



Information Circular 08-007

Date: March 7, 2008
To: ETP Holders
From: James C. Yong
Chief Regulatory Officer
Re: UNG TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following security has been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as a UTP Derivative Securities pursuant to Exchange Rule 15.9:

Security:
United States Natural Gas Fund (the "Shares")

Symbol:
UNG

Commencement of Trading: March 10, 2008

General Description of Underlying Instrument or Index¹: futures contracts for natural gas, crude oil, heating oil, gasoline, and other petroleum-based fuels

Issuer: United States Natural Gas Fund, LP

Issuer Website: <http://www.unitedstatesnaturalgasfund.com>

Primary Listing Exchange: American Stock Exchange ("Amex")

Primary Exchange Circular: ETF Notice (April 18, 2007)

Issuer Registration Statement: No. 333-137871

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary Exchange Circular"). The Issuer Website, the Prospectus, the Issuer Registration

¹ As stated *supra*, for a more complete description, please see the "Issuer Disclosure Materials," as defined below.

Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

The Primary Exchange Circular issued cited above contains the following information:

Background Information on the Fund

As more fully explained in the Registration Statement (No. 333-137871) for the United States Natural Gas Fund, L.P. ("Fund" or "UNG"), the Fund is designed to track the performance in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana as measured by the natural gas futures contract traded on the New York Mercantile Exchange (the "Benchmark Futures Contract"). Each Unit of the Fund (the "Unit" or "Units") represents a fractional undivided beneficial interest in the net assets of the Fund. The Fund is not registered as an investment company under the Investment Company Act of 1940.

UNG is a Delaware limited partnership that was formed in May 2005 and operated by Victoria Bay Asset Management, LLC, a single member Delaware limited liability company (the "General Partner" or "Victoria Bay"). The General Partner is wholly owned by Wainwright Holdings, Inc. The General Partner is a registered commodity pool operator ("CPO") with the Commodity Futures Trading Commission ("CFTC") and a member of the National Futures Association ("NFA"). Brown Brothers Harriman & Co. (the "Administrator") is the administrator and custodian for the Fund and ALPS Distributors, Inc. (the "Marketing Agent") is the marketing agent for the Units of the Fund. ABN AMRO (the "Clearing Broker") is the clearing broker for the execution and clearing of the futures contracts of the Fund.

The investment objective of UNG is for its net asset value ("NAV") to reflect the changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana as measured by the natural gas futures contract traded on the New York Mercantile Exchange (the "NYMEX") as well as futures contracts based on natural gas, crude oil, heating oil, gasoline, and other petroleum-based fuels traded on the NYMEX, Intercontinental Exchange ("ICE Futures") or other U.S. and foreign exchanges (collectively, "Futures Contracts").

UNG may also invest in other natural gas-related investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, and over-the-counter ("OTC") transactions that are based on the price of natural gas, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing (collectively, "Other Natural Gas Related Investments"). Futures Contracts and Other Natural Gas Related Investments collectively are referred to as "Natural Gas Interests."

UNG will invest in Natural Gas Interests to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations. In pursuing this objective, the primary focus of UNG's investment manager, Victoria Bay will be the investment in Futures Contracts and the management of its investments in short-term obligations of the United States ("Treasuries"), cash equivalents and cash (collectively, "Cash") for margining purposes and as collateral.

As described more fully in the prospectus and the registration statement for the Fund, a minimum of 100,000 Units will be required to be outstanding at the start of trading. Once trading

has commenced, the Fund will issue Units on a continuous basis. The Fund will issue and redeem Units only in blocks of 100,000 Units or integral multiples thereof to Authorized Participants. A block of 100,000 Units is called a "Basket." These transactions will be in exchange for a Deposit Amount equal to 100,000 multiplied by the net asset value ("NAV") per Share of the Fund determined on each business day by the Administrator. Initially, the Deposit Amount will be approximately \$5 million. The Administrator will determine the Deposit Amount for a given business day by multiplying the NAV for each Share by the number of Units in each Basket (100,000). Only registered broker-dealers or other market participants, such as banks and other financial institutions that are exempt from broker-dealer registration, that become Authorized Participants by entering into a participant agreement with the General Partner and the Fund may purchase or redeem Baskets. Units will be offered to the public at prices that will reflect, among other things, the price of natural gas delivered at the Henry Hub, Louisiana as measured by the natural gas futures contract traded on the NYMEX and the trading price of the Units on the Amex at the time of the offer. Market prices for the Units may be different from the NAV per Share. Except when aggregated in Baskets, Units are not redeemable securities.

