United States Natural Gas Fund, LP
Form 10-Q
November 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2018.**

OR

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

Commission file number: 001-33096

United States Natural Gas Fund, LP

(Exact name of registrant as specified in its charter)

Delaware	**20-5576760**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1850 Mt. Diablo Boulevard, Suite 640

Walnut Creek, California 94596

(Address of principal executive offices) (Zip code)

(510) 522-9600

(Registrant’s telephone number, including area code)

1999 Harrison Street, Suite 1530

Oakland, California 94612

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). x Yes ¨ No

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ¨

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

The registrant had 12,084,588 outstanding shares as of November 5, 2018.

UNITED STATES NATURAL GAS FUND, LP

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Part I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements.

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United States Natural Gas Fund, LP

Condensed Statements of Financial Condition

At September 30, 2018 (Unaudited) and December 31, 2017

	September 30, 2018	December 31, 2017	
Assets			
Cash and cash equivalents (at cost $281,621,183 and $550,936,887, respectively) (Notes 2 and 5)	$ 281,621,183	$ 550,936,887	
Equity in trading accounts:			
Cash and cash equivalents (at cost $19,957,672 and $101,001,407, respectively)	19,957,672	101,001,407	
Unrealized gain (loss) on open commodity futures contracts	20,601,460	55,721,680	
Dividends receivable	11,178	17,044	
Interest receivable	4,326	11,573	
Prepaid registration fees	89,730	158,272	
ETF transaction fees receivable	—	2,000	
Total assets	$ 322,285,549	$ 707,848,863	
Liabilities and Partners' Capital			
Payable due to Broker	$ 15,986,912	$ —	
Payable for shares redeemed	—	54,457,966	
General Partner management fees payable (Note 3)	117,264	312,466	
Professional fees payable	639,280	892,759	
Brokerage commissions payable	60,300	72,800	
Directors' fees and insurance payable	25,553	8,345	
License fees payable	2,951	12,794	
Total liabilities	16,832,260	55,757,130	
Commitments and Contingencies (Notes 3, 4 and 5)			
Partners' Capital			
General Partner	—	—	
Limited Partners	305,453,289	652,091,733	
Total Partners' Capital	305,453,289	652,091,733	
Total liabilities and partners' capital	$ 322,285,549	$ 707,848,863	
Limited Partners' shares outstanding	12,284,588	27,941,619	*
Net asset value per share	$ 24.86	$ 23.34	*
Market value per share	$ 24.83	$ 23.32	*

* On January 4, 2018, there was a 1-for-4 reverse share split. Historical shares outstanding, net asset value per share and market value per share have been adjusted to reflect the 1-for-4 reverse share split on a retroactive basis.

See accompanying notes to condensed financial statements.

United States Natural Gas Fund, LP

Condensed Schedule of Investments (Unaudited)

At September 30, 2018

	Notional Amount	**Number of Contracts**	**Value/ Unrealized Gain (Loss) on Open Commodity Contracts**	**% of Partners' Capital**
Open Futures Contracts - Long				
United States Contracts				
ICE Natural Gas Futures LD1 H November 2018 contracts, expiring November 2018	$41,852,500	6,000	$ 3,267,500	1.07
NYMEX Natural Gas Futures NG November 2018 contracts, expiring November 2018	242,978,360	8,654	17,333,960	5.67
Total Open Futures Contracts*	$284,830,860	14,654	$ 20,601,460	6.74

	Principal Amount	**Market Value**	
Cash Equivalents			
United States Treasury Obligations			
U.S. Treasury Bills:			
1.97%, 10/18/2018	$5,000,000	$4,995,396	1.63
2.00%, 10/25/2018	10,000,000	9,986,800	3.27
2.00%, 11/01/2018	10,000,000	9,982,950	3.27
2.03%, 11/08/2018	20,000,000	19,957,672	6.53
2.05%, 11/15/2018	15,000,000	14,961,938	4.90
2.07%, 11/23/2018	15,000,000	14,954,729	4.90
2.05%, 11/29/2018	15,000,000	14,950,219	4.89
2.09%, 12/06/2018	20,000,000	19,924,100	6.52
2.06%, 12/13/2018	25,000,000	24,896,583	8.15
2.09%, 12/20/2018	30,000,000	29,862,000	9.78
2.07%, 12/27/2018	20,000,000	19,900,917	6.51
2.10%, 1/03/2019	10,000,000	9,945,819	3.26
2.10%, 1/10/2019	10,000,000	9,941,644	3.25
2.13%, 1/17/2019	10,000,000	9,936,700	3.25
2.15%, 1/24/2019	10,000,000	9,932,118	3.25
2.18%, 1/31/2019	10,000,000	9,926,969	3.25
2.20%, 2/07/2019	10,000,000	9,922,063	3.25

2.20%, 2/21/2019	10,000,000	9,913,406	3.25
2.38%, 3/07/2019	10,000,000	9,897,296	3.24
2.28%, 3/14/2019	10,000,000	9,897,272	3.24
2.33%, 3/21/2019	10,000,000	9,890,750	3.24
2.34%, 3/28/2019	10,000,000	9,885,783	3.24
Total Treasury Obligations		293,463,124	96.07
United States - Money Market Funds			
Goldman Sachs Financial Square Funds - Government Fund - Class FS	6,000,000	6,000,000	1.97
Morgan Stanley Institutional Liquidity Funds - Government Portfolio	1,200,000	1,200,000	0.39
Total Money Market Funds		7,200,000	2.36
Total Cash Equivalents		$300,663,124	98.43

*Collateral amounted to $19,957,672 on open futures contracts.

See accompanying notes to condensed financial statements.

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United States Natural Gas Fund, LP

Condensed Statements of Operations (Unaudited)

For the three and nine months ended September 30, 2018 and 2017

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Income				
Gain (loss) on trading of commodity futures contracts:				
Realized gain (loss) on closed futures contracts	$ (6,801,075)	$ 12,090,930	$ 84,114,483	$ (94,356,398)
Change in unrealized gain (loss) on open futures contracts	25,731,585	(23,925,480)	(35,120,220)	(56,069,637)
Realized gain (loss) on short-term investments	(2,291)	—	(15,781)	(1,172)
Dividend income	157,458	45,186	324,400	98,793
Interest income*	1,526,049	1,073,563	4,212,706	2,480,379
ETF transaction fees	34,000	48,000	143,000	192,000
Total income (loss)	20,645,726	(10,667,801)	53,658,588	(147,656,035)
Expenses				
General Partner management fees (Note 3)	504,862	697,857	1,686,567	2,098,179
Professional fees	225,588	188,839	696,810	911,447
Brokerage commissions	298,780	403,584	1,110,685	1,204,240
Directors' fees and insurance	17,535	15,964	50,258	45,571
License fees	12,621	17,446	42,164	52,454
Registration fees	14,717	41,637	68,542	163,361
Total expenses	1,074,103	1,365,327	3,655,026	4,475,252
Net income (loss)	$ 19,571,623	$ (12,033,128)	$ 50,003,562	$ (152,131,287)
Net income (loss) per limited partnership share	$ 1.15	$ (0.96)**	$ 1.52	$ (11.00)**
Net income (loss) per weighted average limited partnership share	$ 1.37	$ (0.69)**	$ 2.83	$ (9.28)**
Weighted average limited partnership shares outstanding	14,283,501	17,509,010 **	17,672,864	16,396,106 **

* Interest income does not exceed paid in kind of 5%.

** On January 4, 2018, there was a 1-for-4 reverse share split. Historical shares outstanding, net asset value per share and market value per share have been adjusted to reflect the 1-for-4 reverse share split on a retroactive basis.

See accompanying notes to condensed financial statements.

United States Natural Gas Fund, LP

Condensed Statement of Changes in Partners' Capital (Unaudited)

For the nine months ended September 30, 2018

	General Partner	Limited Partners	Total
Balances, at December 31, 2017	$ —	$652,091,733	$652,091,733
Addition of 44,900,000 partnership shares	—	1,050,763,122	1,050,763,122
Redemption of 60,557,031 partnership shares	—	(1,447,405,128)	(1,447,405,128)
Net income (loss)	—	50,003,562	50,003,562
Balances, at September 30, 2018	$ —	$305,453,289	$305,453,289
Net Asset Value Per Share:			
At December 31, 2017			$23.34 *
At September 30, 2018			$24.86

* On January 4, 2018, there was a 1-for-4 reverse share split. Historical shares outstanding, net asset value per share and market value per share have been adjusted to reflect the 1-for-4 reverse share split on a retroactive basis.

See accompanying notes to condensed financial statements.

United States Natural Gas Fund, LP

Condensed Statements of Cash Flows (Unaudited)

For the nine months ended September 30, 2018 and 2017

	Nine months ended September 30, 2018	**Nine months ended September 30, 2017**
Cash Flows from Operating Activities:		
Net income (loss)	$ 50,003,562	$ (152,131,287)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on open futures contracts	35,120,220	56,069,637
(Increase) decrease in dividends receivable	5,866	559
(Increase) decrease in interest receivable	7,247	(25,774)
(Increase) decrease in directors' fees and insurance receivable	—	(1,445)
(Increase) decrease in prepaid registration fees	68,542	(12,112)
(Increase) decrease in ETF transaction fees receivable	2,000	—
Increase (decrease) in payable due to Broker	15,986,912	(44,770,339)
Increase (decrease) in General Partner management fees payable	(195,202)	(62,879)
Increase (decrease) in professional fees payable	(253,479)	(17,873)
Increase (decrease) in brokerage commissions payable	(12,500)	(12,400)
Increase (decrease) in directors' fees and insurance payable	17,208	(5,417)
Increase (decrease) in license fees payable	(9,843)	(11,594)
Net cash provided by (used in) operating activities	100,740,533	(140,980,924)
Cash Flows from Financing Activities:		
Addition of partnership shares	1,050,763,122	1,211,520,273
Redemption of partnership shares	(1,501,863,094)	(1,107,715,873)
Net cash provided by (used in) financing activities	(451,099,972)	103,804,400
Net Increase (Decrease) in Cash and Cash Equivalents	(350,359,439)	(37,176,524)
Total Cash, Cash Equivalents and Equity in Trading Accounts, beginning of period	651,938,294	567,786,082
Total Cash, Cash Equivalents and Equity in Trading Accounts, end of period	$ 301,578,855	$ 530,609,558
Components of Cash and Cash Equivalents:		
Cash and Cash Equivalents	$ 281,621,183	$ 441,727,976
Equity in Trading Accounts:		
Cash and Cash Equivalents	19,957,672	88,881,582
Total Cash, Cash Equivalents and Equity in Trading Accounts	$ 301,578,855	$ 530,609,558

See accompanying notes to condensed financial statements.

United States Natural Gas Fund, LP

Notes to Condensed Financial Statements

For the period ended September 30, 2018 (Unaudited)

NOTE 1 — ORGANIZATION AND BUSINESS

The United States Natural Gas Fund, LP ("UNG") was organized as a limited partnership under the laws of the state of Delaware on September 11, 2006. UNG is a commodity pool that issues limited partnership shares ("shares") that may be purchased and sold on the NYSE Arca, Inc. (the "NYSE Arca"). Prior to November 25, 2008, UNG's shares traded on the American Stock Exchange (the "AMEX"). UNG will continue in perpetuity, unless terminated sooner upon the occurrence of one or more events as described in its Fifth Amended and Restated Agreement of Limited Partnership dated as of December 15, 2017 (the "LP Agreement"). The investment objective of UNG is for the daily changes in percentage terms of its shares' per share net asset value ("NAV") to reflect the daily changes in percentage terms of the price of natural gas delivered at the Henry Hub, Louisiana as measured by the daily changes in the price of the futures contract on natural gas as traded on the New York Mercantile Exchange (the "NYMEX") that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire (the "Benchmark Futures Contract"), less UNG's expenses.

UNG's investment objective is *not* for its NAV or market price of shares to equal, in dollar terms, the spot price of natural gas or any particular futures contract based on natural gas, *nor* is UNG's investment objective for the percentage change in its NAV to reflect the percentage change of the price of any particular futures contract as measured over a time period *greater than one day*.

