the offering fees. The Sponsor will reimburse each VIX Fund to the extent that its offering costs exceed 0.85% of its average daily NAV for the first year of operations. At December 31, 2010, payable for offering costs are reflected in the Statement of Financial Condition for each VIX Fund.

### **NOTE 6 – CREATION AND REDEMPTION OF CREATION UNITS**

Each Leveraged Fund and VIX Fund issues and redeems Shares and each Short Fund will issue and redeem shares from time to time, but only in one or more Creation Units. A Creation Unit is a block of 50,000 Shares of a Geared Fund and 25,000 Shares of a VIX Fund. Creation Units may be created or redeemed only by Authorized Participants.

Except when aggregated in Creation Units, the Shares are not redeemable securities. Retail investors, therefore, generally will not be able to purchase or redeem Shares directly from or with a Fund. Rather, most retail investors will purchase or sell Shares in the secondary market with the assistance of a broker. Thus, some of the information contained in these Notes to Financial Statements—such as references to the Transaction Fees imposed on purchases and redemptions—is not relevant to retail investors.

## Transaction Fees on Creation and Redemption Transactions

Authorized Participants pay a fixed transaction fee of \$500 in connection with each order to create or redeem a Creation Unit in order to compensate BBH&Co. for services in processing the creation and redemption of Creation Units. Authorized Participants are required to pay a variable transaction fee of up to 0.10% of the value of the Creation Unit that is purchased or redeemed unless the transaction fee is waived or otherwise adjusted by the Sponsor. The variable transaction fee is 0.022% for the Commodity Funds and Commodity Index Funds and 0.00% for the Currency Funds and the VIX Funds. The Sponsor will provide the Authorized Participant with prompt notice in advance of any such waiver or adjustment of transaction fee. Authorized Participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors in the secondary market.

Transaction fees for the years ended December 31, 2010 and December 31, 2009 and the period ended December 31, 2008, which are included in the Sale and/or Redemption of Shares on the Statements of Changes in Shareholders' Equity, were as follows:

<u>Fund</u>	<u>Year Ended December 31, 2010</u>	<u>Year Ended December 31, 2009</u>	<u>Period Ended December 31, 2008</u>
Ultra DJ-UBS Commodity	\$ 5,561	\$ 9,028	\$ 780
UltraShort DJ-UBS Commodity	1,911	1,258	550
Ultra DJ-UBS Crude Oil	560,895	534,221	23,002
UltraShort DJ-UBS Crude Oil	241,115	188,773	5,361
Ultra Gold	38,269	64,224	5,619
UltraShort Gold	24,530	41,076	998
Ultra Silver	77,861	49,367	2,085
UltraShort Silver	56,371	56,339	550
Ultra Euro	—	—	—
UltraShort Euro	—	—	—
Ultra Yen	—	—	—
UltraShort Yen	—	—	—
<b>Total Trust</b>	<b>\$ 1,006,513</b>	<b>\$ 944,286</b>	<b>\$ 38,945</b>

**NOTE 7 – FINANCIAL HIGHLIGHTS**

**Selected data for a Share outstanding throughout the year ended December 31, 2010:**

**Ultra ProShares**

	For the Year Ended December 31, 2010					
	Ultra DJ-UBS Commodity	Ultra DJ-UBS Crude Oil##	Ultra Gold	Ultra Silver	Ultra Euro	Ultra Yen
<b>Per Share Operating Performance</b>						
Net asset value, at December 31, 2009	\$28.2051	\$ 50.4982	\$44.0778	\$ 57.0257	\$30.1257	\$26.1393
Net investment income (loss)	(0.2066)	(0.3581)	(0.4407)	(0.6140)	(0.2022)	(0.2376)
Net realized and unrealized gain (loss)#	8.3738	(0.1384)	25.5792	99.8745	(4.1591)	7.5901
Change in net asset value from operations	8.1672	(0.4965)	25.1385	99.2605	(4.3613)	7.3525
Net asset value, at December 31, 2010	\$36.3723	\$ 50.0017	\$69.2163	\$156.2862	\$25.7644	\$33.4918
<b>Market value per share, at</b>						
December 31, 2009†	\$ 28.43	\$ 50.72	\$ 44.68	\$ 56.15	\$ 30.17	\$ 26.58
December 31, 2010†	\$ 36.27	\$ 49.98	\$ 70.72	\$ 158.59	\$ 25.86	\$ 33.29
<b>Total Return, at net asset value</b>	29.0%	(1.0)%	57.0%	174.1%	(14.5)%	28.1%
<b>Total Return, at market value</b>	27.6%	(1.5)%	58.3%	182.4%	(14.3)%	25.2%
<b>Ratios to Average Net Assets</b>						
Expense ratio	(0.95)%	(0.99)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.78)%	(0.86)%	(0.81)%	(0.81)%	(0.81)%	(0.81)%