Other Information

The NAV of the Fund is obtained by subtracting the Fund's expenses and liabilities on any day from the value of the Fund's assets. The NAV will be calculated shortly after the close of trading on the Amex using the settlement value of the Natural Gas Futures Contracts traded on the NYMEX as of the earlier of the close open-outcry of trading on the NYMEX at 2:30 p.m. ET or 4:00 p.m. ET, and for the value of other Natural Gas Related Investments and Treasuries, the value of such investments as of the earlier of 4:00 p.m. ET or the close of trading on the New York Stock Exchange. The NAV is calculated by including any unrealized profit or loss on Natural Gas Futures Contracts and other Natural Gas Related Investments and any other credit or debit accruing to the Fund but unpaid or not received. The NAV per Unit is obtained by dividing the NAV of the Fund on a given day by the number of Units outstanding on that date. The Administrator will value all Natural Gas Futures Contracts based on that day's settlement price. However, if a Natural Gas Futures Contract on a trading day cannot be liquidated due to the operation of daily limits or other rules of an exchange upon which such futures contract is traded, the settlement price on the most recent trading day on which such Natural Gas Futures Contract could have been liquidated will be used in determining NAV. The value of the Other Natural Gas Interests will be valued based upon a determination of the Administrator as to their fair market value.

Shortly after 4:00 p.m. ET each business day, the General Partner will determine and disseminate the Deposit Amount for orders placed by Authorized Participants by 12:00 p.m. ET that day. To receive the NAV of the Units on that business day, a purchase order must be received by 12:00 p.m. ET. Delivery of the Deposit Amount must occur by the third business day following the purchase order date (T+3). Purchase orders placed by 12:00 p.m. ET are irrevocable. Baskets are then issued as of 12:00 p.m. ET, on the business day immediately following the purchase order date (T+1) at the NAV per share on the purchase order date if the required payment has been timely received. The administrator will also at the same time determine an "Estimated Deposit Amount" that Authorized Participants can use as an indicative amount of Treasuries and cash to be deposited for issuance of the Units on the next business day. The Deposit Amount, the Estimated Deposit Amount and the NAV are communicated by the Administrator to all Authorized Participants via facsimile or electronic mail message and will

be available on the Fund's website at <http://unitedstatesnaturaigasfund.com>. The most recently reported NAV for the Units will also be available on the Exchange's website.

The Fund's expense ratio, in the absence of any extraordinary expenses and liabilities, is expected to be 0.77% of the net assets of the Fund for the first \$1 billion of assets and 0.65% of net assets of the Fund after the first \$1 billion of assets.

The Depository Trust Company ("DTC") serves as the securities depository for the Units, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Units of the Fund.

Indicative Partnership Value

In order to provide updated information relating to the Fund for use by investors, professionals and persons wishing to create or redeem Units, the American Stock Exchange ("Amex") will disseminate through the facilities of Consolidated Tape Association ("CTA"), an updated Indicative Partnership Value (the "Indicative Partnership Value"). The Indicative Partnership Value will be disseminated on a per Unit basis every 15 seconds during regular Amex trading hours of 9:30 a.m. to 4:15 p.m. ET under the index symbol "UNG.IV." The Indicative Partnership Value will be calculated based on the Treasuries and cash required for creations and redemptions (i.e. NAV per Share x 100,000) adjusted to reflect the price changes of the current Benchmark Natural Gas Futures Contract. The Indicative Partnership Value will not reflect price changes to the price of the current Benchmark Natural Gas Futures Contract between the close of open-outcry trading on the NYMEX at 2:30 p.m. ET and the open of trading on the NYMEX ACCESS market at 3:15 p.m. ET. The value of a Share may accordingly be influenced by non-concurrent trading hours between the Exchange and the NYMEX. The Indicative Partnership Value on a per Unit basis disseminated during Amex trading hours should not be viewed as a real time update of the NAV, which is calculated only once a day by the Administrator.