United States Commodity Funds LLC ("USCF"), the general partner of UNG, believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in Natural Gas Futures Contracts (as defined below) and Other Natural Gas-Related Investments (as defined below). The net assets of UNG consist primarily of investments in futures contracts for natural gas that are traded on the NYMEX, ICE Futures Exchange ("ICE Futures") or other U.S. and foreign exchanges (collectively, "Natural Gas Futures Contracts") and, to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other natural gas-related investments such as cash-settled options on natural gas Futures Contracts, forward contracts for natural gas, cleared swap contracts, and non-exchange traded over-the-counter ("OTC") transactions that are based on the price of natural gas, crude oil and other petroleum-based fuels, as well as futures contracts for crude oil, diesel-heating oil, gasoline and other petroleum-based fuels and indices based on the foregoing (collectively, "Other Natural Gas-Related Investments"). Market conditions that USCF currently anticipates could cause UNG to invest in Other Natural Gas-Related Investments including those allowing UNG to obtain greater liquidity or to execute transactions with more favorable pricing. For convenience and unless otherwise specified, Natural Gas Futures Contracts and Other Natural Gas-Related Investments collectively are referred to as "Natural Gas Interests" in this quarterly report on Form 10-Q. As of September 30, 2018, UNG held 8,654 NG Futures November 2018 Contracts traded on the NYMEX and 6,000 LD1 H Futures November 2018 Contracts traded on the ICE Futures US.

UNG commenced investment operations on April 18, 2007 and has a fiscal year ending on December 31. USCF is responsible for the management of UNG. USCF is a member of the National Futures Association (the "NFA") and became registered as a commodity pool operator with the Commodity Futures Trading Commission (the "CFTC") effective December 1, 2005 and a swaps firm on August 8, 2013. USCF is also the general partner of the United States Oil Fund, LP ("USO"), the United States 12 Month Oil Fund, LP ("USL"), the United States Gasoline Fund, LP ("UGA") and the United States Diesel-Heating Oil Fund, LP ("UHN"), which listed their limited partnership shares on the AMEX under the ticker symbols "USO" on April 10, 2006, "USL" on December 6, 2007, "UGA" on February 26, 2008 and "UHN" on April 9, 2008, respectively. As a result of the acquisition of the AMEX by NYSE Euronext, each of USO's, USL's, UGA's and UHN's shares commenced trading on the NYSE Arca on November 25, 2008. USCF is also the general partner of the United States Short Oil Fund, LP ("DNO"), the United States 12 Month Natural Gas Fund, LP ("UNL") and the United States Brent Oil Fund, LP ("BNO"), which listed their limited partnership shares on the NYSE Arca under the ticker symbols "DNO" on September 24, 2009, "UNL" on November 18, 2009 and "BNO" on June 2, 2010, respectively. USCF is also the sponsor of the United States Commodity Index Fund ("USCI"), the United States Copper Index Fund ("CPER"), the United States Agriculture Index Fund ("USAG") and the USCF Canadian Crude Oil Index Fund ("UCCO"), each a series of the United States Commodity Index Funds Trust. USCI, CPER and USAG listed their shares on the NYSE Arca under the ticker symbols "USCI" on August 10, 2010, "CPER" on November 15, 2011 and "USAG" on April 13, 2012, respectively. UCCO is currently in registration and has not commenced operations.

On August 7, 2018, the Board of Directors of USCF authorized and approved the closing and liquidation for each of USAG, DNO and UHN together with a plan of liquidation for each of USAG, DNO and UHN. Each of the United States Commodity Index Funds Trust ("USCIFT"), of which USAG is a series, DNO and UHN filed a current report on Form 8-K dated August 8, 2018 with the SEC that included, as an exhibit, the press release, the applicable plan of liquidation, and, in the case of DNO and UHN, a copy of the notice of required withdrawal from the limited partnership sent to shareholders. In addition, each of USAG, DNO and UHN filed a prospectus supplement with the SEC dated August 8, 2018. Each of the filings is also available on USCF's website at www.uscfinvestments.com.

The liquidation date for each of USAG, DNO and UHN was September 12, 2018 and the proceeds of the liquidation were sent to all remaining shareholders of USAG, DNO and UHN, respectively, on or about September 13, 2018, with a subsequent distribution of additional liquidation proceeds sent to UHN shareholders on or about September 18, 2018. Each of USAG, DNO and UHN also filed a post-effective amendment to the registration statement with the SEC to terminate the offering of registered and unsold shares of USAG, DNO and UHN, respectively, and the NYSE Arca filed Forms 25 to effect the withdrawal of the listings for shares of each of USAG, DNO and UHN.

In addition, USCF is the sponsor of the USCF Funds Trust, a Delaware statutory trust, and each of its series, the United States 3x Oil Fund ("USOU") and the United States 3x Short Oil Fund ("USOD"), which commenced operations on July 20, 2017.

All funds listed previously, other than UCCO, are referred to collectively herein as the "Related Public Funds."

UNG issues shares to certain authorized purchasers ("Authorized Participants") by offering baskets consisting of 100,000 shares ("Creation Baskets") through ALPS Distributors, Inc., as the marketing agent (the "Marketing Agent"). The purchase price for a Creation Basket is based upon the NAV of a share calculated shortly after the close of the core trading session on the NYSE Arca on the day the order to create the basket is properly received.

In addition, Authorized Participants pay UNG a $1,000 fee for each order placed to create one or more Creation Baskets or to redeem one or more baskets ("Redemption Baskets"), consisting of 100,000 shares. Shares may be purchased or sold on a nationally recognized securities exchange in smaller increments than a Creation Basket or Redemption Basket. Shares purchased or sold on a nationally recognized securities exchange are not purchased or sold at the per share NAV of UNG but rather at market prices quoted on such exchange.

In April 2007, UNG initially registered 30,000,000 shares on Form S-1 with the U.S. Securities and Exchange Commission (the "SEC"). On April 18, 2007, UNG listed its shares on the AMEX under the ticker symbol "UNG" and switched to trading on the NYSE Arca under the same ticker symbol on November 25, 2008. On that day, UNG established its initial per share NAV by setting the price at $50.00 and issued 200,000 shares in exchange for $10,001,000. UNG also commenced investment operations on April 18, 2007, by purchasing Natural Gas Futures Contracts traded on the NYMEX based on natural gas. As of September 30, 2018, UNG had registered a total of 2,080,000,000 shares.

On February 21, 2012, after the close of trading on the NYSE Arca, UNG effected a 1-for-4 reverse share split and post-split shares of UNG began trading on February 22, 2012. As a result of the reverse share split, every four pre-split shares of UNG were automatically exchanged for one post-split share. Immediately prior to the reverse share split, there were 174,297,828 shares of UNG issued and outstanding, representing a per share NAV of $5.51. Immediately after the reverse share split, the number of issued and outstanding shares of UNG decreased to 43,574,457, not accounting for fractional shares, and the per share NAV increased to $22.04. In connection with the reverse share split, the CUSIP number for UNG's shares changed to 912318201. UNG's ticker symbol, "UNG," did not change.

On January 4, 2018, after the close of trading on the NYSE Arca, UNG effected a 1-for-4 reverse share split and post-split shares of UNG began trading on January 5, 2018. As a result of the reverse share split, every four pre-split shares of UNG were automatically exchanged for one post-split share. Immediately prior to the reverse split, there were 97,466,476 shares of UNG issued and outstanding, representing a per share NAV of $5.69. Immediately after the reverse share split, the number of issued and outstanding shares of UNG decreased to 24,366,619, not accounting for fractional shares, and the per share NAV increased to $22.76. In connection with the reverse share split, the CUSIP number for UNG's shares changed to 912318300. UNG's ticker symbol, "UNG," did not change.

The accompanying unaudited condensed financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X promulgated by the SEC and, therefore, do not include all information and footnote disclosure required under generally accepted accounting principles in the United States of America ("U.S. GAAP"). The financial information included herein is unaudited; however, such financial information reflects all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of USCF, necessary for the fair presentation of the condensed financial statements for the interim period.

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NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in conformity with U.S. GAAP as detailed in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification. UNG is an investment company and follows the accounting and reporting guidance in FASB Topic 946.

Revenue Recognition

Commodity futures contracts, forward contracts, physical commodities and related options are recorded on the trade date. All such transactions are recorded on the identified cost basis and marked to market daily. Unrealized gains or losses on open contracts are reflected in the condensed statements of financial condition and represent the difference between the original contract amount and the market value (as determined by exchange settlement prices for futures contracts and related options and cash dealer prices at a predetermined time for forward contracts, physical commodities, and their related options) as of the last business day of the year or as of the last date of the condensed financial statements. Changes in the unrealized gains or losses between periods are reflected in the condensed statements of operations. UNG earns income on funds held at the custodian or a futures commission merchant ("FCM") at prevailing market rates earned on such investments.

Brokerage Commissions

Brokerage commissions on all open commodity futures contracts are accrued on a full-turn basis.

Income Taxes

UNG is not subject to federal income taxes; each partner reports his/her allocable share of income, gain, loss deductions or credits on his/her own income tax return.

In accordance with U.S. GAAP, UNG is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any tax related appeals or litigation processes, based on the technical merits of the position. UNG files an income tax return in the U.S. federal jurisdiction and may file income tax returns in various U.S. states. UNG is not subject to income tax return examinations by major taxing authorities for years before 2015. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in UNG recording a tax liability that reduces net assets. However, UNG's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analysis of and changes to tax laws, regulations and interpretations thereof. UNG recognizes interest accrued related to unrecognized tax benefits and penalties related to unrecognized tax benefits in income tax fees payable, if assessed. No interest expense or penalties have been recognized as of and for the period ended September 30, 2018.

Creations and Redemptions

Authorized Participants may purchase Creation Baskets or redeem Redemption Baskets only in blocks of 100,000 shares at a price equal to the NAV of the shares calculated shortly after the close of the core trading session on the NYSE Arca on the day the order is placed.

UNG receives or pays the proceeds from shares sold or redeemed within two business days after the trade date of the purchase or redemption. The amounts due from Authorized Participants are reflected in UNG's condensed statements of financial condition as receivable for shares sold and amounts payable to Authorized Participants upon redemption are reflected as payable for shares redeemed.

Authorized Participants pay UNG a transaction fee of $1,000 for each order placed to create one or more Creation Baskets or to redeem one or more Redemption Baskets.

Partnership Capital and Allocation of Partnership Income and Losses

Profit or loss shall be allocated among the partners of UNG in proportion to the number of shares each partner holds as of the close of each month. USCF may revise, alter or otherwise modify this method of allocation as described in the LP Agreement**.**

Calculation of Per Share NAV

UNG's per share NAV is calculated on each NYSE Arca trading day by taking the current market value of its total assets, subtracting any liabilities and dividing that amount by the total number of shares outstanding. UNG uses the closing price for the contracts on the relevant exchange on that day to determine the value of contracts held on such exchange.

Net Income (Loss) Per Share

Net income (loss) per share is the difference between the per share NAV at the beginning of each period and at the end of each period. The weighted average number of shares outstanding was computed for purposes of disclosing net income (loss) per weighted average share. The weighted average shares are equal to the number of shares outstanding at the end of the period, adjusted proportionately for shares added and redeemed based on the amount of time the shares were outstanding during such period. There were no shares held by USCF at September 30, 2018.

Offering Costs

Offering costs incurred in connection with the registration of additional shares after the initial registration of shares are borne by UNG. These costs include registration fees paid to regulatory agencies and all legal, accounting, printing and other expenses associated with such offerings. These costs are accounted for as a deferred charge and thereafter amortized to expense over twelve months on a straight-line basis or a shorter period if warranted.

Cash Equivalents

Cash equivalents include money market funds and overnight deposits or time deposits with original maturity dates of six months or less.

Reclassification

Certain amounts in the accompanying condensed financial statements were reclassified to conform to the current presentation.

Use of Estimates

The preparation of condensed financial statements in conformity with U.S. GAAP requires USCF to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements, and the reported amounts of the revenue and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

New Accounting Pronouncements

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash” (“ASU 2016-18”), which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the statement of cash flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. At this time, management has evaluated the implications of these changes on the financial statements and adopted with no material impact.

