

Ultra ProShares

Ultra Commodity

ULTRA DJ-AIG Commodity
ULTRA DJ-AIG Crude Oil
ULTRA Gold
ULTRA Silver

Ultra Currency

ULTRA Euro
ULTRA Yen

Short ProShares

Short Commodity

ULTRASHORT DJ-AIG Commodity
ULTRASHORT DJ-AIG Crude Oil
ULTRASHORT Gold
ULTRASHORT Silver

Short Currency

ULTRASHORT Euro
ULTRASHORT Yen

Annual Report

ProShares Trust II

DECEMBER 31, 2008



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PROSHARE CAPITAL MANAGEMENT LLC
Sponsor of ProShares Trust II

March 31, 2009

Dear Shareholder:

Enclosed with this letter is a copy of the 2008 financial statements for the following funds (the "Funds") of ProShares Trust II (the "Trust"):

ProShares Ultra DJ-AIG Commodity (ticker symbol: UCD)
ProShares UltraShort DJ-AIG Commodity (ticker symbol: CMD)
ProShares Ultra DJ-AIG Crude Oil (ticker symbol: UCO)
ProShares UltraShort DJ-AIG Crude Oil (ticker symbol: SCO)
ProShares Ultra Gold (ticker symbol: UGL)
ProShares UltraShort Gold (ticker symbol: GLL)
ProShares Ultra Silver (ticker symbol: AGQ)
ProShares UltraShort Silver (ticker symbol: ZSL)
ProShares Ultra Euro (ticker symbol: ULE)
ProShares UltraShort Euro (ticker symbol: EUO)
ProShares Ultra Yen (ticker symbol: YCL)
ProShares UltraShort Yen (ticker symbol: YCS)

ProShare Capital Management LLC, the sponsor of the Trust, is mailing these financial statements to all Fund shareholders who held shares as of December 31, 2008 in order to satisfy its annual reporting obligations under federal commodities laws. Additional information concerning the Funds' 2008 results may be found in the Funds' Annual Report on Form 10-K (the "Form 10-K"), which has been filed with the U.S. Securities and Exchange Commission (the "SEC"). You may obtain a copy of the Form 10-K by accessing either the SEC's website at www.sec.gov or the Sponsor's website at www.proshares.com. You may also call the Sponsor at 866.PRO.5125 to speak to a representative and request additional material, including a current prospectus for the Funds.

Thank you for your continued interest in the Funds.

Regards,



Michael L. Sapir
Chief Executive Officer
ProShare Capital Management LLC
Sponsor of ProShares Trust II

* This letter is not an offer to buy or sell securities. An investment in any of the Funds may be made only by the prospectus for the Funds. Please consult the prospectus for the Funds for a description of the risks and expenses involved in any such investment.


Report of Independent Registered Public Accounting Firm

To the Shareholders of ProShares Trust II:

In our opinion, the accompanying statements of financial condition and the related statement of operations, changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of the following twelve funds included in the ProShares Trust II:

1. ProShares Ultra DJ-AIG Commodity
2. ProShares UltraShort DJ-AIG Commodity
3. ProShares Ultra DJ-AIG Crude Oil
4. ProShares UltraShort DJ-AIG Crude Oil
5. ProShares Ultra Gold
6. ProShares UltraShort Gold
7. ProShares Ultra Silver
8. ProShares UltraShort Silver
9. ProShares Ultra Euro
10. ProShares UltraShort Euro
11. ProShares Ultra Yen
12. ProShares UltraShort Yen

(collectively the "Funds") at December 31, 2008, and the results of each of their operations, changes in each of their shareholders' equity and each of their cash flows for the period August 6, 2008 (inception date) through December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audit provides a reasonable basis for our opinion.



PricewaterhouseCoopers LLP
Columbus, Ohio
March 31, 2009

PROSHARES ULTRA DJ-AIG COMMODITY

**STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008**

	<u>December 31, 2008</u>
Assets	
Cash	\$1,745,354
Segregated cash for swap agreements	1,335,000
Offering costs	69,640
Receivable from Sponsor	33,411
Unrealized appreciation on swap agreements	184,583
Total assets	<u>3,367,988</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,067
Payable for organization costs	23,910
Total liabilities	<u>42,977</u>
Shareholders' equity	
Paid-in capital	3,551,075
Accumulated deficit	(226,064)
Total shareholders' equity	<u>3,325,011</u>
Total liabilities and shareholders' equity	<u>\$3,367,988</u>
Shares outstanding	<u>150,014</u>
Net asset value per share	<u>\$ 22.16</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 22.15</u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG COMMODITY
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Investment Income	\$ —
Expenses	
Organization costs	27,952
Offering costs	7,855
Limitation by Sponsor	(33,411)
Total net expenses	<u>2,396</u>
Net investment loss	<u>(2,396)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Swap agreements	<u>(408,251)</u>
Change in net unrealized appreciation/depreciation on	
Swap agreements	<u>184,583</u>
Net realized and unrealized gain (loss)	<u>(223,668)</u>
Change in shareholders' equity resulting from operations	<u>\$(226,064)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (1.90)</u>
Weighted-average shares outstanding	<u><u>118,933</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG COMMODITY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Shareholders' equity, beginning of period	\$ —
Addition of 150,014 shares	<u>3,551,075</u>
Net investment loss	(2,396)
Net realized loss	(408,251)
Change in net unrealized appreciation/depreciation	<u>184,583</u>
Change in shareholders' equity resulting from operations	<u>(226,064)</u>
Shareholders' equity, end of period	<u><u>\$3,325,011</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG COMMODITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (226,064)
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Change in segregated cash for swap agreements	(1,335,000)
Increase in offering costs	(69,640)
Increase in receivable from Sponsor	(33,411)
Increase in payable for offering costs	19,067
Increase in payable for organization costs	23,910
Unrealized gain on swap agreements	<u>(184,583)</u>
Net cash provided by (used in) operating activities	<u>(1,805,721)</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>3,551,075</u>
Net increase in cash	1,745,354
Cash beginning of period	—
Cash end of period	<u><u>\$ 1,745,354</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG COMMODITY