## See Note 10 of these Notes to Financial Statements.

# The amount shown for a share outstanding throughout the period may not be in accordance with the aggregate net realized and unrealized gain (loss) for that period because of the timing of sales and repurchases of the Fund shares in relation to fluctuating market value of the investments in the Fund.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

## UltraShort ProShares

For the Year Ended December 31, 2010

	UltraShort DJ-UBS Commodity##	UltraShort DJ-UBS Crude Oil##	UltraShort Gold*	UltraShort Silver*##	UltraShort Euro	UltraShort Yen
<b>Per Share Operating Performance</b>						
Net asset value, at December 31, 2009	\$ 73.1052	\$ 68.4432	\$ 52.4052	\$ 188.3683	\$18.6755	\$21.4246
Net investment income (loss)	(0.6245)	(0.5639)	(0.3125)	(0.7945)	(0.1694)	(0.1450)
Net realized and unrealized gain (loss)#	(24.4831)	(17.0277)	(23.7221)	(147.6811)	1.7867	(5.6052)
Change in net asset value from operations	(25.1076)	(17.5916)	(24.0346)	(148.4756)	1.6173	(5.7502)
Net asset value, at December 31, 2010	\$ 47.9976	\$ 50.8516	\$ 28.3706	\$ 39.8927	\$20.2928	\$15.6744
Market value per share, at December 31, 2009†	\$ 73.25	\$ 68.25	\$ 51.75	\$ 191.60	\$ 18.70	\$ 21.30
Market value per share, at December 31, 2010†	\$ 48.30	\$ 50.85	\$ 27.80	\$ 39.28	\$ 20.31	\$ 15.67
<b>Total Return, at net asset value</b>	(34.3)%	(25.7)%	(45.9)%	(78.8)%	8.7%	(26.8)%
<b>Total Return, at market value</b>	(34.1)%	(25.5)%	(46.3)%	(79.5)%	8.6%	(26.4)%
<b>Ratios to Average Net Assets</b>						
Expense ratio	(0.95)%	(1.01)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.82)%	(0.88)%	(0.81)%	(0.81)%	(0.79)%	(0.80)%

## See Note 10 of these Notes to Financial Statements.

\* See Note 1 of these Notes to Financial Statements.

# The amount shown for a share outstanding throughout the period may not be in accordance with the aggregate net realized and unrealized gain (loss) for that period because of the timing of sales and repurchases of the Fund shares in relation to fluctuating market value of the investments in the Fund.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

## Selected data for a Share outstanding throughout the year ended December 31, 2009:

### Ultra ProShares

For the Year Ended December 31, 2009

	Ultra DJ- UBS Commodity	Ultra DJ- UBS Crude Oil##	Ultra Gold	Ultra Silver	Ultra Euro	Ultra Yen
<b>Per Share Operating Performance</b>						
Net asset value, at December 31, 2008	\$22.1647	\$59.1246	\$30.8181	\$28.6021	\$29.2400	\$28.4465
Net investment income (loss)	(0.2142)	(0.4095)	(0.3383)	(0.4573)	(0.2640)	(0.2383)
Net realized and unrealized gain (loss)#	6.2546	(8.2169)	13.5980	28.8809	1.1497	(2.0689)
Change in net asset value from operations	6.0404	(8.6264)	13.2597	28.4236	0.8857	(2.3072)
Net asset value, at December 31, 2009	\$28.2051	\$50.4982	\$44.0778	\$57.0257	\$30.1257	\$26.1393
Market value per share, at December 31, 2008†	\$ 22.15	\$ 54.76	\$ 31.60	\$ 31.50	\$ 29.49	\$ 28.66
Market value per share, at December 31, 2009†	\$ 28.43	\$ 50.72	\$ 44.68	\$ 56.15	\$ 30.17	\$ 26.58