Other

On January 4, 2018, after the close of the NYSA Arca, UNG effected a 1-for-4 reverse unit split and post-split units of UNG began trading on January 5, 2018. The unaudited condensed financial information in this quarterly report on Form 10-Q gives effect to the reverse split and the post-split of units as if they had been completed on January 1, 2018.

The unaudited condensed financial information and pro forma financial information, as well as the historical financial information as of and for the year ended December 31, 2017, was derived from UNG's historical financial statements.

The condensed financial statements in this quarterly report on Form 10-Q are presented in accordance with Accounting Standards Codification 260 for purposes of presenting the 4-for-1 reverse split on historical basis for all periods reported.

NOTE 3 — FEES PAID BY THE FUND AND RELATED PARTY TRANSACTIONS

USCF Management Fee

Under the LP Agreement, USCF is responsible for investing the assets of UNG in accordance with the objectives and policies of UNG. In addition, USCF has arranged for one or more third parties to provide administrative, custody, accounting, transfer agency and other necessary services to UNG. For these services, UNG is contractually obligated to pay USCF a fee, which is paid monthly, equal to 0.60% per annum of average daily total net assets of $1,000,000,000 or less and 0.50% per annum of average daily total net assets that are greater than $1,000,000,000.

Ongoing Registration Fees and Other Offering Expenses

UNG pays all costs and expenses associated with the ongoing registration of its shares subsequent to the initial offering. These costs include registration or other fees paid to regulatory agencies in connection with the offer and sale of shares, and all legal, accounting, printing and other expenses associated with such offer and sale. For the nine months ended September 30, 2018 and 2017, UNG incurred $68,542 and $163,361, respectively, in registration fees and other offering expenses.

Independent Directors' and Officers' Expenses

UNG is responsible for paying its portion of the directors' and officers' liability insurance for UNG and the Related Public Funds and the fees and expenses of the independent directors who also serve as audit committee members of UNG and the Related Public Funds. UNG shares the fees and expenses on a pro rata basis with each Related Public Fund, as described above, based on the relative assets of each Related Public Fund computed on a daily basis. These fees and expenses for the year ending December 31, 2018 are estimated to be a total of $66,700 for UNG and, in the aggregate for UNG and the Related Public Funds, $536,200.

Licensing Fees

As discussed in Note 4 below, UNG entered into a licensing agreement with the NYMEX on April 10, 2006, as amended on October 20, 2011. Pursuant to the agreement, UNG and the Related Public Funds, other than BNO, USCI, CPER, USOU and USOD, pay a licensing fee that is equal to 0.015% on all net assets. During the nine months ended September 30, 2018 and 2017, UNG incurred $42,164 and $52,454, respectively, under this arrangement.

Investor Tax Reporting Cost

The fees and expenses associated with UNG's audit expenses and tax accounting and reporting requirements are paid by UNG. These costs are estimated to be $900,000 for the year ending December 31, 2018. Tax reporting costs fluctuate between years due to the number of shareholders during any given year.

Other Expenses and Fees

In addition to the fees described above, UNG pays all brokerage fees and other expenses in connection with the operation of UNG, excluding costs and expenses paid by USCF as outlined in *Note 4 – Contracts and Agreements* below.

NOTE 4 — CONTRACTS AND AGREEMENTS

Marketing Agent Agreement

UNG is party to a marketing agent agreement, dated as of April 17, 2007, as amended from time to time, with the Marketing Agent and USCF, whereby the Marketing Agent provides certain marketing services for UNG as outlined in the agreement. The fee of the Marketing Agent, which is borne by USCF, is equal to 0.06% on UNG's assets up to $3 billion and 0.04% on UNG's assets in excess of $3 billion. In no event may the aggregate compensation paid to the Marketing Agent and any affiliate of USCF for distribution-related services exceed 10% of the gross proceeds of UNG's offering.

The above fee does not include website construction and development, which are also borne by USCF.

Brown Brothers Harriman & Co. Agreements

UNG is also party to a custodian agreement, dated March 5, 2007, as amended from time to time, with Brown Brothers Harriman & Co. (“BBH&Co.”) and USCF, whereby BBH&Co. holds investments on behalf of UNG. USCF pays the fees of the custodian, which are determined by the parties from time to time. In addition, UNG is party to an administrative agency agreement, dated March 5, 2007, as amended from time to time, with USCF and BBH&Co., whereby BBH&Co. acts as the administrative agent, transfer agent and registrar for UNG. USCF also pays the fees of BBH&Co. for its services under such agreement and such fees are determined by the parties from time to time.

Currently, USCF pays BBH&Co. for its services, in the foregoing capacities, a minimum amount of $75,000 annually for its custody, fund accounting and fund administration services rendered to UNG and each of the Related Public Funds, as well as a $20,000 annual fee for its transfer agency services. In addition, USCF pays BBH&Co. an asset-based charge of (a) 0.06% for the first $500 million of the Related Public Funds’ combined net assets, (b) 0.0465% for the Related Public Funds’ combined net assets greater than $500 million but less than $1 billion, and (c) 0.035% once the Related Public Funds’ combined net assets exceed $1 billion. The annual minimum amount will not apply if the asset-based charge for all accounts in the aggregate exceeds $75,000. USCF also pays BBH&Co. transaction fees ranging from $7 to $15 per transaction.

Brokerage and Futures Commission Merchant Agreements

On October 8, 2013, UNG entered into a brokerage agreement with RBC Capital Markets, LLC (“RBC Capital” or “RBC”) to serve as UNG's FCM effective October 10, 2013. The agreement with RBC requires it to provide services to UNG in connection with the purchase and sale of Natural Gas Futures Contracts and Other Natural Gas-Related Investments that may be purchased and sold by or through RBC Capital for UNG's account. In accordance with the agreement, RBC Capital charges UNG commissions of approximately $7 to $8 per round-turn trade, including applicable exchange, clearing and NFA fees for Natural Gas Futures Contracts and options on Natural Gas Futures Contracts. Such fees include those incurred when purchasing Natural Gas Futures Contracts and options on Natural Gas Futures Contracts when UNG issues shares as a result of a Creation Basket, as well as fees incurred when selling Natural Gas Futures Contracts and options on Natural Gas Futures Contracts when UNG redeems shares as a result of a Redemption Basket. Such fees are also incurred when Natural Gas Futures Contracts and options on Natural Gas Futures Contracts are purchased or redeemed for the purpose of rebalancing the portfolio. UNG also incurs commissions to brokers for the purchase and sale of Natural Gas Futures Contracts, Other Natural Gas-Related Investments or short-term obligations of the United States of two years or less (“Treasuries”).

	For the nine months ended	For the nine months ended

	September 30, 2018		September 30, 2017	
Total commissions accrued to brokers	$ 1,110,685		$ 1,204,240	
Total commissions as annualized percentage of average total net assets	0.40	%	0.34	%
Commissions accrued as a result of rebalancing	$ 856,305		$ 998,598	
Percentage of commissions accrued as a result of rebalancing	77.10	%	82.92	%
Commissions accrued as a result of creation and redemption activity	$ 254,380		$ 205,642	
Percentage of commissions accrued as a result of creation and redemption activity	22.90	%	17.08	%

The decrease in total commissions accrued to brokers for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, was due primarily to a lower number of natural gas futures contracts being held and traded.

NYMEX Licensing Agreement

UNG and the NYMEX entered into a licensing agreement on April 10, 2006, as amended on October 20, 2011, whereby UNG was granted a non-exclusive license to use certain of the NYMEX's settlement prices and service marks. Under the licensing agreement, UNG and the Related Public Funds, other than BNO, USCI, CPER, USAG, USOU and USOD, pay the NYMEX an asset-based fee for the license, the terms of which are described in Note 3. UNG expressly disclaims any association with the NYMEX or endorsement of UNG by the NYMEX and acknowledges that "NYMEX" and "New York Mercantile Exchange" are registered trademarks of the NYMEX.

NOTE 5 — FINANCIAL INSTRUMENTS, OFF-BALANCE SHEET RISKS AND CONTINGENCIES

UNG may engage in the trading of futures contracts, options on futures contracts, cleared swaps and OTC swaps (collectively, “derivatives”). UNG is exposed to both market risk, which is the risk arising from changes in the market value of the contracts, and credit risk, which is the risk of failure by another party to perform according to the terms of a contract.

UNG may enter into futures contracts, options on futures contracts and cleared swaps 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. Some futures contracts may call for physical delivery of the asset, while others are settled in cash. 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. Cleared swaps are agreements that are eligible to be cleared by a clearinghouse, e.g., ICE Clear Europe, and provide the efficiencies and benefits that centralized clearing on an exchange offers to traders of futures contracts, including credit risk intermediation and the ability to offset positions initiated with different counterparties.

The purchase and sale of futures contracts, options on futures contracts and cleared swaps require margin deposits with an FCM. Additional deposits may be necessary for any loss on contract value. The Commodity Exchange Act requires an FCM to segregate all customer transactions and assets from the FCM’s proprietary activities.

Futures contracts, options on futures contracts and cleared swaps 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 UNG has in the particular classes of instruments. Additional risks associated with the use of futures contracts are an 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. Buying and selling options on futures contracts exposes investors to the risks of purchasing or selling futures contracts.

All of the futures contracts held by UNG through September 30, 2018 were exchange-traded. The risks associated with exchange-traded contracts are generally perceived to be less than those associated with OTC swaps since, in OTC swaps, a party must rely solely on the credit of its respective individual counterparties. However, in the future, if UNG were to enter into non-exchange traded contracts, it would be subject to the credit risk associated with counterparty non-performance. The credit risk from counterparty non-performance associated with such instruments is the net unrealized gain, if any, on the transaction. UNG has credit risk under its futures contracts since the sole counterparty to all domestic and foreign futures contracts is the clearinghouse for the exchange on which the relevant contracts are traded. In addition, UNG bears the risk of financial failure by the clearing broker.

UNG's cash and other property, such as Treasuries, deposited with an FCM are considered commingled with all other customer funds, subject to the FCM’s segregation requirements. In the event of an FCM’s insolvency, recovery may be limited to a pro rata share of segregated funds available. It is possible that the recovered amount could be less than the total of cash and other property deposited. The insolvency of an FCM could result in the complete loss of UNG's assets posted with that FCM; however, the majority of UNG's assets are held in investments in Treasuries, cash and/or cash equivalents with UNG's custodian and would not be impacted by the insolvency of an FCM. The failure or insolvency of UNG's custodian, however, could result in a substantial loss of UNG's assets.

USCF invests a portion of UNG's cash in money market funds that seek to maintain a stable per share NAV. UNG is exposed to any risk of loss associated with an investment in such money market funds. As of September 30, 2018 and December 31, 2017, UNG held investments in money market funds in the amounts of $7,200,000 and $20,000,000, respectively. UNG also holds cash deposits with its custodian. Pursuant to a written agreement with BBH&Co., uninvested overnight cash balances are swept to offshore branches of U.S. regulated and domiciled banks located in Toronto, Canada; London, United Kingdom; Grand Cayman, Cayman Islands; and Nassau, Bahamas; which are subject to U.S. regulation and regulatory oversight. As of September 30, 2018 and December 31, 2017, UNG held cash deposits and investments in Treasuries in the amounts of $294,378,855 and $631,938,294, respectively, with the custodian and FCM. Some or all of these amounts may be subject to loss should UNG's custodian and/or FCM cease operations.

For derivatives, risks arise from changes in the market value of the contracts. Theoretically, UNG is exposed to market risk equal to the value of futures contracts purchased and unlimited liability on such contracts sold short. As both a buyer and a seller of options, UNG pays or receives a premium at the outset and then bears the risk of unfavorable changes in the price of the contract underlying the option.

UNG's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial, position and credit exposure reporting controls and procedures. In addition, UNG has a policy of requiring review of the credit standing of each broker or counterparty with which it conducts business.

The financial instruments held by UNG are reported in its condensed statements of financial condition at market or fair value, or at carrying amounts that approximate fair value, because of their highly liquid nature and short-term maturity.