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$1,579,140
Segregated cash for swap agreements	1,400,000
Offering costs	278,414
Receivable from Sponsor	56,576
Total assets	<u>3,314,130</u>
Liabilities and shareholders' equity	
Payable for offering costs	184,135
Payable for organization costs	23,911
Unrealized depreciation on swap agreements	426,201
Total liabilities	<u>634,247</u>
Shareholders' equity	
Paid-in capital	2,500,900
Accumulated earnings	178,983
Total shareholders' equity	<u>2,679,883</u>
Total liabilities and shareholders' equity	<u>\$3,314,130</u>
Shares outstanding	<u>100,014</u>
Net asset value per share	<u>\$ 26.80</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 27.58</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG COMMODITY
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Investment Income	\$ —
Expenses	
Organization costs	27,953
Offering costs	31,406
Limitation by Sponsor	<u>(56,576)</u>
Total net expenses	2,783
Net investment loss	<u>(2,783)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Swap agreements	<u>607,967</u>
Change in net unrealized appreciation/depreciation on	
Swap agreements	<u>(426,201)</u>
Net realized and unrealized gain (loss)	<u>181,766</u>
Change in shareholders' equity resulting from operations	<u>\$ 178,983</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 1.79</u>
Weighted-average shares outstanding	<u>100,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG COMMODITY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Shareholders' equity, beginning of period	\$ —
Addition of 100,014 shares	<u>2,500,900</u>
Net investment loss	(2,783)
Net realized gain	607,967
Change in net unrealized appreciation/depreciation	<u>(426,201)</u>
Change in shareholders' equity resulting from operations	<u>178,983</u>
Shareholders' equity, end of period	<u><u>\$2,679,883</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG COMMODITY
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 178,983
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Change in segregated cash for swap agreements	(1,400,000)
Increase in offering costs	(278,414)
Increase in receivable from Sponsor	(56,576)
Increase in payable for offering costs	184,135
Increase in payable for organization costs	23,911
Unrealized gain on swap agreements	426,201
Net cash provided by (used in) operating activities	<u>(921,760)</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>2,500,900</u>
Net increase in cash	1,579,140
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$ 1,579,140</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG CRUDE OIL
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$ 40,341,120
Segregated cash balances with brokers for futures contracts	37,425,038
Offering costs	139,226
Receivable for capital shares issued	8,810,344
Receivable from Sponsor	16,192
Receivable for variation margin on futures contracts	<u>20,527,738</u>
Total assets	<u>107,259,658</u>
Liabilities and shareholders' equity	
Payable for offering costs	73,831
Payable for organization costs	23,911
Payable for capital shares redeemed	<u>7,388,973</u>
Total liabilities	<u>7,486,715</u>
Shareholders' equity	
Paid-in capital	89,856,620
Accumulated earnings	<u>9,916,323</u>
Total shareholders' equity	<u>99,772,943</u>
Total liabilities and shareholders' equity	<u>\$107,259,658</u>
Shares outstanding	<u>6,750,014</u>
Net asset value per share	<u>\$ 14.78</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 13.69</u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG CRUDE OIL
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Brokerage commissions	13,208
Organization costs	27,953
Offering costs	15,705
Limitation by Sponsor	<u>(16,192)</u>
Total net expenses	40,674
Net investment loss	<u>(40,674)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Futures contracts	<u>(2,721,403)</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	<u>12,678,400</u>
Net realized and unrealized gain (loss)	<u>9,956,997</u>
Change in shareholders' equity resulting from operations	<u>\$ 9,916,323</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 4.38</u>
Weighted-average shares outstanding	<u>2,266,230</u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG CRUDE OIL
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Shareholders' equity, beginning of period	\$ —
Addition of 7,250,014 shares	97,245,593
Redemption of 500,000 shares	<u>(7,388,973)</u>
Net addition of 6,750,014 shares	<u>89,856,620</u>
Net investment loss	(40,674)
Net realized loss	(2,721,403)
Change in net unrealized appreciation/depreciation	<u>12,678,400</u>
Change in shareholders' equity resulting from operations	<u>9,916,323</u>
Shareholders' equity, end of period	<u><u>\$99,772,943</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA DJ-AIG CRUDE OIL
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 9,916,323
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Change in segregated cash balances with brokers for futures contracts	(37,425,038)
Increase in offering costs	(139,226)
Increase in variation margin on futures contracts	(20,527,738)
Increase in receivable from Sponsor	(16,192)
Increase in payable for offering costs	73,831
Increase in payable for organization costs	23,911
Net cash provided by (used in) operating activities	<u>(48,094,129)</u>
Cash flow from financing activities	
Proceeds from sale of shares	88,435,249
Payment on shares redeemed	<u>—</u>
Net cash provided by (used in) financing activities	<u>88,435,249</u>
Net increase in cash	40,341,120
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$ 40,341,120</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG CRUDE OIL

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$ 7,925,214
Segregated cash balances with brokers for futures contracts	5,449,275
Offering costs	278,414
Receivable for capital shares issued	7,269,858
Receivable from Sponsor	53,143
Total assets	<u>20,975,904</u>
Liabilities and shareholders' equity	
Payable for offering costs	184,135
Payable for organization costs	23,911
Payable for capital shares redeemed	1,999,561
Payable for variation margin on futures contracts	4,265,898
Total liabilities	<u>6,473,505</u>
Shareholders' equity	
Paid-in capital	15,231,359
Accumulated deficit	(728,960)
Total shareholders' equity	<u>14,502,399</u>
Total liabilities and shareholders' equity	<u>\$20,975,904</u>
Shares outstanding	<u>500,014</u>
Net asset value per share	<u>\$ 29.00</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 31.66</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG CRUDE OIL
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Brokerage commissions	4,985
Organization costs	27,953
Offering costs	31,406
Limitation by Sponsor	<u>(53,143)</u>
Total net expenses	<u>11,201</u>
Net investment loss	<u>(11,201)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Futures contracts	<u>2,832,831</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	<u>(3,550,590)</u>
Net realized and unrealized gain (loss)	<u>(717,759)</u>
Change in shareholders' equity resulting from operations	<u>\$ (728,960)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (4.39)</u>
Weighted-average shares outstanding	<u>166,230</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG CRUDE OIL
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 600,014 shares	18,849,361
Redemption of 100,000 shares	<u>(3,618,002)</u>
Net addition of 500,014 shares	<u>15,231,359</u>
Net investment income	(11,201)
Net realized gain	2,832,831
Change in net unrealized appreciation/depreciation	<u>(3,550,590)</u>
Change in shareholders' equity resulting from operations	<u>(728,960)</u>
Shareholders' equity, end of period	<u><u>\$14,502,399</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT DJ-AIG CRUDE OIL
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (728,960)
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Change in segregated cash balances with brokers for futures contracts	(5,449,275)
Increase in offering costs	(278,414)
Increase in receivable from Sponsor	(53,143)
Increase in payable for offering costs	184,135
Increase in payable for organization costs	23,911
Increase in payable for variation margin on futures contracts	4,265,898
Net cash provided by (used in) operating activities	<u>(2,035,848)</u>
Cash flow from financing activities	
Proceeds from sale of shares	11,579,503
Payment on shares redeemed	<u>(1,618,441)</u>
Net cash provided by (used in) financing activities	<u>9,961,062</u>
Net increase in cash	7,925,214
Cash beginning of period	—
Cash end of period	<u><u>\$ 7,925,214</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA GOLD
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$23,435,796
Segregated cash balances with brokers for futures contracts	102,966
Offering costs	284,355
Receivable for capital shares issued	4,661,921
Receivable from Sponsor	43,098
Receivable for variation margin on futures contracts	2,885
Total assets	<u>28,531,021</u>
Liabilities and shareholders' equity	
Payable for offering costs	184,135
Payable for organization costs	23,910
Unrealized depreciation on forward agreements	586,254
Total liabilities	<u>794,299</u>
Shareholders' equity	
Paid-in capital	26,025,918
Accumulated earnings	1,710,804
Total shareholders' equity	<u>27,736,722</u>
Total liabilities and shareholders' equity	<u>\$28,531,021</u>
Shares outstanding	<u>900,014</u>
Net asset value per share	<u>\$ 30.82</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 31.60</u>

See accompanying notes to financial statements.