<b>Total Return, at net asset value</b>	27.3%	(14.6)%	43.0%	99.4%	3.0%	(8.1)%
<b>Total Return, at market value</b>	28.4%	(7.4)%	41.4%	78.3%	2.3%	(7.3)%
<b>Ratios to Average Net Assets</b>						
Expense ratio	(0.95)%	(1.04)%	(0.95)%	(0.96)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.92)%	(1.00)%	(0.91)%	(0.92)%	(0.91)%	(0.91)%

## See Note 10 of these Notes to Financial Statements.

# The amount shown for a share outstanding throughout the period may not be in accordance with the aggregate net realized and unrealized gain (loss) for that period because of the timing of sales and repurchases of the Fund shares in relation to fluctuating market value of the investments in the Fund.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

## UltraShort ProShares

	For the Year Ended December 31, 2009					
	UltraShort DJ-UBS Commodity##	UltraShort DJ-UBS Crude Oil##	UltraShort Gold*	UltraShort Silver*##	UltraShort Euro	UltraShort Yen
<b>Per Share Operating Performance</b>						
Net asset value, at December 31, 2008	\$ 133.9741	\$145.0196	\$ 96.8701	\$ 784.0284	\$20.9453	\$21.6631
Net investment income (loss)	(0.9385)	(0.8992)	(0.6198)	(2.4013)	(0.1758)	(0.1992)
Net realized and unrealized gain (loss)	(59.9304)	(75.6772)	(43.8451)	(593.2588)	(2.0940)	(0.0393)
Change in net asset value from operations	(60.8689)	(76.5764)	(44.4649)	(595.6601)	(2.2698)	(0.2385)
Net asset value, at December 31, 2009	\$ 73.1052	\$ 68.4432	\$ 52.4052	\$ 188.3683	\$18.6755	\$21.4246
Market value per share, at December 31, 2008†	\$ 137.90	\$ 158.30	\$ 95.50	\$ 700.40	\$ 21.26	\$ 21.85
Market value per share, at December 31, 2009†	\$ 73.25	\$ 68.25	\$ 51.75	\$ 191.60	\$ 18.70	\$ 21.30
<b>Total Return, at net asset value</b>	(45.4)%	(52.8)%	(45.9)%	(76.0)%	(10.8)%	(1.1)%
<b>Total Return, at market value</b>	(46.9)%	(56.9)%	(45.8)%	(72.6)%	(12.0)%	(2.5)%
<b>Ratios to Average Net Assets</b>						
Expense ratio	(0.95)%	(1.07)%	(0.96)%	(0.96)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.93)%	(1.03)%	(0.92)%	(0.92)%	(0.89)%	(0.89)%

## See Note 10 of these Notes to Financial Statements.

\* See Note 1 of these Notes to Financial Statements.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

## Selected data for a Share outstanding throughout the period ended December 31, 2008:

### Ultra ProShares

	From Commencement of Operations through December 31, 2008					
	Ultra DJ-UBS Commodity*	Ultra DJ-UBS Crude Oil*##	Ultra Gold+	Ultra Silver+	Ultra Euro*	Ultra Yen*
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 25.0000	\$100.0000	\$ 25.0000	\$ 25.0000	\$ 25.0000	\$25.0000
Net investment income (loss)	(0.0201)	(0.0718)	(0.0234)	(0.0212)	(0.0261)	(0.0267)
Net realized and unrealized gain (loss)#	(2.8152)	(40.8036)	5.8415	3.6233	4.2661	3.4732
Change in net asset value from operations	(2.8353)	(40.8754)	5.8181	3.6021	4.2400	3.4465
Net asset value, end of period	\$ 22.1647	\$ 59.1246	\$ 30.8181	\$ 28.6021	\$ 29.2400	\$28.4465
Market value per share, beginning of period†	\$ 25.00	\$ 100.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Market value per share, end of period†	\$ 22.15	\$ 54.76	\$ 31.60	\$ 31.50	\$ 29.49	\$ 28.66
<b>Total Return, at net asset value^</b>	(11.3)%	(40.9)%	23.3%	14.4%	17.0%	13.8%
<b>Total Return, at market value ^</b>	(11.4)%	(45.2)%	26.4%	26.0%	18.0%	14.6%