NOTE 6 — FINANCIAL HIGHLIGHTS

The following table presents per share performance data and other supplemental financial data for the nine months ended September 30, 2018 and 2017 for the shareholders. This information has been derived from information presented in the condensed financial statements.

	For the nine months ended September 30, 2018 (Unaudited)			For the nine months ended September 30, 2017 (Unaudited)		
Per Share Operating Performance:						
Net asset value, beginning of period	$	23.34	*	$	37.18	*
Total income (loss)		1.73			(10.73	)*
Total expenses		(0.21	)		(0.27	)*
Net increase (decrease) in net asset value		1.52			(11.00	)*
Net asset value, end of period	$	24.86		$	26.18	*
Total Return		6.51	%		(29.60	)%
Ratios to Average Net Assets						
Total income (loss)		14.28	%		(31.58	)%
Management fees**		0.60	%		0.60	%
Expenses excluding management fees**		0.70	%		0.68	%
Net income (loss)		13.31	%		(32.54	)%

* On January 4, 2018, there was a 1-for-4 reverse share split. Historical shares outstanding, net asset value per share and market value per share have been adjusted to reflect the 1-for-4 reverse share split on a retroactive basis.

** Annualized.

Total returns are calculated based on the change in value during the period. An individual shareholder's total return and ratio may vary from the above total returns and ratios based on the timing of contributions to and withdrawals from UNG.

NOTE 7 — FAIR VALUE OF FINANCIAL INSTRUMENTS

UNG values its investments in accordance with Accounting Standards Codification 820 – Fair Value Measurements and Disclosures (“ASC 820”). ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. The changes to past practice resulting from the application of ASC 820 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurement. ASC 820 establishes a fair value hierarchy that distinguishes between: (1) market participant assumptions developed based on market data obtained from sources independent of UNG (observable inputs) and (2) UNG's own assumptions about market participant assumptions developed based on the best information available under the circumstances (unobservable inputs). The three levels defined by the ASC 820 hierarchy are as follows:

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

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

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

In some instances, the inputs used to measure fair value might fall within 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 UNG's securities at September 30, 2018 using the fair value hierarchy:

At September 30, 2018	Total	Level I	Level II	Level III
Short-Term Investments	$300,663,124	$300,663,124	$ —	$ —
Exchange-Traded Futures Contracts				
United States Contracts	20,601,460	20,601,460	—	—

During the nine months ended September 30, 2018, there were no transfers between Level I and Level II.

The following table summarizes the valuation of UNG's securities at December 31, 2017 using the fair value hierarchy:

At December 31, 2017	Total	Level I	Level II	Level III
Short-Term Investments	$483,194,474	$483,194,474	$ —	$ —
Exchange-Traded Futures Contracts				
United States Contracts	55,721,680	55,721,680	—	—

During the year ended December 31, 2017, there were no transfers between Level I and Level II.

Effective January 1, 2009, UNG adopted the provisions of Accounting Standards Codification 815 — Derivatives and Hedging, which require presentation of qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts and gains and losses on derivatives.

Fair Value of Derivative Instruments

Derivatives not Accounted for as Hedging Instruments	**Condensed Statements of Financial Condition Location**	**Fair Value At September 30, 2018**	**Fair Value At December 31, 2017**

Futures - Commodity Contracts	Assets	$ 20,601,460	$ 55,721,680

The Effect of Derivative Instruments on the Condensed Statements of Operations

		For the nine months ended September 30, 2018		For the nine months ended September 30, 2017	
Derivatives not Accounted for as Hedging Instruments	**Location of Gain (Loss) on Derivatives Recognized in Income**	**Realized Gain (Loss) on Derivatives Recognized in Income**	**Change in Unrealized Gain (Loss) on Derivatives Recognized in Income**	**Realized Gain (Loss) on Derivatives Recognized in Income**	**Change in Unrealized Gain (Loss) on Derivatives Recognized in Income**
Futures - Commodity Contracts	Realized gain (loss) on closed positions	$ 84,114,483		$ (94,356,398)	
	Change in unrealized gain (loss) on open positions		$ (35,120,220)		$ (56,069,637)

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NOTE 8 — SUBSEQUENT EVENTS

UNG has performed an evaluation of subsequent events through the date the condensed financial statements were issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the condensed financial statements and the notes thereto of the United States Natural Gas Fund, LP ("UNG") included elsewhere in this quarterly report on Form 10-Q.

Forward-Looking Information

This quarterly report on Form 10-Q, including this "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding the plans and objectives of management for future operations. This information may involve known and unknown risks, uncertainties and other factors that may cause UNG's actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe UNG's future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project," the negative of these words variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and UNG cannot assure investors that the projections included in these forward-looking statements will come to pass. UNG's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

UNG has based the forward-looking statements included in this quarterly report on Form 10-Q on information available to it on the date of this quarterly report on Form 10-Q, and UNG assumes no obligation to update any such forward-looking statements. Although UNG undertakes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, investors are advised to consult any additional disclosures that UNG may make directly to them or through reports that UNG in the future files with the U.S. Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Introduction

UNG, a Delaware limited partnership, is a commodity pool that issues shares that may be purchased and sold on the NYSE Arca, Inc. (the “NYSE Arca”). The investment objective of UNG is for the daily changes, in percentage terms, of its shares’ per share net asset value (“NAV”) to reflect the daily changes, in percentage terms, of the price of natural gas delivered at the Henry Hub, Louisiana, as measured by the daily changes, in the price of a specified short-term futures contract for natural gas traded on the New York Mercantile Exchange (the “NYMEX”) that is the near month contract to expire, except when the near month contract is within two weeks of expiration, in which case it will be measured by the futures contract that is the next month contract to expire (the “Benchmark Futures Contract”), plus interest earned on the UNG’s collateral holdings, less UNG’s expenses. “Near month contract” means the next contract traded on the NYMEX due to expire. “Next month contract” means the first contract traded on the NYMEX due to expire after the near month contract.

UNG’s investment objective is *not* for its NAV or market price of shares to equal, in dollar terms, the spot price of natural gas or any particular futures contract based on natural gas, *nor* is UNG’s investment objective for the percentage change in its NAV to reflect the percentage change of the price of any particular futures contract as measured over a time period *greater than one day*. The general partner of UNG, United States Commodity Funds LLC (“USCF”), believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in Natural Gas Futures Contracts (as defined below) and Other Natural Gas-Related Investments (as defined below).

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UNG invests primarily in futures contracts for natural gas, crude oil, heating oil, gasoline and other petroleum-based fuels that are traded on the NYMEX, ICE Futures or other U.S. and foreign exchanges (collectively, "Natural Gas Futures Contracts") and to a lesser extent, in order to comply with regulatory requirements or in view of market conditions, other natural gas-related investments such as cash-settled options on Natural Gas Futures Contracts, forward contracts for natural gas, cleared swap contracts and OTC swaps that are based on the price of natural gas, crude oil and other petroleum-based fuels, Natural Gas Futures Contracts and indices based on the foregoing (collectively, "Other Natural Gas-Related Investments"). For convenience and unless otherwise specified, Natural Gas Futures Contracts and Other Natural Gas-Related Investments collectively are referred to as "Natural Gas Interests" in this quarterly report on Form 10-Q.

USCF believes that market arbitrage opportunities will cause daily changes in UNG's share price on the NYSE Arca on a percentage basis to closely track daily changes in UNG's per share NAV on a percentage basis. USCF further believes that daily changes in prices of the Benchmark Futures Contract have historically closely tracked the daily changes in spot prices of natural gas. USCF believes that the net effect of these relationships will be that the daily changes in the price of UNG's shares on the NYSE Arca on a percentage basis will closely track the daily changes in the spot price of natural gas on a percentage basis, plus interest earned on the Fund's collateral holdings, less UNG's expenses.

UNG seeks to achieve its investment objective by investing so that the average daily percentage change in UNG's NAV for any period of 30 successive valuation days will be within plus/minus ten percent (10%) of the average daily percentage change in the price of the Benchmark Futures Contract over the same period.

Regulatory Disclosure

Accountability Levels, Position Limits and Price Fluctuation Limits. Designated contract markets ("DCMs"), such as the NYMEX and ICE Futures, have established accountability levels and position limits on the maximum net long or net short futures contracts in commodity interests that any person or group of persons under common trading control (other than as a hedge, which an investment by UNG is not) may hold, own or control. These levels and position limits apply to the futures contracts that UNG invests in to meet its investment objective. In addition to accountability levels and position limits, the NYMEX and ICE Futures also set daily price fluctuation limits on futures contracts. The daily price fluctuation limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price. Once the daily price fluctuation limit has been reached in a particular futures contract, no trades may be made at a price beyond that limit.

The accountability levels for the Benchmark Futures Contract and other Natural Gas Futures Contracts traded on U.S.-based futures exchanges, such as the NYMEX, are not a fixed ceiling, but rather a threshold above which the NYMEX may exercise greater scrutiny and control over an investor's positions. The current accountability level for investments for any one-month in the Benchmark Futures Contract is 6,000 net contracts. In addition, the NYMEX imposes an accountability level for all months of 12,000 net futures contracts for natural gas. In addition, the ICE Futures maintains accountability levels, position limits and monitoring authority for its Henry Hub natural gas contracts. If UNG and the Related Public Funds exceed these accountability levels for investments in the futures contracts for natural gas, the NYMEX and ICE Futures will monitor such exposure and may ask for further information on their activities including the total size of all positions, investment and trading strategy, and the extent of liquidity resources of UNG and the Related Public Funds. If deemed necessary by the NYMEX and/or ICE Futures, UNG could be ordered to reduce its aggregate net futures contracts back to the accountability level. As of September 30, 2018, UNG held 8,654 NYMEX Natural Gas Futures NG contracts and 6,000 Natural Gas Futures LD1 H Contracts traded on the ICE Futures US. UNG exceeded accountability levels of the NYMEX during the nine months ended September 30, 2018, when it held a maximum of 17,082 Natural Gas Futures NG Contracts. UNG exceeded accountability levels of ICE Futures during the nine months ended September 30, 2018, when it held a maximum of 37,952 Natural Gas Futures LD1 H Contracts, exceeding the “any” month limit. No action was taken by the NYMEX or ICE Futures and UNG did not reduce the number of Natural Gas Futures Contracts held as a result.

Position limits differ from accountability levels in that they represent fixed limits on the maximum number of futures contracts that any person may hold and cannot allow such limits to be exceeded without express CFTC authority to do so. In addition to accountability levels and position limits that may apply at any time, the NYMEX and ICE Futures impose position limits on contracts held in the last few days of trading in the near month contract to expire. It is unlikely that UNG will run up against such position limits because UNG's investment strategy is to close out its positions and "roll" from the near month contract to expire to the next month contract during a four-day period beginning two weeks from expiration of the contract. For the nine months ended September 30, 2018, UNG did not exceed position limits imposed by the NYMEX and ICE Futures.

The regulation of commodity interest trading in the United States and other countries is an evolving area of the law. The various statements made in this summary are subject to modification by legislative action and changes in the rules and regulations of the SEC, Financial Industry Regulatory Authority ("FINRA"), CFTC, NFA, the futures exchanges, clearing organizations and other regulatory bodies.

Futures Contracts and Position Limits

The CFTC is generally prohibited by statute from regulating trading on non-U.S. futures exchanges and markets. The CFTC, however, has adopted regulations relating to the marketing of non-U.S. futures contracts in the United States. These regulations permit certain contracts on non-U.S. exchanges to be offered and sold in the United States.