PROSHARES ULTRA GOLD
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Brokerage commissions	110
Organization costs	27,953
Offering costs	25,465
Limitation by Sponsor	<u>(43,098)</u>
Total net expenses	10,430
Net investment loss	<u>(10,430)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Futures contracts	28,483
Forward agreements	<u>2,239,235</u>
Net realized gain	<u>2,267,718</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	39,770
Forward agreements	<u>(586,254)</u>
Change in net unrealized depreciation	<u>(546,484)</u>
Net realized and unrealized gain (loss)	<u>1,721,234</u>
Change in shareholders' equity resulting from operations	<u>\$1,710,804</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 3.84</u>
Weighted-average shares outstanding	<u>445,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRA GOLD

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Shareholders' equity, beginning of period	\$ —
Addition of 900,014 shares	<u>26,025,918</u>
Net investment loss	(10,430)
Net realized gain	2,267,718
Change in net unrealized appreciation/depreciation	<u>(546,484)</u>
Change in shareholders' equity resulting from operations	<u>1,710,804</u>
Shareholders' equity, end of period	<u><u>\$27,736,722</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA GOLD
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 1,710,804
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	
Change in segregated cash balances with brokers for futures contracts	(102,966)
Increase in offering costs	(284,355)
Increase in receivable from Sponsor	(43,098)
Increase in receivable for variation margin on futures contracts	(2,885)
Increase in payable for offering costs	184,135
Increase in payable for organization costs	23,910
Unrealized loss on forward agreements	586,254
Net cash provided by (used in) operating activities	<u>2,071,799</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>21,363,997</u>
Net increase in cash	23,435,796
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$23,435,796</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT GOLD
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$3,104,221
Segregated cash balances with brokers for futures contracts	27,749
Segregated cash for forward agreements	540,000
Offering costs	284,355
Receivable from Sponsor	51,088
Unrealized appreciation on forward agreements	86,657
Total assets	<u>4,094,070</u>
Liabilities and shareholders' equity	
Payable for offering costs	184,135
Payable for organization costs	23,911
Payable for variation margin on futures contracts	10,931
Total liabilities	<u>218,977</u>
Shareholders' equity	
Paid-in capital	4,537,070
Accumulated deficit	(661,977)
Total shareholders' equity	<u>3,875,093</u>
Total liabilities and shareholders' equity	<u>\$4,094,070</u>
Shares outstanding	<u>200,014</u>
Net asset value per share	<u>\$ 19.37</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 19.10</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT GOLD
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Brokerage commissions	40
Organization costs	27,953
Offering costs	25,465
Limitation by Sponsor	(51,088)
Total net expenses	<u>2,370</u>
Net investment loss	<u>(2,370)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Futures contracts	(10,583)
Forward agreements	(712,991)
Net realized loss	<u>(723,574)</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	(22,690)
Forward agreements	86,657
Change in net unrealized gain (loss)	<u>63,967</u>
Net realized and unrealized gain (loss)	<u>(659,607)</u>
Change in shareholders' equity resulting from operations	<u>\$(661,977)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (4.84)</u>
Weighted-average shares outstanding	<u>136,681</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT GOLD

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	August 6, 2008 (Inception) Through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 200,014 shares	<u>4,537,070</u>
Net investment loss	(2,370)
Net realized loss	(723,574)
Change in net unrealized appreciation/depreciation	<u>63,967</u>
Change in shareholders' equity resulting from operations	<u>(661,977)</u>
Shareholders' equity, end of period	<u><u>\$3,875,093</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT GOLD
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (661,977)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Change in segregated cash balances with brokers for futures contracts	(27,749)
Change in segregated cash for forward agreements	(540,000)
Increase in offering costs	(284,355)
Increase in receivable from Sponsor	(51,088)
Increase in payable for offering costs	184,135
Increase in payable for organization costs	23,911
Increase in payable for variation margin on futures contracts	10,931
Unrealized gain on forward agreements	<u>(86,657)</u>
Net cash provided by (used in) operating activities	<u>(1,432,849)</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>4,537,070</u>
Net increase in cash	3,104,221
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$ 3,104,221</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA SILVER
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$ 8,641,327
Segregated cash balances with brokers for futures contracts	73,705
Offering costs	71,126
Receivable for capital shares issued	1,469,530
Receivable from Sponsor	30,776
Receivable for variation margin on futures contracts	24,488
Total assets	<u>10,310,952</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,066
Payable for organization costs	23,910
Unrealized depreciation on forward agreements	256,827
Total liabilities	<u>299,803</u>
Shareholders' equity	
Paid-in capital	9,881,413
Accumulated earnings	129,736
Total shareholders' equity	<u>10,011,149</u>
Total liabilities and shareholders' equity	<u>\$10,310,952</u>
Shares outstanding	<u>350,014</u>
Net asset value per share	<u>\$ 28.60</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 31.50</u>

See accompanying notes to financial statements.

PROSHARES ULTRA SILVER
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Investment Income	\$ —
Expenses	
Brokerage commissions	65
Organization costs	27,952
Offering costs	6,370
Limitation by Sponsor	(30,776)
Total net expenses	<u>3,611</u>
Net investment loss	<u>(3,611)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Futures contracts	10,196
Forward agreements	388,023
Net realized gain	<u>398,219</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	(8,045)
Forward agreements	(256,827)
Change in net unrealized loss	<u>(264,872)</u>
Net realized and unrealized gain (loss)	<u>133,347</u>
Change in shareholders' equity resulting from operations	<u>\$ 129,736</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 0.76</u>
Weighted-average shares outstanding	<u>170,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRA SILVER