**Ratios to Average Net Assets\*\***

Expense ratio	(0.95)%	(1.41)%	(0.96)%	(0.97)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.95)%	(1.41)%	(0.96)%	(0.97)%	(0.95)%	(0.95)%

\* Fund commenced operations on November 24, 2008.

## See Note 10 of these Notes to Financial Statements.

+ Fund commenced operations on December 1, 2008.

# The amount shown for a share outstanding throughout the period may not be in accordance with the aggregate net realized and unrealized gain (loss) for that period because of the timing of sales and repurchases of the Fund shares in relation to fluctuating market value of the investments in the Fund.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

^ Percentages are not annualized for the period ended December 31, 2008.

The returns for a share outstanding for 2008 are calculated based on initial offering price upon commencement of investment operations of \$25.0000.

\*\* Percentages are annualized.

## UltraShort ProShares

From Commencement of Operations through December 31, 2008

	UltraShort DJ-UBS Commodity*##	UltraShort DJ-UBS Crude Oil*##	UltraShort Gold^^+	UltraShort Silver^^###	UltraShort Euro*	UltraShort Yen*
<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$ 125.0000	\$ 125.0000	\$125.0000	\$1,000.0000	\$25.0000	\$25.0000
Net investment income (loss)	(0.1391)	(0.3369)	(0.0867)	(0.7480)	(0.0213)	(0.0215)
Net realized and unrealized gain (loss)#	9.1132	20.3565	(28.0432)	(215.2236)	(4.0334)	(3.3154)
Change in net asset value from operations	8.9741	20.0196	(28.1299)	(215.9716)	(4.0547)	(3.3369)
Net asset value, end of period	\$ 133.9741	\$ 145.0196	\$ 96.8701	\$ 784.0284	\$20.9453	\$21.6631
Market value per share, beginning of period†	\$ 125.00	\$ 125.00	\$ 125.00	\$ 1,000.00	\$ 25.00	\$ 25.00
Market value per share, end of period†	\$ 137.90	\$ 158.30	\$ 95.50	\$ 700.40	\$ 21.26	\$ 21.85
<b>Total Return, at net asset value<sup>^</sup></b>	7.2%	16.0%	(22.5)%	(21.6)%	(16.2)%	(13.3)%
<b>Total Return, at market value <sup>^</sup></b>	10.3%	26.6%	(23.6)%	(30.0)%	(15.0)%	(12.6)%
<b>Ratios to Average Net Assets**</b>						
Expense ratio	(0.95)%	(1.71)%	(0.97)%	(1.00)%	(0.95)%	(0.95)%
Expense ratio, excluding brokerage commissions	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%	(0.95)%
Net investment income (loss)	(0.95)%	(1.71)%	(0.97)%	(1.00)%	(0.95)%	(0.95)%

\* Fund commenced operations on November 24, 2008.

^^ See Note 1 of these Notes to Financial Statements.

## See Note 10 of these Notes to Financial Statements.

+ Fund commenced operations on December 1, 2008.

# The amount shown for a share outstanding throughout the period may not be in accordance with the aggregate net realized and unrealized gain (loss) for that period because of the timing of sales and repurchases of the Fund shares in relation to fluctuating market value of the investments in the Fund.

† Market values are determined at the close of the New York Stock Exchange, which may be later than when the Funds' net asset value is calculated.

^ Percentages are not annualized for the period ended December 31, 2008.

The returns for a share outstanding for 2008 are calculated based on initial offering price upon commencement of investment operations of \$25.0000.

\*\* Percentages are annualized.