The CFTC has proposed to adopt limits on speculative positions in 25 physical commodity futures and option contracts as well as swaps that are economically equivalent to such contracts in the agriculture, energy and metals markets (the "Position Limit Rules"). The Position Limit Rules would, among other things: identify which contracts are subject to speculative position limits; set thresholds that restrict the size of speculative positions that a person may hold in the spot month, other individual months, and all months combined; create an exemption for positions that constitute bona fide hedging transactions; impose responsibilities on DCMs and swap execution facilities ("SEFs") to establish position limits or, in some cases, position accountability rules; and apply to both futures and swaps across four relevant venues: OTC, DCMs, SEFs as well as certain non-U.S. located platforms. The CFTC's first attempt at finalizing the Position Limit Rules, in 2011, was successfully challenged by market participants in 2012 and, since then, the CFTC has re-proposed them and solicited comments from market participants multiple times. At this time, it is unclear how the Position Limit Rules may affect UNG, but the effect may be substantial and adverse. By way of example, the Position Limit Rules may negatively impact the ability of UNG to meet its investment objectives through limits that may inhibit USCF's ability to sell additional Creation Baskets of UNG.

Until such time as the Position Limit Rules are adopted, the regulatory architecture in effect prior to the adoption of the Position Limit Rules will govern transactions in commodities and related derivatives. Under that system, the CFTC enforces federal limits on speculation in nine agricultural products (e.g., corn, wheat and soy), while futures exchanges establish and enforce position limits and accountability levels for other agricultural products and certain energy products (e.g., oil and natural gas). As a result, UNG may be limited with respect to the size of its investments in any commodities subject to these limits.

Under existing and recently adopted CFTC regulations, for the purpose of position limits, a market participant is generally required, subject to certain narrow exceptions, to aggregate all positions for which that participant controls the trading decisions with all positions for which that participant has a 10 percent or greater ownership interest in an account or position, as well as the positions of two or more persons acting pursuant to an express or implied agreement or understanding with that participant (the "Aggregation Rules"). The Aggregation Rules will also apply with respect to the Position Limit Rules if and when such Position Limit Rules are adopted.

OTC Swaps

In October 2015, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the FDIC, the Farm Credit Administration, and the Federal Housing Finance Agency (each an "Agency" and, collectively, the "Agencies") jointly adopted final rules to establish minimum margin and capital requirements for registered swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants ("Swap Entities") that are subject to the jurisdiction of one of the Agencies (such entities, "Covered Swap Entities", and the joint final rules, the "Final Margin Rules").

The Final Margin Rules will subject non-cleared swaps and non-cleared security-based swaps between Covered Swap Entities and Swap Entities, and between Covered Swap Entities and financial end users that have material swaps exposure (i.e., an average daily aggregate notional of $8 billion or more in non-cleared swaps calculated in accordance with the Final Margin Rules), to a mandatory two-way minimum initial margin requirement. The minimum amount of the initial margin required to be posted or collected would be either the amount calculated by the Covered Swap Entity using a standardized schedule set forth as an appendix to the Final Margin Rules, which provides the gross initial margin (as a percentage of total notional exposure) for certain asset classes, or an internal margin model of the Covered Swap Entity conforming to the requirements of the Final Margin Rules that is approved by the Agency having jurisdiction over the particular Covered Swap Entity. The Final Margin Rules specify the types of collateral that may be posted or collected as initial margin for non-cleared swaps and non-cleared security-based swaps with financial end users (generally cash, certain government, government-sponsored enterprise securities, certain liquid debt, certain equity securities, certain eligible publicly traded debt, and gold); and sets forth haircuts for certain collateral asset classes.

The Final Margin Rules require minimum variation margin to be exchanged daily for non-cleared swaps and non-cleared security-based swaps between Covered Swap Entities and Swap Entities and between Covered Swap Entities and all financial end-users (without regard to the swaps exposure of the particular financial end-user). The minimum variation margin amount is the daily mark-to-market change in the value of the swap to the Covered Swap Entity, taking into account variation margin previously posted or collected. For non-cleared swaps and security-based swaps between Covered Swap Entities and financial end-users, variation margin may be posted or collected in cash or non-cash collateral that is considered eligible for initial margin purposes. Variation margin is not subject to segregation with an independent, third-party custodian, and may, if permitted by contract, be rehypothecated.

The initial margin requirements of the Final Margin Rules are being phased in over time, and the variation margin requirements of the Final Margin Rules are currently in effect. The Fund is not a Covered Swap Entity under the Final Margin Rules, but it is a financial end-user. Accordingly, the Fund is currently subject to the variation margin requirements of the Final Margin Rules. However, the Fund does not have material swaps exposure and, accordingly, the Fund will not be subject to the initial margin requirements of the Final Margin Rules.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") required the CFTC and the SEC to adopt their own margin rules to apply to a limited number of registered swap dealers, security-based swap dealers, major swap participants, and major security-based swap participants that are not subject to the jurisdiction of one of the Agencies. On December 16, 2015 the CFTC finalized its margin rules, which are substantially the same as the Final Margin Rules and have the same implementation timeline. The SEC has yet to finalize its margin rules.

Mandatory Trading and Clearing of Swaps

CFTC regulations require that certain swap transactions be executed on organized exchanges or "swap execution facilities" and cleared through regulated clearing organizations ("derivative clearing organizations" ("DCOs")), if the CFTC mandates the central clearing of a particular class of swap and such swap is "made available to trade" on a swap execution facility. Currently, swap dealers, major swap participants, commodity pools, certain private funds and entities predominantly engaged in activities that are financial in nature are required to execute on a swap execution facility, and clear, certain interest rate swaps and index-based credit default swaps. As a result, if UNG enters into an interest rate or index-based credit default swap that is subject to these requirements, such swap will be required to be executed on a swap execution facility and centrally cleared. Mandatory clearing and "made available to trade" determinations with respect to additional types of swaps are expected in the future, and, when finalized, could require UNG to electronically execute and centrally clear certain OTC instruments presently entered into and settled on a bi-lateral basis. If a swap is required to be cleared, initial and variation margin requirements are set by the relevant clearing organization, subject to certain regulatory requirements and guidelines. Additional margin may be required and held by UNG's FCM.

Other Requirements for Swaps

In addition to the margin requirements described above, swaps that are not required to be cleared and executed on a SEF but that are executed bilaterally are also subject to various requirements pursuant to CFTC regulations, including, among other things, reporting and recordkeeping requirements and, depending on the status of the counterparties, trading documentation requirements and dispute resolution requirements.

Derivatives Regulations in Non-U.S. Jurisdictions

In addition to U.S. laws and regulations, UNG may be subject to non-U.S. derivatives laws and regulations if it engages in futures and/or swap transactions with non-U.S. persons. For example, UNG may be impacted by European laws and regulations to the extent that it engages in futures transactions on European exchanges or derivatives transactions with European entities. Other jurisdictions impose requirements applicable to futures and derivatives that are similar to those imposed by the U.S., including position limits, margin, clearing and trade execution requirements.

Money Market Reform

The SEC adopted amendments to Rule 2a-7 under the Investment Company Act of 1940, as amended ("1940 Act") which became effective in 2016, to reform money market funds (“MMFs”). While the new rule applies only to MMFs, it may indirectly affect institutional investors such as UNG. A portion of UNG's assets that are not used for margin or collateral in the Futures Contracts currently are invested in government MMFs. UNG does not hold any non-government MMFs and, particularly in light of recent changes to the rule governing the operation of MMFs, does not anticipate investing in any non-government MMFs. However, if UNG invests in other types of MMFs besides government MMFs in the future, UNG could be negatively impacted by investing in an MMF that does not maintain a stable $1.00 NAV or that has the potential to impose redemption fees and gates (temporary suspension of redemptions).

Price Movements

Natural gas futures prices were volatile during the nine months ended September 30, 2018. The price of the Benchmark Futures Contract started the period at $2.953 per million British thermal shares (“MMBtu”). The high of the period was on January 12, 2018 when the price reached $3.200 per MMBtu. The low of the period was on February 12, 2018 when the price dropped to $2.552 per MMBtu. The period ended with the Benchmark Futures Contract at $3.008 per MMBtu, an increase of approximately 1.86% over the period. UNG’s per share NAV began the period at $23.34* and ended the period at $24.86 on September 30, 2018, an increase of approximately 6.51% over the period. UNG’s per share NAV reached its high for the period on January 30, 2018 at $26.99 and reached its low for the period on February 12, 2018 at $21.56. The Benchmark Futures Contract prices listed above began with the February 2018 contracts and ended with the November 2018 contracts. The increase of approximately 1.86% on the Benchmark Futures Contract listed above is a hypothetical return only and could not actually be achieved by an investor holding Natural Gas Futures Contracts. An investment in Natural Gas Futures Contracts would need to be rolled forward during the time period described in order to simulate such a result. Furthermore, the change in the nominal price of these differing Natural Gas Futures Contracts, measured from the start of the period to the end of the period, does not represent the actual benchmark results that UNG seeks to track, which are more fully described below in the section titled “*Tracking UNG's Benchmark*.”

During the nine months ended September 30, 2018, the natural gas futures market began the year in backwardation, flipped to contango, and returned to backwardation at the end of the second quarter. During periods of backwardation the price of the near month natural gas futures contract is typically higher than the price of the next month natural gas futures contract or contracts further away from expiration. On days when the market is in contango, the price of the near month natural gas futures contract is typically lower than the price of the next month natural gas futures contract, or contracts further away from expiration. For a discussion of the impact of backwardation and contango on total returns, see *"Term Structure of Natural Gas Futures Prices and the Impact on Total Returns"* below.

* Adjusted to give effect to the reverse share split of 1-for-4 executed on January 4, 2018.

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Valuation of Futures Contracts and the Computation of the Per Share NAV

The per share NAV of UNG's shares is calculated once each NYSE Arca trading day. The per share NAV for a particular trading day is released after 4:00 p.m. New York time. Trading during the core trading session on the NYSE Arca typically closes at 4:00 p.m. New York time. UNG's administrator uses the NYMEX closing price (determined at the earlier of the close of the NYMEX or 2:30 p.m. New York time) for the contracts held on the NYMEX, but calculates or determines the value of all other UNG investments, including cleared swaps or other futures contracts, as of the earlier of the close of the NYSE Arca or 4:00 p.m. New York time.

Results of Operations and the Natural Gas Market

Results of Operations. On April 18, 2007, UNG listed its shares on the American Stock Exchange (the "AMEX") under the ticker symbol "UNG." On that day, UNG established its initial offering price at $50.00 per share and issued 200,000 shares to the initial Authorized Participant in exchange for $10,000,000 in cash. As a result of the acquisition of the AMEX by NYSE Euronext, UNG's shares ceased trading on the AMEX and commenced trading on the NYSE Arca on November 25, 2008.

Since its initial offering of 30,000,000 shares, UNG has registered seven subsequent offerings of its shares: 50,000,000 shares which were registered with the SEC on November 21, 2007, 100,000,000 shares which were registered with the SEC on August 28, 2008, 300,000,000 shares which were registered with the SEC on May 6, 2009, 1,000,000,000 shares were registered with the SEC on August 12, 2009, 200,000,000 shares were registered with the SEC on March 12, 2014, 200,000,000 shares were registered on April 28, 2015 and 200,000,000 shares were registered on April 28, 2017. Shares offered by UNG in the subsequent offerings were sold by it for cash at the shares' per share NAV as described in the applicable prospectus. On March 8, 2011, after the close of trading on the NYSE Arca, UNG effected a 2-for-1 reverse share split and post-split shares of UNG began trading on March 9, 2011. As a result of the reverse share split, every two pre-split shares of UNG were automatically exchanged for one post-split share. Immediately prior to the reverse share split, there were 447,200,000 shares of UNG issued and outstanding, representing a per share NAV of $5.16. Immediately after the reverse share split, the number of issued and outstanding shares of UNG decreased to 223,600,000, not accounting for fractional shares, and the per share NAV increased to $10.31. On February 21, 2012, after the close of trading on the NYSE Arca, UNG effected a 1-for-4 reverse share split and post-split shares of UNG began trading on February 22, 2012. As a result of the reverse share split, every four pre-split shares of UNG were automatically exchanged for one post-split share. Immediately prior to the reverse share split, there were 174,297,828 shares of UNG issued and outstanding, representing a per share NAV of $5.51. Immediately after the reverse share split, the number of issued and outstanding shares of UNG decreased to 43,574,457, not accounting for fractional shares, and the per share NAV increased to $22.04. On January 4, 2018, after the close of trading on the NYSE Arca, UNG effected a 1-for-4 reverse share split and post-split shares of UNG began trading on January 5, 2018. As a result of the reverse share split, every four pre-split shares of UNG were automatically exchanged for one post-split share. Immediately prior to the reverse split, there were 97,466,476 shares of UNG issued and outstanding, representing a per share NAV of $5.69049. Immediately after the reverse share split, the number of issued and outstanding shares of UNG decreased to 24,366,619, not accounting for fractional shares, and the per share NAV increased to $22.76196. As of September 30, 2018, UNG had issued 2,013,500,000 shares, 12,284,588 of which were outstanding. As of September 30, 2018, there were 66,500,000 shares registered but not yet issued.