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Shareholders' equity, beginning of period	\$ —
Addition of 350,014 shares	<u>9,881,413</u>
Net investment loss	(3,611)
Net realized gain	398,219
Change in net unrealized appreciation/depreciation	<u>(264,872)</u>
Change in shareholders' equity resulting from operations	<u>129,736</u>
Shareholders' equity, end of period	<u><u>\$10,011,149</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA SILVER
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 129,736
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	
Change in segregated cash balances with broker for futures contracts	(73,705)
Increase in offering costs	(71,126)
Increase in receivable from Sponsor	(30,776)
Increase in receivable for variation margin on futures contracts	(24,488)
Increase in payable for offering costs	19,066
Increase in payable for organization costs	23,910
Unrealized loss on forward agreements	<u>256,827</u>
Net cash provided by (used in) operating activities	<u>229,444</u>
Cash flow from financing activities:	
Proceeds from sale of shares	<u>8,411,883</u>
Net increase in cash	<u>8,641,327</u>
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$8,641,327</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT SILVER
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$ 992,121
Segregated cash balances with brokers for futures contracts	22,280
Segregated cash for forward agreements	820,000
Offering costs	142,197
Receivable from Sponsor	38,902
Unrealized appreciation on forward agreements	47,484
Total assets	<u>2,062,984</u>
Liabilities and shareholders' equity	
Payable for offering costs	73,831
Payable for organization costs	23,911
Payable for variation margin on futures contracts	5,171
Total liabilities	<u>102,913</u>
Shareholders' equity	
Paid-in capital	2,500,900
Accumulated deficit	(540,829)
Total shareholders' equity	<u>1,960,071</u>
Total liabilities and shareholders' equity	<u>\$2,062,984</u>
Shares outstanding	<u>100,014</u>
Net asset value per share	<u>\$ 19.60</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 17.51</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT SILVER

STATEMENT OF OPERATIONS

FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Brokerage commissions	85
Organization costs	27,953
Offering costs	12,734
Limitation by Sponsor	<u>(38,902)</u>
Total net expenses	<u>1,870</u>
Net investment loss	<u>(1,870)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Futures contracts	(22,030)
Forward agreements	<u>(563,763)</u>
Net realized loss	<u>(585,793)</u>
Change in net unrealized appreciation/depreciation on	
Futures contracts	(650)
Forward agreements	<u>47,484</u>
Change in net unrealized gain (loss)	<u>46,834</u>
Net realized and unrealized gain (loss)	<u>(538,959)</u>
Change in shareholders' equity resulting from operations	<u>\$(540,829)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (5.41)</u>
Weighted-average shares outstanding	<u>100,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT SILVER

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 100,014 shares	<u>2,500,900</u>
Net investment loss	(1,870)
Net realized loss	(585,793)
Change in net unrealized appreciation/depreciation	<u>46,834</u>
Change in shareholders' equity resulting from operations	(540,829)
Shareholders' equity, end of period	<u><u>\$1,960,071</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT SILVER

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (540,829)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Change in segregated cash balances with brokers for futures contracts	(22,280)
Change in segregated cash for forward agreements	(820,000)
Increase in offering costs	(142,197)
Increase in receivable from Sponsor	(38,902)
Increase in payable for offering costs	73,831
Increase in payable for organization costs	23,911
Increase in payable for variation margin on futures contracts	5,171
Unrealized gain on forward agreements	<u>(47,484)</u>
Net cash provided by (used in) operating activities	<u>(1,508,779)</u>
Cash flow from financing activities:	
Proceeds from sale of shares	<u>2,500,900</u>
Net increase in cash	992,121
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$ 992,121</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA EURO
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$4,467,380
Offering costs	69,640
Receivable from Sponsor	32,913
Total assets	<u>4,569,933</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,067
Payable for organization costs	23,910
Unrealized depreciation on foreign currency contracts	140,545
Total liabilities	<u>183,522</u>
Shareholders' equity	
Paid-in capital	3,958,670
Accumulated earnings	427,741
Total shareholders' equity	<u>4,386,411</u>
Total liabilities and shareholders' equity	<u>\$4,569,933</u>
Shares outstanding	<u>150,014</u>
Net asset value per share	<u>\$ 29.24</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 29.49</u>

See accompanying notes to financial statements.

PROSHARES ULTRA EURO
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Investment Income	\$ —
Expenses	
Organizational costs	27,952
Offering costs	7,855
Limitation by Sponsor	<u>(32,913)</u>
Total net expenses	2,894
Net investment loss	<u>(2,894)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Foreign currency contracts	<u>571,180</u>
Change in net unrealized appreciation/depreciation on	
Foreign currency contracts	<u>(140,545)</u>
Net realized and unrealized gain (loss)	430,635
Change in shareholders' equity resulting from operations	<u>\$ 427,741</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 3.86</u>
Weighted-average shares outstanding	<u>110,825</u>

See accompanying notes to financial statements.

PROSHARES ULTRA EURO

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 150,014 shares	<u>3,958,670</u>
Net investment loss	(2,894)
Net realized gain	571,180
Change in net unrealized appreciation/depreciation	<u>(140,545)</u>
Change in shareholders' equity resulting from operations	<u>427,741</u>
Shareholders' equity, end of period	<u><u>\$4,386,411</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA EURO
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 427,741
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Increase in offering costs	(69,640)
Increase in receivable from Sponsor	(32,913)
Increase in payable for offering costs	19,067
Increase in payable for organization costs	23,910
Unrealized loss on foreign currency contracts	140,545
Net cash provided by (used in) operating activities	<u>508,710</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>3,958,670</u>
Net increase in cash	4,467,380
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$4,467,380</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT EURO
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$7,121,112
Offering costs	69,641
Receivable from Sponsor	32,234
Unrealized appreciation on foreign currency contracts	151,153
Total assets	<u>7,374,140</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,067
Payable for organization costs	23,910
Total liabilities	<u>42,977</u>
Shareholders' equity	
Paid-in capital	7,676,890
Accumulated deficit	<u>(345,727)</u>
Total shareholders' equity	<u>7,331,163</u>
Total liabilities and shareholders' equity	<u>\$7,374,140</u>
Shares outstanding	<u>350,014</u>
Net asset value per share	<u>\$ 20.95</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 21.26</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT EURO
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment Income	\$ —
Expenses	
Organization costs	27,952
Offering costs	7,856
Limitation by Sponsor	<u>(32,234)</u>
Total net expenses	<u>3,574</u>
Net investment loss	<u>(3,574)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Foreign currency contracts	<u>(493,306)</u>
Change in net unrealized appreciation/depreciation on	
Foreign currency contracts	<u>151,153</u>
Net realized and unrealized gain (loss)	<u>(342,153)</u>
Change in shareholders' equity resulting from operations	<u>\$(345,727)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (2.06)</u>
Weighted-average shares outstanding	<u>167,582</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT EURO
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 350,014 shares	<u>7,676,890</u>
Net investment loss	(3,574)
Net realized loss	(493,306)
Change in net unrealized appreciation/depreciation	<u>151,153</u>
Change in shareholders' equity resulting from operations	<u>(345,727)</u>
Shareholders' equity, end of period	<u><u>\$7,331,163</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT EURO
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (345,727)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Increase in offering costs	(69,641)
Increase in receivable from Sponsor	(32,234)
Increase in payable for offering costs	19,067
Increase in payable for organization costs	23,910
Unrealized gain on foreign currency contracts	<u>(151,153)</u>
Net cash provided by (used in) operating activities	<u>(555,778)</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>7,676,890</u>
Net increase in cash	<u>7,121,112</u>
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$7,121,112</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA YEN
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$2,986,826
Offering costs	69,639
Receivable from Sponsor	33,137
Total assets	<u>3,089,602</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,065
Payable for organization costs	23,910
Unrealized depreciation on foreign currency contracts	201,574
Total liabilities	<u>244,549</u>
Shareholders' equity	
Paid-in capital	2,500,350
Accumulated earnings	344,703
Total shareholders' equity	<u>2,845,053</u>
Total liabilities and shareholders' equity	<u>\$3,089,602</u>
Shares outstanding	<u>100,014</u>
Net asset value per share	<u>\$ 28.45</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 28.66</u>

See accompanying notes to financial statements.