## NOTE 8 – RISK

### Correlation and Compounding Risk

The Geared Funds do not seek to achieve their stated investment objective over a period of time greater than one day because mathematical compounding prevents the Funds from achieving such results. Accordingly, results over periods of time greater than one day should not be expected to be a simple inverse correlation (-100%) or multiple (+200 or -200%) of the period return of the corresponding benchmark and will likely differ significantly. The VIX Funds seek to achieve their stated investment objective both over a single day and over time.

A number of factors may affect a Geared Fund's ability to achieve a high degree of correlation with its benchmark, and there can be no guarantee that a Fund will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent a Geared Fund from achieving its investment objective. A number of factors may adversely affect a Geared Fund's correlation with its benchmark, including fees, expenses, transaction costs, costs and risks associated with the use of leveraged investment techniques, income items, accounting standards and disruptions or illiquidity in the markets for the commodities or Financial Instruments (i.e., commodity-based or currency-based instruments whose value is derived from the value of an underlying asset, rate or index) in which the Fund invests. A Geared Fund may not have investment exposure to all securities in its underlying benchmark index, or its weighting of investment exposure to such stocks or industries may be different from that of the index. In addition, a Geared Fund may invest in securities or Financial Instruments not included in the index underlying its benchmark. A Geared Fund may be subject to

large movements of assets into and out of the Fund, potentially resulting in the Fund being over- or under-exposed to its benchmark. Activities surrounding annual index reconstitutions and other index rebalancing or reconstitution events may hinder a Geared Fund's ability to meet its daily investment objective on or around that day. Each Geared Fund seeks to rebalance its portfolio daily to keep leverage consistent with its daily investment objective.

Compounding affects all investments, but has a more significant impact on a Geared Fund. The Geared Funds are "geared" in the sense that they have investment objectives to match a multiple, the inverse or a multiple of the inverse of the performance of an index on a given day. These Funds are subject to all of the correlation risks described above. In addition, there is a special form of correlation risk that derives from such Funds' having a single day investment objective in combination with the use of leverage, which is that for periods greater than one day, the effect of compounding may cause the performance of a Fund to be either greater than or less than the index performance (or the inverse of the index performance) times the stated multiple in the Fund objective, before accounting for fees and fund expenses. This effect can be even more significant in the case of the Leveraged Funds due to the use of leverage. The Geared Funds are designed to provide leveraged (e.g. 200%), inverse (e.g. -100%) or inverse leveraged (e.g. -200%) results on a daily basis (before fees and expenses). Investors should monitor their holdings consistent with their strategies, as frequently as daily.

### **Counterparty Risk**

A Fund will be subject to credit risk with respect to the amount it expects to receive from counterparties to Financial Instruments entered into by the Fund. The Funds structure the agreements such that either party can terminate the contract without penalty prior to the termination date. A Fund may be negatively impacted if a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties. A Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding and a Fund may obtain only limited recovery or may obtain no recovery in such circumstances. The Funds typically enter into transactions with counterparties whose credit rating, at the time of the transaction, is investment grade, as determined by a nationally recognized statistical rating organization, or, if unrated, judged by the Sponsor to be of comparable quality.

### **Leverage Risk**

The Funds use investment techniques that may be considered aggressive, including the use of futures contracts, swap agreements and forward agreements. The Funds' investment in Financial Instruments may involve a small investment relative to the amount of investment exposure assumed and may result in losses exceeding the amounts invested. Such instruments, particularly when used to create leverage, may expose the Funds to potentially dramatic changes (losses or gains) in the value of the instruments.

### **Liquidity Risk**

In certain circumstances, such as the disruption of the orderly markets for the commodities or Financial Instruments in which a Fund invests, a Fund might not be able to dispose of certain holdings quickly or at prices that represent true market value in the judgment of the Sponsor. Such a situation may prevent a Fund from limiting losses, realizing gains or achieving a high correlation or inverse correlation with its underlying index.