More shares may have been issued by UNG than are outstanding due to the redemption of shares. Unlike funds that are registered under the Investment Company Act of 1940, as amended, shares that have been redeemed by UNG cannot be resold by UNG. As a result, UNG contemplates that additional offerings of its shares will be registered with the SEC in the future in anticipation of additional issuances and redemptions.

As of September 30, 2018, UNG had the following Authorized Participants: ABN Amro, BNP Paribas Securities Corp., Citadel Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities USA LLC, Deutsche Bank Securities Inc., Goldman Sachs & Company, JP Morgan Securities Inc., Merrill Lynch Professional Clearing Corp., Morgan Stanley & Company Inc., Nomura Securities International Inc., RBC Capital Markets LLC, SG Americas Securities LLC and Virtu Financial BD LLC.

For the Nine Months Ended September 30, 2018 Compared to the Nine Months Ended September 30, 2017

	For the nine months ended September 30, 2018		**For the nine months ended September 30, 2017**	
Average daily total net assets	$ 375,822,233		$ 467,542,841	
Dividend and interest income earned on Treasuries, cash and/or cash equivalents	$ 4,537,106		$ 2,579,172	
Annualized yield based on average daily total net assets	1.61	%	0.74	%
Management fee	$ 1,686,567		$ 2,098,179	
Total fees and other expenses excluding management fees	$ 1,968,459		$ 2,377,073	
Fees and expenses related to the registration or offering of additional shares	$ 68,542		$ 163,361	
Total commissions accrued to brokers	$ 1,110,685		$ 1,204,240	
Total commissions as annualized percentage of average total net assets	0.40	%	0.34	%
Commissions accrued as a result of rebalancing	$ 856,305		$ 998,598	
Percentage of commissions accrued as a result of rebalancing	77.10	%	82.92	%
Commissions accrued as a result of creation and redemption activity	$ 254,380		$ 205,642	
Percentage of commissions accrued as a result of creation and redemption activity	22.90	%	17.08	%

Portfolio Expenses. UNG's expenses consist of investment management fees, brokerage fees and commissions, certain offering costs, licensing fees, registration fees, the fees and expenses of the independent directors of USCF and expenses relating to tax accounting and reporting requirements. The management fee that UNG pays to USCF is calculated as a percentage of the total net assets of UNG. The fee is accrued daily and paid monthly.

Average interest rates earned on short-term investments held by UNG, including cash, cash equivalents and Treasuries, were higher during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017. As a result, the amount of income earned by UNG as a percentage of average daily total net assets was higher during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017.

The decrease in total fees and other expenses excluding management fees for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017 was due primarily to UNG's smaller size as measured by total net assets.

The decrease in total commissions accrued to brokers for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, was due primarily to a lower number of Natural Gas Futures Contracts being held and traded.

For the Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017

	For the three months ended September 30, 2018		**For the three months ended September 30, 2017**	
Average daily total net assets	$ 333,830,577		$ 461,444,818	
Dividend and interest income earned on Treasuries, cash and/or cash equivalents	$ 1,683,507		$ 1,118,749	
Annualized yield based on average daily total net assets	2.00	%	0.96	%
Management fee	$ 504,862		$ 697,857	
Total fees and other expenses excluding management fees	$ 569,241		$ 667,470	
Fees and expenses related to the registration or offering of additional shares	$ 14,717		$ 41,637	
Total commissions accrued to brokers	$ 298,780		$ 403,584	
Total commissions as annualized percentage of average total net assets	0.36	%	0.35	%
Commissions accrued as a result of rebalancing	$ 248,854		$ 351,595	
Percentage of commissions accrued as a result of rebalancing	83.29	%	87.12	%
Commissions accrued as a result of creation and redemption activity	$ 49,926		$ 51,989	
Percentage of commissions accrued as a result of creation and redemption activity	16.71	%	12.88	%

Portfolio Expenses. UNG's expenses consist of investment management fees, brokerage fees and commissions, certain offering costs, licensing fees, registration fees, the fees and expenses of the independent directors of USCF and expenses relating to tax accounting and reporting requirements. The management fee that UNG pays to USCF is calculated as a percentage of the total net assets of UNG. The fee is accrued daily and paid monthly.

Average interest rates earned on short-term investments held by UNG, including cash, cash equivalents and Treasuries, were higher during the three months ended September 30, 2018, compared to the three months ended September 30, 2017. As a result, the amount of income earned by UNG as a percentage of average daily total net assets was higher during the three months ended September 30, 2018, compared to the three months ended September 30, 2017.

The decrease in total fees and other expenses excluding management fees for the three months ended September 30, 2018, compared to the three months ended September 30, 2017 was due primarily to UNG's smaller size as measured by total net assets.

The decrease in total commissions accrued to brokers for the three months ended September 30, 2018, compared to the three months ended September 30, 2017, was due primarily to a lower number of futures contracts being held and traded.

Tracking UNG's Benchmark

USCF seeks to manage UNG's portfolio such that changes in its average daily per share NAV, on a percentage basis, closely track the daily changes in the average price of the Benchmark Futures Contract, also on a percentage basis. Specifically, USCF seeks to manage the portfolio such that over any rolling period of 30-valuation days, the average daily change in UNG's per share NAV is within a range of 90% to 110% (0.9 to 1.1) of the average daily change in the price of the Benchmark Futures Contract. As an example, if the average daily movement of the price of the Benchmark Futures Contract for a particular 30-valuation day time period was 0.50% per day, USCF would attempt to manage the portfolio such that the average daily movement of the per share NAV during that same time period fell between 0.45% and 0.55% (i.e., between 0.9 and 1.1 of the benchmark's results). UNG's portfolio management goals do not include trying to make the nominal price of UNG's per share NAV equal to the nominal price of the current Benchmark Futures Contract or the spot price for natural gas. USCF believes that it is not practical to manage the portfolio to achieve such an investment goal when investing in Natural Gas Futures Contracts and Other Natural Gas-Related Investments.

For the 30-valuation days ended September 30, 2018, the simple average daily change in the Benchmark Futures Contract was 0.147%, while the simple average daily change in the per share NAV of UNG over the same time period was 0.149%. The average daily difference was 0.002% (or 0.2 basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the Benchmark Futures Contract, the average error in daily tracking by the per share NAV was 0.903%, meaning that over this time period UNG's tracking error was within the plus or minus 10% range established as its benchmark tracking goal.

Since the commencement of the offering of UNG's shares to the public on April 18, 2007 to September 30, 2018, the simple average daily change in the Benchmark Futures Contract was (0.106)%, while the simple average daily change in the per share NAV of UNG over the same time period was (0.107)%. The average daily difference was (0.001)% (or (0.1) basis points, where 1 basis point equals 1/100 of 1%). As a percentage of the daily movement of the Benchmark Futures Contract, the average error in daily tracking by the per share NAV was (0.341)%, meaning that over this time period UNG's tracking error was within the plus or minus 10% range established as its benchmark tracking goal. The following two graphs demonstrate the correlation between the changes in UNG's NAV and the changes in the Benchmark Futures Contract. The first graph exhibits the daily changes in the last 30 valuation days ended September 30, 2018. The second graph measures monthly changes since September 30, 2013 through September 30, 2018.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

An alternative tracking measurement of the return performance of UNG versus the return of its Benchmark Futures Contract can be calculated by comparing the actual return of UNG, measured by changes in its per share NAV, versus the expected changes in its per share NAV under the assumption that UNG's returns had been exactly the same as the daily changes in its Benchmark Futures Contract.

For the nine months ended September 30, 2018, the actual total return of UNG as measured by changes in its per share NAV was 6.51%. This is based on an initial per share NAV of $23.34* as of December 31, 2017 and an ending per share NAV as of September 30, 2018 of $24.86. During this time period, UNG made no distributions to its shareholders. However, if UNG's daily changes in its per share NAV had instead exactly tracked the changes in the daily total return of the Benchmark Futures Contract, UNG would have had an estimated per share NAV of $24.83 as of September 30, 2018, for a total return over the relevant time period of 6.38%. The difference between the actual per share NAV total return of UNG of 6.51% and the expected total return based on the Benchmark Futures Contract of 6.38% was an error over the time period of 0.13%, which is to say that UNG's actual total return outperformed the benchmark result by that percentage. UNG incurs expenses primarily composed of the management fee, brokerage commissions for the buying and selling of futures contracts, and other expenses. The impact of these expenses, offset by interest and dividend income, and net of positive or negative execution, tends to cause daily changes in the per share NAV of UNG to track slightly lower or higher than daily changes in the price of the Benchmark Futures Contract over time.

* Adjusted to give effect to the reverse share split of 1-for-4 executed on January 4, 2018.

By comparison, for the nine months ended September 30, 2017, the actual total return of UNG as measured by changes in its per share NAV was (29.60)*%. This was based on an initial per share NAV of $37.18** as of December 31, 2016 and an ending per share NAV as of September 30, 2017 of $26.18**. During this time period, UNG made no distributions to its shareholders. However, if UNG's daily changes in its per share NAV had instead exactly tracked the changes in the daily total return of the Benchmark Futures Contract, UNG would have had an estimated per share NAV of $26.24 as of September 30, 2017, for a total return over the relevant time period of (29.39)%. The difference between the actual per share NAV total return of UNG of (29.60)*% and the expected total return based on the Benchmark Futures Contract of (29.39)% was an error over the time period of (0.21)%, which is to say that UNG's actual total return underperformed the benchmark result by that percentage. UNG incurs expenses primarily composed of the management fee, brokerage commissions for the buying and selling of futures contracts, and other expenses. The impact of these expenses, offset by interest and dividend income, and net of positive or negative execution, tended to cause daily changes in the per share NAV of UNG to track slightly lower than daily changes in the price of the Benchmark Futures Contract.

* Actual return based on pre-split NAV's for the periods ending September 30, 2017 and December 31, 2016 and as reported in the prior year's quarterly report.

** Adjusted to give effect to the reverse share split of 1-for-4 executed on January 4, 2018.

There are currently three factors that have impacted or are most likely to impact UNG's ability to accurately track Benchmark Futures Contract.

First, UNG may buy or sell its holdings in the then current Benchmark Futures Contract at a price other than the closing settlement price of that contract on the day during which UNG executes the trade. In that case, UNG may pay a price that is higher, or lower, than that of the Benchmark Futures Contract, which could cause the changes in the daily per share NAV of UNG to either be too high or too low relative to the daily changes in the Benchmark Futures Contract. During the nine months ended September 30, 2018, USCF attempted to minimize the effect of these transactions by seeking to execute its purchase or sale of the Benchmark Futures Contract at, or as close as possible to, the end of the day settlement price. However, it may not always be possible for UNG to obtain the closing settlement price and there is no assurance that failure to obtain the closing settlement price in the future will not adversely impact UNG's attempt to track the Benchmark Futures Contract over time.