PROSHARES ULTRA YEN
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Investment income	
Interest Income	\$ —
Expenses	
Organization costs	27,952
Offering costs	7,856
Limitation by Sponsor	(33,137)
Total net expenses	<u>2,671</u>
Net investment loss	<u>(2,671)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized gain on	
Foreign currency contracts	<u>548,948</u>
Change in net unrealized appreciation/depreciation on	
Foreign currency contracts	<u>(201,574)</u>
Net realized and unrealized gain (loss)	<u>347,374</u>
Change in shareholders' equity resulting from operations	<u>\$ 344,703</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ 3.45</u>
Weighted-average shares outstanding	<u>100,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRA YEN

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 100,014 shares	<u>2,500,350</u>
Net investment loss	(2,671)
Net realized gain	548,948
Change in net unrealized appreciation/depreciation	<u>(201,574)</u>
Change in shareholders' equity resulting from operations	<u>344,703</u>
Shareholders' equity, end of period	<u><u>\$2,845,053</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRA YEN
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ 344,703
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Increase in offering costs	(69,639)
Increase in receivable from Sponsor	(33,137)
Increase in payable for offering costs	19,065
Increase in payable for organization costs	23,910
Unrealized loss on foreign currency contracts	<u>201,574</u>
Net cash provided by (used in) operating activities	<u>486,476</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>2,500,350</u>
Net increase in cash	2,986,826
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$2,986,826</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT YEN
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008

	<u>December 31, 2008</u>
Assets	
Cash	\$1,970,377
Offering costs	69,641
Receivable from Sponsor	33,660
Unrealized appreciation on foreign currency contracts	135,917
Total assets	<u>2,209,595</u>
Liabilities and shareholders' equity	
Payable for offering costs	19,068
Payable for organization costs	23,910
Total liabilities	<u>42,978</u>
Shareholders' equity	
Paid-in capital	2,500,350
Accumulated deficit	(333,733)
Total shareholders' equity	<u>2,166,617</u>
Total liabilities and shareholders' equity	<u>\$2,209,595</u>
Shares outstanding	<u>100,014</u>
Net asset value per share	<u>\$ 21.66</u>
Market value per share (see Note 2 to accompanying Notes to Financial Statements)	<u>\$ 21.85</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT YEN
STATEMENT OF OPERATIONS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	August 6, 2008 (Inception) through December 31, 2008
Investment Income	\$ —
Expenses	
Organization costs	27,952
Offering costs	7,856
Limitation by Sponsor	<u>(33,660)</u>
Total net expenses	<u>2,148</u>
Net investment loss	<u>(2,148)</u>
Realized and unrealized gain (loss) on investment activity	
Net realized loss on	
Foreign currency contracts	<u>(467,502)</u>
Change in net unrealized appreciation/depreciation on	
Foreign currency contracts	<u>135,917</u>
Net realized and unrealized gain (loss)	<u>(331,585)</u>
Change in shareholders' equity resulting from operations	<u>\$(333,733)</u>
Change in shareholders' equity resulting from operations per weighted-average share	<u>\$ (3.34)</u>
Weighted-average shares outstanding	<u>100,014</u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT YEN

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008**

	August 6, 2008 (Inception) through December 31, 2008
Shareholders' equity, beginning of period	\$ —
Addition of 100,014 shares	<u>2,500,350</u>
Net investment loss	(2,148)
Net realized loss	(467,502)
Change in net unrealized appreciation/depreciation	<u>135,917</u>
Change in shareholders' equity resulting from operations	<u>(333,733)</u>
Shareholders' equity, end of period	<u><u>\$2,166,617</u></u>

See accompanying notes to financial statements.

PROSHARES ULTRASHORT YEN
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM AUGUST 6, 2008 (INCEPTION) TO DECEMBER 31, 2008

	<u>August 6, 2008 (Inception) through December 31, 2008</u>
Cash flow from operating activities	
Change in shareholders' equity resulting from operations	\$ (333,733)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Increase in offering costs	(69,641)
Increase in receivable from Sponsor	(33,660)
Increase in payable for offering costs	19,068
Increase in payable for organization costs	23,910
Unrealized gain on foreign currency contracts	<u>(135,917)</u>
Net cash provided by (used in) operating activities	<u>(529,973)</u>
Cash flow from financing activities	
Proceeds from sale of shares	<u>2,500,350</u>
Net increase in cash	1,970,377
Cash beginning of period	<u>—</u>
Cash end of period	<u><u>\$1,970,377</u></u>

See accompanying notes to financial statements.

Notes to Financial Statements
For the period ended December 31, 2008

NOTE 1 – ORGANIZATION

ProShares Trust II was organized as a Delaware statutory trust (the “Trust”) on October 9, 2007 and is authorized to issue an unlimited number of common units of beneficial interest (“Shares”). The Trust is comprised of 12 separate series (each, a “Fund”, and collectively, the “Funds”): ProShares Ultra DJ-AIG Commodity, ProShares UltraShort DJ-AIG Commodity, ProShares Ultra DJ-AIG Crude Oil, ProShares UltraShort DJ-AIG 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.

The Trust had no operations prior to November 24, 2008 other than matters relating to its organization and 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 14 Shares of each Fund at an aggregate purchase price of \$350 in each of the Funds.

Eight of the Funds, ProShares Ultra DJ-AIG Commodity, ProShares UltraShort DJ-AIG Commodity, ProShares Ultra DJ-AIG Crude Oil, ProShares UltraShort DJ-AIG Crude Oil, ProShares Ultra Euro, ProShares UltraShort Euro, ProShares Ultra Yen and ProShares UltraShort Yen, commenced investment operations on November 24, 2008, and four of the Funds, ProShares Ultra Gold, ProShares UltraShort Gold, ProShares Ultra Silver and ProShares UltraShort Silver, commenced investment operations on December 1, 2008.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by each Fund 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.

Fiscal Period Cut-off

These financial statements have been prepared as of the time of the final calculation of the Funds’ net asset value (“NAV”) for the year as follows. All times are Eastern Time:

	<u>NAV Calculation Time</u>	<u>NAV Calculation Date</u>
UltraSilver, UltraShort Silver	7:00 A.M.	December 31
Ultra Gold, UltraShort Gold	10:00 A.M.	December 30
Ultra DJ-AIG Commodity, UltraShort DJ-AIG Commodity	2:30 P.M.	December 31
Ultra DJ-Crude Oil, UltraShort DJ-AIG 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 Funds' shares may continue to trade subsequent to these times, the times represent the close of business for the year for the Funds' investment operations and share creation and redemption operations. Market value per share is determined at the close of the New York Stock Exchange and may be later than when the Funds' net asset value per share is calculated.

