Research Circular #C2-RS12-008

DATE: February 15, 2012
TO: Permit Holders
FROM: Scott Speer

RE: **United States Natural Gas Fund, LP ("UNG")**
1-for-4 Reverse Limited Partnership Unit Split
Ex-Distribution Date: February 22, 2012

United States Natural Gas Fund, LP ("UNG") has announced a 1-for-4 reverse Limited Partnership Unit split, in which each outstanding Limited Partnership Unit of UNG will automatically be converted into one-quarter of a Limited Partnership Unit of "New" UNG. **The ex-date for the reverse split is Wednesday, February 22, 2012.**

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding UNG option series as of Wednesday, February 22, 2012, at 8:30 A.M. Chicago time will be adjusted to reflect this 1-for-4 reverse split. All UNG options will be adjusted to require the receipt or delivery of: **25 Limited Partnership Units of "New" United States Natural Gas Fund, LP ("UNG").** The contract multiplier will remain 100, *i.e.*, 1 point of premium or strike price will equal $100. Strike prices will remain the same. The option symbol will change to **UNG2.** Premiums for the adjusted UNG2 options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal $100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Wednesday, February 22, 2012, all trades, corrections, and exercises must be submitted to the C2 and OCC on an adjusted basis.

New Unadjusted Series

To facilitate the maintenance of a fair and orderly market in United States Natural Gas Fund, LP options, new UNG series with a contract unit of 100 units will be introduced on Thursday, February 23, 2012. The UNG series will be added for March, April, and July expirations at exercise prices nearest the money.

GTC Order Conversion

On Tuesday, February 21, 2012, immediately after the C2 close, the system will convert or cancel all resting orders in the UNG order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

Immediately after the close, the book staff will return a final written report listing the orders that are converted or canceled to all firms. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The Department of Market Regulation has determined that: "The position and exercise limits will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). C2 contract adjustment memos can also be accessed from C2Exchange.com at the following web address:

http://www.C2Exchange.com/ContractAdjustments