Continuous Offering

The method by which Basket aggregations of Units are created and traded may raise certain issues under applicable securities laws. Because new Units may be issued by the Fund on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933 ("Securities Act").

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Basket aggregations, breaks them down into constituent Units, and sells such Units directly to customers, or if it chooses to couple the creation of a supply of new Units with an active selling effort involving solicitation of secondary market demand for Units. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a categorization as an underwriter.

Dealers who are not "underwriters," but are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with Units as part of an "unsold allotment" within the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act. We suggest that you consult with your professional advisers respecting the above.

Creation and Redemption of Units

The Fund will issue and redeem Units on a continuous basis only in Baskets of 100,000 Units or multiples thereof, by or through Authorized Participants. Basket Aggregations will be issued in exchange for the corresponding Deposit Amount that will be determined on each business day by the Administrator. The Deposit Amount necessary for the creation of a Basket will change from day to day. On each day that the primary listing exchange (in this case, the Amex) is open for regular trading, the Administrator will adjust the Deposit Amount as appropriate to reflect the prior day's Partnership NAV and accrued expenses. Authorized Participants that wish to redeem a Basket will receive Treasuries and cash in exchange for each Basket surrendered in an amount equal to the NAV per Basket (the "Redemption Amount"). These items are described in the Fund's prospectus and registration statement.

Authorized Participants that wish to purchase a Basket must transfer the Deposit Amount plus a transaction fee of \$1,000 to the Fund in exchange for a Basket. No Units will be issued unless and until the Administrator has informed the Marketing Agent that it has allocated to the Fund's account the required funds necessary for the Deposit Amount plus transaction fee. Authorized Participants that wish to redeem a Basket will receive the Redemption Amount in exchange for each Basket surrendered less the transaction fee of \$1,000. The Redemption Amount will be delivered to the Authorized Participant upon confirmation that the Fund's DTC Account has received the Basket.

The Administrator will provide an Estimated Deposit Amount for the next business day. Authorized Participants may use the Estimated Deposit Amount as guidance regarding the amount of Treasuries and cash expected to deposit with the Administrator. Before 4:00 p.m. ET, the Authorized Participants may use the Estimated Deposit Amount as guidance in respect of the Deposit Amount that they may expect to be required to deposit in connection with the issuance of Units - the next business day.

The Fund's prospectus and registration statement describe additional procedures and requirements that apply to the creation and redemptions of Units. ETP Holders interested in becoming an Authorized Participant, or obtaining a list of Authorized Participants, can contact the Marketing Agent at www.alpsinc.com for more information.

Information About Natural Gas Futures Contracts

The Fund will purchase Natural Gas Futures Contracts traded on the NYMEX. The investment objective of UNG is for changes in percentage terms of a unit's NAV to reflect the changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana as measured by the natural gas futures contract traded on the NYMEX (the "Benchmark Futures Contract"). The Benchmark Futures contract employed is the near month expiration contract, except when the near month contract is within two (2) weeks of expiration, in which case it will invest in the next expiration month. The Benchmark Futures Contracts will be changed or

"rolled" from the near month contract to expire to the next month to expire over a four (4) day period.

Information About Other Natural Gas-Related Investments

The Fund may also purchase Other Natural Gas-Related Investments such as cash-settled options on Futures Contracts, forward contracts for natural gas, and over-the-counter transactions that are based on the price of natural gas, oil and other petroleum-based fuels, Futures Contracts and indices based on the foregoing. Option contracts offer investors and hedgers another vehicle for managing exposure to the natural gas market. The Fund may purchase options on natural gas Futures Contracts on the principal commodities and futures exchanges in pursuing its investment objective.

In addition to these listed options, there also exists an active OTC market in derivatives linked to natural gas. These OTC derivative transactions are privately-negotiated agreements between two (2) parties. Unlike Futures Contracts or related options, each party to an OTC contract bears the credit risk that the counterparty may not be able to perform its obligations.