Security Valuation

Derivatives (e.g., futures, swaps and forward agreements) are generally valued using third party pricing services or other procedures as determined by the Sponsor. Futures contracts, except for the Gold and Silver Funds, are generally valued at the last settled price on the applicable exchange on which that future trades. Futures in the Gold and Silver Funds are valued at the last sales price prior to the time at which the net asset value 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 price 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.

Fair value pricing may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of a Fund's NAV that fairly reflects security values as of the time of pricing, the Trust 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 a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by a Fund may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements.

Fair Value of Financial Instruments

In September 2006, Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157") was issued and became effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurement. The changes to current practice resulting from the application of SFAS 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurement. SFAS 157 establishes 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 SFAS 157 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 1 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.

The following table summarizes the valuation of securities at December 31, 2008 using the fair value hierarchy:

	<u>LEVEL 1 – Quoted Prices</u>	<u>LEVEL 2 – Other Significant Observable Inputs</u>	<u>Total</u>
	<u>Futures Contracts</u>	<u>Forward and Swap Agreements</u>	<u>Futures Contracts, Forward and Swap Agreements</u>
Ultra DJ-AIG Commodity	\$ —	\$ 184,583	\$ 184,583
UltraShort DJ-AIG Commodity	—	(426,201)	(426,201)
Ultra DJ-AIG Crude Oil	12,678,400	—	12,678,400
UltraShort DJ-AIG Crude Oil	(3,550,590)	—	(3,550,590)
Ultra Gold	39,770	(586,254)	(546,484)
UltraShort Gold	(22,690)	86,657	63,967
Ultra Silver	(8,045)	(256,827)	(264,872)
UltraShort Silver	(650)	47,484	46,834
Ultra Euro	—	(140,545)	(140,545)
UltraShort Euro	—	151,153	151,153
Ultra Yen	—	(201,574)	(201,574)
UltraShort Yen	—	135,917	135,917

At December 31, 2008, there were no Level 3 Portfolio investments for which significant unobservable inputs were used to determine fair value.

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

Investment Transactions

The futures contracts, forward contracts and swap contracts 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 Statement of Financial Condition and changes in the unrealized appreciation/depreciation between periods are reflected in the Statement of Operations.

Brokerage Commissions and Fees

Each Fund pays its respective brokerage commissions, including applicable exchange fees, National Futures Association 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.

Federal Income Tax

Each Fund is registered as a series of a Delaware statutory trust and is treated as a partnership for U.S. federal income tax purposes. Accordingly, no Fund expects to incur United States federal income tax liability; rather, each beneficial owner of a Fund’s Shares is required to take into account its allocable share of its 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.

In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (“FIN 48”), an interpretation of FASB Statement 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a threshold of more-likely-than-not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure. The Funds adopted FIN 48 upon commencement of operations, and have determined that the application of FIN 48 did not have any impact on their results of operations and financial position.

NOTE 3 – DERIVATIVE INSTRUMENTS

Accounting for Derivative Instruments

In seeking to achieve each 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 Fund's objective.

All open derivative positions at period-end for each Fund are disclosed in these Notes to Financial Statements and the volume of these open positions relative to the shareholders' equity of each Fund is generally representative of open positions throughout the reporting period for each respective Fund.

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

Futures Contracts

The Funds may 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 contract, each 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 Statement of Financial Condition, and is restricted as to its use. Pursuant to the contract, each Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by each Fund as unrealized gains or losses. Each 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 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 and the possibility of an illiquid market for a futures contract. With futures, there is minimal counterparty risk to the Fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

The following futures contracts were open at December 31, 2008:

<u>Fund</u>	<u>Description</u>	<u>Expiration Date</u>	<u>Number of Contracts</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Purchased					
Ultra DJ-AIG Crude Oil . . .	Crude Oil Futures Contracts	March 2009	4,107	\$199,559,130	\$12,678,400
Ultra Gold	Gold Futures Contracts	February 2009	22	1,920,600	39,770
Ultra Silver	Silver Futures Contracts	March 2009	12	647,700	(8,045)
Sold					
UltraShort DJ-AIG Crude Oil	Crude Oil Futures Contracts	March 2009	598	29,056,820	(3,550,590)
UltraShort Gold	Gold Futures Contracts	February 2009	4	349,200	(22,690)
UltraShort Silver	Silver Futures Contracts	March 2009	2	107,950	(650)

Swap Agreements

The Funds may 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 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 will 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, minus or plus any transaction costs or trading spreads on the notional the 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 counterparty in the event the benchmark increases and would be entitled to settlement payments in the even the benchmark decreases, plus or minus any transaction costs or trading spreads on the notional the Funds may pay.

The net amount of the excess, if any, of each Fund’s obligations over its entitlements with respect to each swap is accrued on a daily basis and an amount of cash or liquid assets, having an aggregate net asset value at least equal to such accrued excess is maintained in a segregated account by the 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 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 contracts are generally valued at the last settled price of the benchmark referenced Index.

ProShares Trust II 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 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 technique.

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 Fund has under the swap agreement, which may exceed the net asset value of each 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 investments and the inability of counterparties to perform. Each 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 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 Funds collateralize swap agreements with cash as indicated on the Statement of Financial Condition 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 Funds will seek return of this collateral and may incur certain costs exercising its right with respect to the collateral.

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

The following swap agreements were open at December 31, 2008:

<u>Fund</u>	<u>Swap Agreement Return Benchmark</u>	<u>Termination Date</u>	<u>Notional Amount at Value*</u>	<u>Unrealized Appreciation (Depreciation)</u>
Ultra DJ-AIG Commodity	Dow Jones-AIG Commodity Index	01/06/09	\$ 6,615,626	\$ 184,583
UltraShort DJ-AIG Commodity	Dow Jones-AIG Commodity Index	01/06/09	(5,452,380)	\$(426,201)

* A positive amount represents “long” exposure to the benchmark Index. A negative amount represents “short” exposure to the benchmark Index.

Forward Contracts

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 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, by 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 Funds collateralize forward commodity contracts with cash and/or certain securities as indicated on their Statement of Financial Condition 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 Funds will seek return of this collateral and may incur certain costs exercising its right with respect to the collateral.

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 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.