## **NOTE 9 – LEGAL PROCEEDINGS**

The Trust and certain officers are defendants (along with several other parties) in a consolidated class action styled *In re ProShares Trust Securities Litigation*, Civ. No. 09-cv-6935, filed in the United States District Court for the Southern District of New York. The complaint, as amended, alleges that the defendants violated Sections 11 and 15 of the Securities Act of 1933 by issuing untrue statements of material fact and omitting material facts in the Registration Statement for one or more ProShares ETFs, allegedly failing to adequately disclose the Funds'

investment objectives and risks. The six Funds of the Trust named in the complaint are ProShares Ultra Silver, ProShares UltraShort Gold, ProShares Ultra Gold, ProShares UltraShort DJ-UBS Crude Oil, ProShares Ultra DJ-UBS Crude Oil, and ProShares UltraShort Silver. The Trust believes the complaint is without merit and that the anticipated outcome will not adversely impact the operation of the Trust or any of its Funds.

#### **NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated the possibility of subsequent events existing in the Funds' financial statements through the date the financial statements were issued. The subsequent events were as follows:

On January 3, 2011, the VIX Funds commenced investment operations.

On February 17, 2011, the Trust announced a reverse stock split of the shares of beneficial interest of four of its series: ProShares UltraShort DJ-UBS Commodity, ProShares UltraShort DJ-UBS Crude Oil, ProShares UltraShort Silver and ProShares Ultra DJ-UBS Crude Oil (the "Reverse Splits"). The Reverse Splits were effective prior to the opening of trading on NYSE Arca on February 25, 2011.

The Reverse Splits were effective for shareholders of record after the close of the markets on February 24, 2011. ProShares UltraShort DJ-UBS Commodity (NYSE Arca symbol "CMD") and ProShares UltraShort DJ-UBS Crude Oil (NYSE Arca symbol "SCO") executed a 1-for-5 reverse split of shares, and ProShares UltraShort Silver (NYSE Arca symbol "ZSL") and ProShares Ultra DJ-UBS Crude Oil (NYSE Arca symbol "UCO") executed a 1-for-4 reverse split of shares. The Funds traded at their post-split prices on February 25, 2011. The ticker symbols for the Funds did not change, and they will continue to trade on NYSE Arca.

The Reverse Splits were applied retroactively for all periods presented, reducing the number of shares outstanding for each of the ProShares UltraShort DJ-UBS Commodity Fund, ProShares Ultra DJ-UBS Crude Oil Fund, ProShares UltraShort DJ-UBS Crude Oil Fund and ProShares UltraShort Silver Fund, and resulted in a proportionate increase in the price per share and per share information of each of the ProShares UltraShort DJ-UBS Commodity Fund, ProShares Ultra DJ-UBS Crude Oil Fund, ProShares UltraShort DJ-UBS Crude Oil Fund and ProShares UltraShort Silver Fund. Therefore, the Reverse Splits did not change the aggregate net asset value of a shareholder's investment at the time of the split.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **PROSHARES TRUST II**

/s/ Louis Mayberg

By: Louis Mayberg  
Principal Executive Officer

Date: August 18, 2011

/s/ Edward Karpowicz

By: Edward Karpowicz  
Principal Financial Officer

Date: August 18, 2011

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-163511) of ProShares Trust II of our report dated February 28, 2011 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP  
Columbus, Ohio  
August 18, 2011

**Certification of Principal Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Louis Mayberg, certify that:

1. I have reviewed this annual report on Form 10-K/A of ProShares Trust II and each of its Funds;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2011

By: /s/ Louis Mayberg  
Name: Louis Mayberg  
Title: Principal Executive Officer  
ProShares Trust II

**Certification of Principal Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Edward Karpowicz, certify that:

1. I have reviewed this annual report on Form 10-K/A of ProShares Trust II and each of its Funds;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2011

By: /s/ Edward Karpowicz  
Name: Edward Karpowicz  
Title: Principal Financial Officer  
ProShares Trust II

**Certification of Principal Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K/A for the year ended December 31, 2010 (the "Report") of ProShares Trust II (the "Registrant") and each of its Funds, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Louis Mayberg, the Principal Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 18, 2011

By: /s/ Louis Mayberg  
Name: Louis Mayberg  
Title: Principal Executive Officer  
ProShares Trust II

**Certification of Principal Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K/A for the year ended December 31, 2010 (the "Report") of ProShares Trust II (the "Registrant") and each of its Funds, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Edward Karpowicz, the Principal Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 18, 2011

By: /s/ Edward Karpowicz

Name: Edward Karpowicz

Title: Principal Financial Officer  
ProShares Trust II