Some OTC contracts contain fairly generic terms and conditions and are available from a wide range of participants, while other OTC contracts have highly customized terms and conditions and are not as widely available. Many OTC contracts are cash-settled forwards for the future delivery of natural gas or petroleum-based fuels that have terms similar to the Futures Contracts. Others take the form of "swaps" in which the two parties exchange cash flows based on predetermined formulas tied to the price of natural gas as determined by the spot, forward or futures markets. The Fund may enter into OTC derivative contracts whose value will be tied to changes in the difference between the natural gas spot price, the price of Futures Contracts traded on NYMEX and the prices of non-NYMEX Futures Contracts that may be invested in by the Fund.

Impact of Speculative Position Limits

The Commodity Futures Trading Commission ("CFTC") and U.S. futures exchanges such as the NYMEX have established limits or position accountability rules (i.e., speculative position limits or position limits) on the maximum net long or net short speculative position that any person or group of persons under common trading control (other than a hedger) may hold, own or control in commodity interests. Speculative position limits are intended, among other things, to prevent a corner or squeeze on a market or undue influence on prices by any single trader or group of traders. Speculative position limits will impact the mix of investments by the Fund with such mix varying depending on the accumulation of assets. Once the speculative position limits for the current Benchmark Natural Gas Futures Contract are reached, the Fund will be required to invest in Other Natural Gas-Related Interests.

Principal Risks

Interested persons are referred to the Fund's prospectus and registration statement for a description of risks associated with an investment in the Units of the Fund. Since the Units are created to reflect the performance in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana as measured by the natural gas futures contract traded on the NYMEX, these risks include the risk that the market price of the Units will be subject to

fluctuations similar to those affecting the current Benchmark Natural Gas Futures Contract. Owners of the Units will not have the protections normally associated with ownership of shares in an investment company registered under the Investment Company Act of 1940 but will have the protections afforded by the Commodity Exchange Act to investors in CFTC-regulated commodity pools. If certain events occur, at any time, the General Partner will be required to terminate the Fund, otherwise the Fund will continue in perpetuity. In addition, as noted in the prospectus, Units trade at market prices that may differ from NAV. The NAV of the Units will fluctuate with changes in the market value of the Fund's assets. The trading prices of the Units will fluctuate in accordance with changes in the NAV as well as market supply and demand. The amount of the discount or premium in the trading price relative to the NAV per Unit may be influenced by non-concurrent trading hours between the NYMEX and the Exchange.

There is no direct regulation of the market in physical natural gas-based commodities and no Securities and Exchange Commission ("SEC" or the "Commission") jurisdiction over the trading of natural gas, oil and other petroleum-based fuels as a physical commodity. The CFTC has regulatory jurisdiction over the trading of natural-gas based futures contracts and related options and that trading in certain OTC commodity based derivatives is not within the jurisdiction of the CFTC and may therefore be effectively unregulated.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Units must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Units directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus. Prospectuses may be obtained through the Marketing Agent at www.alpsinc.com or on the Fund's website at <http://unitedstatesnaturaigasfund.com>. The prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the registration statement.

Exemptive Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC's Division of Trading and Markets (the "Division") issued a letter dated June 21, 2006 ("No-Action Letter") granting exemptive or no-action relief from certain rules under the Securities Exchange Act of 1934 (the "1934 Act") to the Fund.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be

participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation unit aggregations of fund shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of fund shares to the Fund for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter to paragraph (e) of Rule 102 under Regulation M which allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

As this is only a summary of the relief granted by the SEC, the Exchange advises interested parties to consult the No-Action Letter referenced above or their professional advisers for more complete information regarding the relief granted by the SEC.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The Shares are also a UTP Derivative Securities as specified in Exchange Rule 15.9, and as such are subject to the additional provisions specific to that Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 a.m. to 4:00 p.m. Eastern Time ("ET")), during pre-market hours (8:00 a.m. to 9:29:59 a.m. ET) and during post-market hours (4:00:01 p.m. to 6:30 p.m. ET). Please note that trading in the Funds Shares during the Exchange's pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is \$.01.

2. Recommendations To Customers: Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer.

3. Trading Halts: Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Shares will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the primary listing exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP

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Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE SHARES.

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.