The following forward contracts were open at December 31, 2008:

<u>Fund</u>	<u>Description</u>	<u>Settlement Date</u>	<u>Commitment to Deliver/Receive</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Ultra Gold	0.995 Fine Troy Ounce Gold	01/07/09	\$ 61,702	\$53,666,549	\$(586,254)
UltraShort Gold	0.995 Fine Troy Ounce Gold	01/07/09	(8,543)	(7,430,445)	86,657
Ultra Silver	0.995 Fine Troy Ounce Silver	01/07/09	1,796,400	19,383,336	(256,827)
UltraShort Silver	0.995 Fine Troy Ounce Silver	01/07/09	(353,100)	(3,809,984)	47,484

The following foreign currency forward contracts were open at December 31, 2008:

<u>Fund</u>	<u>Description</u>	<u>Settlement Date</u>	<u>Local Currency</u>	<u>Notional Amount at Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Purchased					
Ultra Euro	Euro	01/09/09	6,513,500	\$ 9,095,543	\$(141,252)
UltraShort Euro	Euro	01/09/09	670,400	936,156	(10,715)
Ultra Yen	Yen	01/09/09	542,135,000	5,974,006	(203,885)
UltraShort Yen	Yen	01/09/09	30,925,000	340,775	(8,646)
Sold					
Ultra Euro	Euro	01/09/09	227,000	316,986	707
UltraShort Euro	Euro	01/09/09	11,163,500	15,588,868	161,868
Ultra Yen	Yen	01/09/09	25,660,000	282,758	2,311
UltraShort Yen	Yen	01/09/09	423,900,000	4,671,126	144,563

Fair Value of Derivative Instruments
As of December 31, 2008

Derivatives not accounted for as hedging instruments under Statement 133	Asset Derivatives			Liability Derivatives		
	2008			2008		
	Statement of Financial Condition location	Fund	Unrealized Appreciation	Statement of Financial Condition location	Fund	Unrealized Depreciation
Commodities Contracts	Receivables, Net Assets- unrealized appreciation	ProShares Ultra DJ-AIG Commodity ProShares Ultra DJ-AIG Crude Oil ProShares Ultra Gold ProShares UltraShort Gold ProShares UltraShort Silver	\$ 184,583 12,678,400* 39,770* 86,657 47,484	Payables, Net Assets- unrealized depreciation	ProShares UltraShort DJ-AIG Commodity ProShares UltraShort DJ-AIG Crude Oil ProShares Ultra Gold ProShares UltraShort Gold ProShares Ultra Silver ProShares UltraShort Silver	\$ 426,201 3,550,590* 586,254 22,690* 264,872* 650*
Foreign Exchange Contracts	Receivables, Net Assets- unrealized appreciation	ProShares UltraShort Euro ProShares UltraShort Yen	151,153 135,917	Payables, Net Assets- unrealized depreciation	ProShares Ultra Euro ProShares Ultra Yen	140,545 201,574

* Includes cumulative appreciation/depreciation of futures contracts as reported in these Notes to Financial Statements. Only current day's variation margin is reported within the Statements of Financial Condition.

The Effect of Derivative Instruments on the Statement of Operations
For the period from Commencement of Operations to December 31, 2008

<u>Derivatives not accounted for as hedging instruments under Statement 133</u>	<u>Location of Gain or (Loss) on Derivatives Recognized in Income</u>	<u>Fund</u>	<u>Realized Gain or (Loss) on Derivatives Recognized in Income 2008</u>	<u>Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income 2008</u>
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-AIG	\$ (408,251)	\$ 184,583
		Commodity*		
		ProShares UltraShort DJ-AIG	607,967	(426,201)
		Commodity*		
		ProShares Ultra DJ-AIG	(2,721,403)	12,678,400
		Crude Oil*		
		ProShares UltraShort DJ-AIG	2,832,831	(3,550,590)
		Crude Oil*		
		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 transaction	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

* Commenced investment operations on November 24, 2008.

** Commenced investment operations on December 1, 2008.

NOTE 4 – AGREEMENTS

Management Fee

Each Fund pays the Sponsor a Management Fee, monthly in arrears, in an amount equal to 0.95% per annum of the average daily NAV of such Fund to the extent that such amounts cumulatively exceed the organization and offering costs incurred by the Fund. The Management Fee is paid in consideration of the Sponsor's services as commodity pool operator, commodity trading advisor, and for managing the business and affairs of the Fund. From the Management Fee, the Sponsor pays the fees and expenses of the Administrator, Custodian, Distributor, Transfer Agent and the licensors for the Commodity Index Funds (Dow Jones & Company, Inc. and AIG Financial Products Corp., together, "DOW-AIG"), 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 Fund after the commencement of its trading operations, including, but not limited to, expenses such as ongoing U.S. Securities and Exchange Commission ("SEC") registration fees not exceeding 0.021% per annum of the NAV of a Fund and Financial Industry Regulatory Authority ("FINRA") filing fees. Each Fund incurs its nonrecurring and unusual fees and expenses. No other management fee is paid by the Fund. The Management Fee will be paid in consideration of the Sponsor's trading advisory services and other services provided to the Funds that the Sponsor will pay directly. For the period ended December 31, 2008, the Sponsor did not charge any Management Fee. See Note 5 of these Notes to Financial Statements.

The Administrator

The Sponsor and the Trust, for itself and on behalf of each 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 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 Funds. BBH&Co. may also perform other services for the 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 Funds. The Administrator's fees are paid on behalf of the Funds by the Sponsor.

The Custodian

BBH&Co. serves as Custodian of the Funds, and the Trust, on its own behalf and on behalf of each 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 Funds, and performing various administrative duties in accordance with instructions delivered to BBH&Co. by the Funds. The Custodian's fees are paid on behalf of the Funds by the Sponsor.

The Distributor

SEI Investments Distribution Co. ("SEI"), serves as Distributor of the Shares and assists the Sponsor and the Administrator with certain functions and duties relating to distribution and marketing, including reviewing and approving marketing materials. SEI retains all marketing materials separately for each Fund, at c/o SEI, One Freedom Valley Drive, Oaks, PA 19456. The Sponsor, on behalf of each Fund, has entered into a Distribution Services Agreement with SEI.

Routine Operational, Administrative and Other Ordinary Expenses

The Sponsor pays all of the routine operational, administrative and other ordinary expenses of each Fund generally, as determined by the Sponsor including, but not limited to, fees and expenses of the Administrator, Custodian, Distributor, Transfer Agent, DOW-AIG, 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 Fund, FINRA filing fees, individual K-1 preparation and mailing fees not exceeding 0.10% per annum of the NAV of a Fund, and report preparation and mailing expenses.

Non-Recurring Fees and Expenses

Each Fund pays 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 Funds. Such fees and expenses are those that are non-recurring, unexpected or unusual in nature.

NOTE 5 – ORGANIZATION AND OFFERING COSTS

Organization and offering costs incurred by the Funds from the inception dates to December 31, 2008 and were \$335,430 and \$2,014,118, respectively. 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 will not charge its fee in the first year of operation of each Fund in an amount equal to the organization and offering fees. The Sponsor has agreed to reimburse a Fund to the extent that its organization and offering costs exceed 0.95% of its average daily NAV of each Fund for the shorter of the twelve month period following the initial sale of shares or the period from the initial sale of shares to the date the Fund ceases investment operations.

NOTE 6 – CREATION AND REDEMPTION OF CREATION UNITS

Each Fund issues and redeems 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 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 of Shares 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 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.

Transaction fees for the following Funds for the period from commencement of operations through December 31, 2008, which are included in the Addition and/or Redemption of Shares on the Statements of Changes in Shareholders' Equity, were as follows:

<u>Fund</u>	<u>Period Ended December 31, 2008</u>
Ultra DJ-AIG Commodity	\$ 780
UltraShort DJ-AIG Commodity	550
Ultra DJ-AIG Crude Oil	23,002
UltraShort DJ-AIG Crude Oil	5,361
Ultra Gold	5,619
UltraShort Gold	998
Ultra Silver	2,085
UltraShort Silver	550

NOTE 7 – FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout the period indicated:

Ultra ProShares

	From Commencement of Operations through December 31, 2008					
	Ultra DJ-AIG Commodity*	Ultra DJ-AIG Crude Oil*	Ultra Gold+	Ultra Silver+	Ultra Euro*	Ultra Yen*
Per Share Operating Performance						
Net asset value, beginning of period	\$25.0000	\$ 25.0000	\$25.0000	\$25.0000	\$25.0000	\$25.0000
Net investment loss	(0.0201)	(0.0179)	(0.0234)	(0.0212)	(0.0261)	(0.0267)
Net realized and unrealized gain (loss)	(2.8152)	(10.2010)	5.8415	3.6233	4.2661	3.4732
Change in net asset value from operations	(2.8353)	(10.2189)	5.8181	3.6021	4.2400	3.4465
Net asset value, end of period	\$22.1647	\$ 14.7811	\$30.8181	\$28.6021	\$29.2400	\$28.4465
Market value per share, beginning of period†	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Market value per share, end of period†	\$ 22.15	\$ 13.69	\$ 31.60	\$ 31.50	\$ 29.49	\$ 28.66
Total Return, at net asset value [^]	(11.34)%	(40.88)%	23.27%	14.41%	16.96%	13.79%
Total Return, at market value ^{†^}	(11.40)%	(45.24)%	26.40%	26.00%	17.96%	14.64%
Ratios to Average Net Assets**						
Net investment loss and 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)%

UltraShort ProShares

	From Commencement of Operations through December 31, 2008					
	UltraShort DJ-AIG Commodity*	UltraShort DJ-AIG Crude Oil*	UltraShort Gold+	UltraShort Silver+	UltraShort Euro*	UltraShort Yen*
Per Share Operating Performance						
Net asset value, beginning of period	\$25.0000	\$ 25.0000	\$25.0000	\$25.0000	\$25.0000	\$25.0000
Net investment loss	(0.0278)	(0.0674)	(0.0173)	(0.0187)	(0.0213)	(0.0215)
Net realized and unrealized gain (loss)	1.8229	4.0714	(5.6086)	(5.3833)	(4.0334)	(3.3154)
Change in net asset value from operations	1.7951	4.0040	(5.6259)	(5.4020)	(4.0547)	(3.3369)
Net asset value, end of period	\$26.7951	\$ 29.0040	\$19.3741	\$19.5980	\$20.9453	\$21.6631
Market value per share, beginning of period†	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Market value per share, end of period†	\$ 27.58	\$ 31.66	\$ 19.10	\$ 17.51	\$ 21.26	\$ 21.85
Total Return, at net asset value [^]	7.18%	16.02%	(22.50)%	(21.61)%	(16.22)%	(13.35)%
Total Return, at market value ^{†^}	10.32%	26.64%	(23.60)%	(29.96)%	(14.96)%	(12.60)%
Ratios to Average Net Assets**						
Net investment loss and 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)%

* Fund commenced operations on November 24, 2008.

+ Fund commenced operations on December 1, 2008.

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

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

** Percentages are annualized.

[†] 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 (see Note 2 "Fiscal Period Cut-off" of these Notes to Financial Statements).

NOTE 8 – RISK

See “Item 1A. Risk Factors” in the Trust’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 for additional disclosure regarding the risks associated with the Funds, including graphs which illustrate the impact of leverage on Fund performance.

Correlation Risk

A number of factors may affect a 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. A failure to achieve a high degree of correlation may prevent a Fund from achieving its investment objective. A number of factors may adversely affect a Fund’s correlation with its benchmark, including fees, expenses, transaction costs, costs 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 in which the Fund invests. A 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. In addition, there is a special form of correlation risk that derives from these Funds’ use of leverage, which is that for periods greater than one day, the use of leverage tends to cause the performance of a Fund to be either greater than or less than the index performance times the stated multiple in the fund objective, before accounting for fees and fund expenses. In general, given a particular index return, increased volatility of the index will cause a decrease in the performance relative to the index performance times the stated fund multiple.

Counterparty Risk

A Fund will be subject to credit risk with respect to the amount it expects to receive from counterparties to Financial Instruments and repurchase agreements entered into by the Fund. 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 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

Leverage offers a means of magnifying market movements into larger changes in an investment’s value and provides greater investment exposure than an unleveraged investment. Swap agreements, borrowing, futures contracts and forward contracts, all may be used to create leverage. Each Fund employs leveraged investment techniques to achieve its investment objective.

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 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”). SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about the Funds’ derivative and hedging activities. The Funds adopted FAS 161 on December 31, 2008, and disclosures can be found in Note 3 in these Notes to Financial Statements.

In September 2008, FASB Staff Position 133-1 and FIN 45-4 “Disclosures about Credit Derivatives and Certain Guarantees: An amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161” (the “Amendment”) was issued and is effective for annual and interim reporting periods ending after November 15, 2008. The Amendment requires enhanced disclosures regarding a fund’s credit derivatives holdings, including credit default swaps, credit spread options, and hybrid financial instruments containing embedded credit derivatives. Management has evaluated the Amendment and determined that it will have no impact on the Funds’ financial statements.

AFFIRMATION OF THE COMMODITY POOL OPERATOR

To the Shareholders of ProShares Trust II:

Pursuant to Rule 4.22(h) under the Commodity Exchange Act, the undersigned represents that, to the best of his knowledge and belief, the information contained in the Annual Report for the period ended December 31, 2008 for the following commodity pools of ProShares Trust II is accurate and complete:

ProShares Ultra DJ-AIG Commodity
ProShares UltraShort DJ-AIG Commodity
ProShares Ultra DJ-AIG Crude Oil
ProShares UltraShort DJ-AIG Crude Oil
ProShares Ultra Gold
ProShares UltraShort Gold
ProShares Ultra Silver
ProShares UltraShort Silver
ProShares Ultra Euro
ProShares UltraShort Euro
ProShares Ultra Yen
ProShares UltraShort Yen

By:



Louis M. Mayberg
President
ProShare Capital Management LLC, Commodity Pool Operator for ProShares Trust II

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ProShares®

ProShares Trust II

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This report is submitted for the general information of the shareholders of the ProShares Trust II. It is not authorized for the distribution to prospective investors unless preceded or accompanied by an effective prospectus. To receive the most recent month end performance information for each Fund, visit www.proshares.com.

Futures and options involve substantial risk of loss and are not suitable for everyone.

ProShares Trust II are distributed by SEI Investments Distribution Company.