Second, UNG incurs expenses primarily composed of the management fee, brokerage commissions for the buying and selling of futures contracts, and other expenses. The impact of these expenses tends to cause daily changes in the per share NAV of UNG to track slightly lower than daily changes in the price of the Benchmark Futures Contract. At the same time, UNG earns dividend and interest income on its cash, cash equivalents and Treasuries. UNG is required to distribute portion of its income to its shareholders and made distributions to shareholders during the nine months ended September 30, 2018. Interest payments, and any other income, were retained within the portfolio and added to UNG's NAV. When this income exceeds the level of UNG's expenses for its management fee, brokerage commissions and other expenses (including ongoing registration fees, licensing fees and the fees and expenses of the independent directors of USCF), UNG will realize a net yield that will tend to cause daily changes in the per share NAV of UNG to track slightly higher than daily changes in the Benchmark Futures Contract. If short-term interest rates rise above the current levels, the level of deviation created by the yield would increase. Conversely, if short-term interest rates were to decline, the amount of error created by the yield would decrease. When short-term yields drop to a level lower than the combined expenses of the management fee and the brokerage commissions, then the tracking error becomes a negative number and would tend to cause the daily returns of the per share NAV to underperform the daily returns of the Benchmark Futures Contract. USCF anticipates that interest rates may continue to increase over the near future from historical lows. It is anticipated that fees and expenses paid by UNG may continue to be lower than interest earned by UNG. As such, USCF anticipates that UNG will continue to outperform its benchmark until such a time when interest earned at least equals or declines below the fees and expenses paid by UNG.

Third, UNG may hold Other Natural Gas-Related Investments in its portfolio that may fail to closely track the Benchmark Futures Contract's total return movements. In that case, the error in tracking the Benchmark Futures Contract could result in daily changes in the per share NAV of UNG that are either too high, or too low, relative to the daily changes in the Benchmark Futures Contract. During the nine months ended September 30, 2018, UNG did not hold any Other Natural Gas-Related Investments. UNG also held investments in Natural Gas Futures Contracts traded on the ICE Futures US whose settlement price also tracks the settlement price of the Benchmark Futures Contract and fully-collateralized OTC swaps designed to track the settlement price of the Benchmark Futures Contract. UNG may invest in Other Natural Gas-Related Investments, such as OTC swaps, which have increased transaction-related expenses and may result in increased tracking error. OTC swaps increase transaction-related expenses due to the fact that UNG must pay to the swap counterparty certain fees that UNG does not have to pay for transactions executed on an exchange.

Finally, due to potential regulatory limitations, UNG may determine to hold greater amounts of cash and cash equivalents and lesser amounts of Natural Gas Interests, if it determines that will most appropriately satisfy UNG’s investment objective. Holding more cash and cash equivalents and less Natural Gas Interests for some period of time may result in increased tracking error. There are additional Other Natural Gas-Related Investments that UNG is permitted to invest in whose price movements may not track the settlement price of the Benchmark Futures Contract.

Term Structure of Natural Gas Futures Prices and the Impact on Total Returns. Several factors determine the total return from investing in futures contracts. One factor arises from “rolling” futures contracts that will expire at the end of the current month (the “near” or “front” month contract) forward each month prior to expiration. For a strategy that entails holding the near month contract, the price relationship between that futures contract and the next month futures contract will impact returns. For example, if the price of the near month futures contract is higher than the next futures month contract (a situation referred to as “backwardation”), then absent any other change, the price of a next month futures contract tends to rise in value as it becomes the near month futures contract and approaches expiration. Conversely, if the price of a near month futures contract is lower than the next month futures contract (a situation referred to as “contango”), then absent any other change, the price of a next month futures contract tends to decline in value as it becomes the near month futures contract and approaches expiration.

As an example, assume that the price of natural gas for immediate delivery, is $3 per MMBtu, and the value of a position in the near month futures contract is also $3. Over time, the price of natural gas will fluctuate based on a number of market factors, including demand for natural gas relative to supply. The value of the near month futures contract will likewise fluctuate in reaction to a number of market factors. If an investor seeks to maintain a position in a near month futures contract and not take delivery of physical MMBtu of natural gas, the investor must sell the current near month futures contract as it approaches expiration and invest in the next month futures contract. In order to continue holding a position in the current near month futures contract, this “roll” forward of the futures contract must be executed every month.

Contango and backwardation are natural market forces that have impacted the total return on an investment in UNG's shares during the past year relative to a hypothetical direct investment in natural gas. In the future, it is likely that the relationship between the market price of UNG's shares and changes in the spot prices of natural gas will continue to be impacted by contango and backwardation. It is important to note that this comparison ignores the potential costs associated with physically owning and storing natural gas, which could be substantial.

If the futures market is in backwardation, e.g., when the price of the near month futures contract is higher than the price of the next month futures contract, the investor would buy a next month futures contract for a lower price than the current near month futures contract. Assuming the price of the next month futures contract was $2.94 per MMBtu, or 2% cheaper than the $3 near month futures contract, then, hypothetically, and assuming no other changes (e.g., to either prevailing natural gas prices or the price relationship between the spot price, the near month contract and the next month contract, and, ignoring the impact of commission costs and the income earned on cash and/or cash equivalents), the value of the $2.94 next month futures contract would rise to $3 as it approaches expiration. In this example, the value of an investment in the next month futures contract would tend to outperform the spot price of natural gas. As a result, it would be possible for the new near month futures contract to rise 12% while the spot price of natural gas may have risen a lower amount, e.g., only 10%. Similarly, the spot price of natural gas could have fallen 10% while the value of an investment in the futures contract might have fallen another amount, e.g., only 8%. Over time, if backwardation remained constant, this difference between the spot price and the futures contract price would continue to increase.

If the futures market is in contango, an investor would be buying a next month futures contract for a higher price than the current near month futures contract. Again, assuming the near month futures contract is $3 per MMBtu, the price of the next month futures contract might be $3.06 per MMBtu, or 2% more expensive than the front month futures contract. Hypothetically, and assuming no other changes, the value of the $3.06 next month futures contract would fall to $3 as it approaches expiration. In this example, the value of an investment in the second month would tend to underperform the spot price of natural gas. As a result, it would be possible for the new near month futures contract to rise only 10% while the spot price of natural gas may have risen a higher amount, e.g., 12%. Similarly, the spot price of natural gas could have fallen 10% while the value of an investment in the second month futures contract might have fallen another amount, e.g., 12%. Over time, if contango remained constant, this difference between the spot price and the futures contract price would continue to increase.

The chart below compares the daily price of the near month natural gas futures contract to the price of 13th month natural gas futures contract (i.e., a contract one year forward) over the last 10 years. When the price of the near month futures contract is higher than the price of the 13th month futures contract, the market would be described as being in backwardation. When the price of the near month futures contract is lower than the 13th month futures contract, the market would be described as being in contango. Although the price of the near month futures contract and the price of the 13th month futures contract tend to move together, it can be seen that at times the near month futures contract prices are higher than the 13th month futures contract prices (backwardation) and, at other times, the near month futures contract prices are lower than the 13th month futures contract prices (contango).

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

An alternative way to view the same data is to subtract the dollar price of the 13th month natural gas futures contract from the dollar price of the near month natural gas futures contract, as shown in the chart below. When the difference is positive, the market is in backwardation. When the difference is negative, the market is in contango. The natural gas market spent time in both backwardation and contango during the last ten years. The chart below shows the results from subtracting the average dollar price of the near 12-month contracts from the near month price for the 10-year period between September 30, 2008 and September 30, 2018. Investors will note that the natural gas market spent time in both backwardation and contango.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

An investment in a portfolio that owned only the near month natural gas futures contract would likely produce a different result than an investment in a portfolio that owned an equal number of each of the near 12 months' of natural gas futures contracts. Generally speaking, when the natural gas futures market is in backwardation, a portfolio of only the near month natural gas futures contract may tend to have a higher total return than a portfolio of 12 months' of the natural gas futures contract. Conversely, if the natural gas futures market was in contango, the portfolio containing only 12 months' of natural gas futures contracts may tend to outperform the portfolio holding only the near month natural gas futures contract.

Historically, the natural gas futures markets have experienced periods of contango and backwardation. Because natural gas demand is seasonal, it is possible for the price of Natural Gas Futures Contracts for delivery within one or two months to rapidly move from backwardation into contango and back again within the relatively short period of time of less than one year. However, at the end of November 2014, global natural gas inventories grew rapidly after two years of mild winters and the market was primarily in contango through 2017. This year saw a brief period of backwardation due to extreme winter weather in January. The market also returned to backwardation at the end of the second quarter of 2018 as natural gas inventories grew slower than in years past.

Periods of contango or backwardation do not materially impact UNG's investment objective of having the daily percentage changes in its per share NAV track the daily percentage changes in the price of the Benchmark Futures Contract since the impact of backwardation and contango tend to equally impact the daily percentage changes in price of both UNG's shares and the Benchmark Futures Contract. It is impossible to predict with any degree of certainty whether backwardation or contango will occur in the future. It is likely that both conditions will occur during different periods and, because of the seasonal nature of natural gas demand, both may occur within a single year's time.

Natural Gas Market. During the nine months ended September 30, 2018, natural gas prices in the United States were highly volatile, skyrocketing and then falling during January and early February before settling into tighter, upward sloping range for the rest of the first half of 2018. Prices in the third quarter were choppy yet again, exhibiting a “rising ‘W’” pattern before ending the quarter at the highest level since January, at $3.008, 1.57% lower than the start of the year. Storage levels were persistently below prior year and five-year average levels for the entire quarter, ending 18% below both of those levels respectively at quarter end. As of September 30, 2018, the amount of natural gas in storage stood at 2,866 billion cubic feet. While both domestic demand and U.S. exports of natural gas have increased, the robust ability of the U.S. energy industry to meet demand has kept somewhat of a ceiling on prices. However, the U.S. has less natural gas in storage heading into fall and winter than at least the past half-decade. Should an exceptionally cold winter occur and/or exports increase, then natural gas could finally become scarcer than it has been in a long time.

Natural Gas Price Movements in Comparison to Other Energy Commodities and Investment Categories. USCF believes that investors frequently measure the degree to which prices or total returns of one investment or asset class move up or down in value in concert with another investment or asset class. Statistically, such a measure is usually done by measuring the correlation of the price movements of the two different investments or asset classes over some period of time. The correlation is scaled between 1 and -1, where 1 indicates that the two investment options move up or down in price or value together, known as “positive correlation,” and -1 indicates that they move in completely opposite directions, known as “negative correlation.” A correlation of 0 would mean that the movements of the two are neither positively nor negatively correlated, known as “non-correlation.” That is, the investment options sometimes move up and down together and other times move in opposite directions.

For the ten-year time period between September 30, 2008 and September 30, 2018, the table below compares the monthly movements of natural gas prices versus the monthly movements of the prices of several other energy commodities, such as crude oil, diesel-heating oil, and unleaded gasoline, as well as several major non-commodity investment asset classes, such as large cap U.S. equities, U.S. government bonds and global equities. It can be seen that over this particular time period, the movement of natural gas on a monthly basis was neither strongly correlated nor inversely correlated with the movements of large cap U.S. equities, U.S. Government bonds, global equities, crude oil, diesel-heating oil, or unleaded gasoline.

****PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS***

	Large Cap U.S. Equities	U.S. Gov’t. Bonds (EFFAS U.S. Gov’t.	Global Equities (FTSE		Diesel-

Correlation Matrix September 30, 2008 – September 30, 2018*	(S&P 500)	Bond Index)	World Index)	Crude Oil	Heating Oil	Unleaded Gasoline	Natural Gas
Large Cap U.S. Equities (S&P 500)	1.000	(0.258)	0.965	0.486	0.468	0.438	0.115
U.S. Gov't. Bonds (EFFAS U.S. Gov't. Bond Index)		1.000	(0.229)	(0.378)	(0.321)	(0.326)	(0.015)
Global Equities (FTSE World Index)			1.000	0.520	0.491	0.469	0.128
Crude Oil				1.000	0.791	0.678	0.205
Diesel-Heating Oil					1.000	0.716	0.207
Unleaded Gasoline						1.000	0.107
Natural Gas							1.000

Source: Bloomberg, NYMEX

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The table below covers a more recent, but much shorter, range of dates than the above table. Over the one year period ended September 30, 2018, the movement of natural gas was neither strongly correlated nor inversely correlated with large cap U.S. equities, U.S. government bonds, global equities, diesel-heating oil or unleaded gasoline. Movement of natural gas was somewhat negatively correlated with crude oil.

***PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS**

Correlation Matrix 12 Months ended September 30, 2018*	Large Cap U.S. Equities (S&P 500)	U.S. Gov't. Bonds (EFFAS U.S. Gov't. Bond Index)	Global Equities (FTSE World Index)	Crude Oil	Diesel-Heating Oil	Unleaded Gasoline	Natural Gas
Large Cap U.S. Equities (S&P 500)	1.000	(0.259)	0.929	0.113	0.067	(0.046)	0.421
U.S. Gov't. Bonds (EFFAS U.S. Gov't. Bond Index)		1.000	(0.460)	(0.169)	0.343	0.381	0.417
Global Equities (FTSE World Index)			1.000	0.240	0.168	(0.011)	0.257
Crude Oil				1.000	0.550	0.033	0.306
Diesel-Heating Oil					1.000	0.362	0.472
Unleaded Gasoline						1.000	0.234
Natural Gas							1.000

Source: Bloomberg, NYMEX

Investors are cautioned that the historical price relationships between natural gas and various other energy commodities, as well as other investment asset classes, as measured by correlation may not be reliable predictors of future price movements and correlation results. The results pictured above would have been different if a different range of dates had been selected. USCF believes that natural gas has historically not demonstrated a strong correlation with equities or bonds over long periods of time. However, USCF also believes that in the future it is possible that natural gas could have long-term correlation results that indicate prices of natural gas more closely track the movements of equities or bonds. In addition, USCF believes that, when measured over time periods shorter than ten years, there will always be some periods where the correlation of natural gas to equities and bonds will be either more strongly positively correlated or more strongly negatively correlated than the long term historical results suggest.

The correlations between natural gas, crude oil, diesel-heating oil and gasoline are relevant because USCF endeavors to invest UNG's assets in Natural Gas Futures Contracts and Other Natural Gas-Related Investments so that daily changes in percentage terms in UNG's per share NAV correlate as closely as possible with daily changes in percentage terms in the price of the Benchmark Futures Contract. If certain other fuel-based commodity futures contracts do not closely correlate with the natural gas futures contract, then their use could lead to greater tracking error. As noted above, USCF also believes that the changes in percentage terms in the price of the Benchmark Futures Contract will closely correlate with changes in percentage terms in the spot price of natural gas.

Critical Accounting Policies

Preparation of the condensed financial statements and related disclosures in compliance with accounting principles generally accepted in the United States of America requires the application of appropriate accounting rules and guidance, as well as the use of estimates. UNG's application of these policies involves judgments and actual results may differ from the estimates used.

USCF has evaluated the nature and types of estimates that it makes in preparing UNG's condensed financial statements and related disclosures and has determined that the valuation of its investments, which are not traded on a United States or internationally recognized futures exchange (such as forward contracts and OTC swaps) involves a critical accounting policy. The values which are used by UNG for its Natural Gas Futures Contracts are provided by its commodity broker who uses market prices when available, while OTC swaps are valued based on the present value of estimated future cash flows that would be received from or paid to a third party in settlement of these derivative contracts prior to their delivery date and valued on a daily basis. In addition, UNG estimates interest and dividend income on a daily basis using prevailing rates earned on its cash and cash equivalents. These estimates are adjusted to the actual amount received on a monthly basis and the difference, if any, is not considered material.

Liquidity and Capital Resources

UNG has not made, and does not anticipate making, use of borrowings or other lines of credit to meet its obligations. UNG has met, and it is anticipated that UNG will continue to meet, its liquidity needs in the normal course of business from the proceeds of the sale of its investments, or from the Treasuries, cash and/or cash equivalents that it intends to hold at all times. UNG's liquidity needs include: redeeming shares, providing margin deposits for its existing Natural Gas Futures Contracts or the purchase of additional Natural Gas Futures Contracts and posting collateral for its OTC swaps, if applicable, and payment of its expenses, summarized below under *"Contractual Obligations."*

UNG currently generates cash primarily from: (i) the sale of baskets consisting of 100,000 shares ("Creation Baskets") and (ii) income earned on Treasuries, cash and/or cash equivalents. UNG has allocated substantially all of its net assets to trading in Natural Gas Interests. UNG invests in Natural Gas Interests to the fullest extent possible without being leveraged or unable to satisfy its current or potential margin or collateral obligations with respect to its investments in Natural Gas Futures Contracts and Other Natural Gas-Related Investments. A significant portion of UNG's NAV is held in cash and cash equivalents that are used as margin and as collateral for its trading in Natural Gas Interests. The balance of the assets is held in UNG's account at its custodian bank and in investments in Treasuries at the FCM. Income received from UNG's investments in money market funds and Treasuries is paid to UNG. During the nine months ended September 30, 2018, UNG's expenses did not exceed the income UNG earned and the cash earned from the sale of Creation Baskets and the redemption of Redemption Baskets. During the nine months ended September 30, 2018, UNG did not need to use other assets to pay expenses. To the extent expenses exceed income, UNG's NAV will be negatively impacted.

UNG's investments in Natural Gas Interests may be subject to periods of illiquidity because of market conditions, regulatory considerations and other reasons. For example, most commodity exchanges limit the fluctuations in futures contracts prices during a single day by regulations referred to as “daily limits.” During a single day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions in the contracts can neither be taken nor liquidated unless the traders are willing to effect trades at or within the specified daily limit. In addition, when UNG is invested in OTC swaps, those OTC swaps have very limited liquidity since they are negotiated agreements that are not transferable by UNG except with the consent of its counterparty, and even if consent were granted, there may not be an available transferee. If UNG invests in OTC swaps in the future, such market conditions or contractual limits could prevent UNG from promptly liquidating its positions in Natural Gas Futures Contracts. During the nine months ended September 30, 2018, UNG did not purchase or liquidate any of its positions while daily limits were in effect; however, UNG cannot predict whether such an event may occur in the future.

Since the initial offering of shares, UNG has been responsible for expenses relating to: (i) management fees, (ii) brokerage fees and commissions, (iii) licensing fees for the use of intellectual property, (iv) ongoing registration expenses in connection with offers and sales of its shares subsequent to the initial offering, (v) other expenses, including tax reporting costs, (vi) fees and expenses of the independent directors of USCF and (vii) other extraordinary expenses not in the ordinary course of business, while USCF has been responsible for expenses relating to the fees of UNG's Marketing Agent, Administrator and Custodian and registration expenses relating to the initial offering of shares. If USCF and UNG are unsuccessful in raising sufficient funds to cover these respective expenses or in locating any other source of funding, UNG will terminate and investors may lose all or part of their investment.

Market Risk

Trading in Natural Gas Futures Contracts and Other Natural Gas-Related Investments, such as forwards, involves UNG entering into contractual commitments to purchase or sell natural gas at a specified date in the future. The aggregate market value of the contracts will significantly exceed UNG's future cash requirements since UNG intends to close out its open positions prior to settlement. As a result, UNG is generally only subject to the risk of loss arising from the change in value of the contracts. UNG considers the “fair value” of its derivative instruments to be the unrealized gain or loss on the contracts. The market risk associated with UNG's commitments to purchase natural gas is limited to the aggregate market value of the contracts held. However, should UNG enter into a contractual commitment to sell natural gas, it would be required to make delivery of the natural gas at the contract price, repurchase the contract at prevailing prices or settle in cash. Since there are no limits on the future price of natural gas, the market risk to UNG could be unlimited.

UNG's exposure to market risk depends on a number of factors, including the markets for natural gas, the volatility of interest rates and foreign exchange rates, the liquidity of the Natural Gas Futures Contracts and Other Natural Gas-Related Investments markets and the relationships among the contracts held by UNG. Drastic market occurrences could ultimately lead to the loss of all or substantially all of an investor’s capital.

Credit Risk

When UNG enters into Natural Gas Futures Contracts and Other Natural Gas-Related Investments, it is exposed to the credit risk that the counterparty will not be able to meet its obligations. The counterparty for the Natural Gas Futures Contracts traded on the Futures Exchanges and on most other futures exchanges is the clearinghouse associated with the particular exchange. In general, in addition to margin required to be posted by the clearinghouse in connection with cleared trades, clearinghouses are backed by their members who may be required to share in the financial burden resulting from the nonperformance of one of their members and, therefore, this additional member support should significantly reduce credit risk. UNG is not currently a member of any clearinghouse. Some foreign exchanges are not backed by their clearinghouse members but may be backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearinghouse, or their members or their financial backers will satisfy their obligations to UNG in such circumstances.

USCF attempts to manage the credit risk of UNG by following various trading limitations and policies. In particular, UNG generally posts margin and/or holds liquid assets that are approximately equal to the market value of its obligations to counterparties under the Natural Gas Futures Contracts and Other Natural Gas-Related Investments it holds. USCF has implemented procedures that include, but are not limited to, executing and clearing trades only with creditworthy parties and/or requiring the posting of collateral or margin by such parties for the benefit of UNG to limit its credit exposure. An FCM, when acting on behalf of UNG in accepting orders to purchase or sell Natural Gas

Futures Contracts on United States exchanges, is required by CFTC regulations to separately account for and segregate as belonging to UNG, all assets of UNG relating to domestic Natural Gas Futures Contracts trading. These FCMs are not allowed to commingle UNG's assets with their other assets. In addition, the CFTC requires futures commission merchants to hold in a secure account UNG's assets related to foreign Natural Gas Futures Contracts trading and, in some cases, to cleared swaps executed through the FCM. Similarly, under its current OTC agreements, UNG requires that collateral it posts or receives be posted with its custodian, and under agreements among the custodian, UNG and its counterparties, such collateral is segregated.

In the future, UNG may purchase OTC swaps, see *"Item 3. Quantitative and Qualitative Disclosures About Market Risk"* in this quarterly report on Form 10-Q for a discussion of OTC swaps.

As of September 30, 2018, UNG held cash deposits and investments in Treasuries and money market funds in the amount of $301,578,855 with the custodian and FCM. Some or all of these amounts held by a custodian or an FCM, as applicable, may be subject to loss should UNG's custodian or FCM, as applicable, cease operations.

Off Balance Sheet Financing

As of September 30, 2018, UNG had no loan guarantee, credit support or other off-balance sheet arrangements of any kind other than agreements entered into in the normal course of business, which may include indemnification provisions relating to certain risks that service providers undertake in performing services which are in the best interests of UNG. While UNG's exposure under these indemnification provisions cannot be estimated, they are not expected to have a material impact on UNG's financial position.

European Sovereign Debt

UNG had no direct exposure to European sovereign debt as of September 30, 2018 and has no direct exposure to European sovereign debt as of the filing of this quarterly report on Form 10-Q.

Redemption Basket Obligation

In order to meet its investment objective and pay its contractual obligations described below, UNG requires liquidity to redeem shares, which redemptions must be in blocks of 100,000 shares called “Redemption Baskets.” UNG has to date satisfied this obligation by paying from the cash or cash equivalents it holds or through the sale of its Treasuries in an amount proportionate to the number of shares being redeemed.

Contractual Obligations

UNG's primary contractual obligations are with USCF. In return for its services, USCF is entitled to a management fee calculated daily and paid monthly as a fixed percentage of UNG's NAV, currently 0.60% for a NAV of $1 billion or less, and thereafter of 0.50% for a NAV above $1 billion.

USCF agreed to pay the start-up costs associated with the formation of UNG, primarily its legal, accounting and other costs in connection with USCF’s registration with the CFTC as a CPO and the registration and listing of UNG and its shares with the SEC, FINRA and NYSE Arca (formerly, AMEX), respectively. However, since UNG’s initial offering of shares, offering costs incurred in connection with registering and listing additional shares of UNG have been directly borne on an ongoing basis by UNG, and not by USCF.

USCF pays the fees of the Marketing Agent and the fees of BBH&Co., as well as BBH&Co.'s fees for performing administrative services, including those in connection with the preparation of UNG's condensed financial statements and its SEC, NFA and CFTC reports. USCF and UNG have also entered into a licensing agreement with the NYMEX pursuant to which UNG and the Related Public Funds, other than BNO, USCI, CPER, USAG, USOU and USOD, pay a licensing fee to the NYMEX. UNG also pays the fees and expenses associated with its tax accounting and reporting requirements.

In addition to USCF's management fee, UNG pays its brokerage fees (including fees to an FCM), OTC dealer spreads, any licensing fees for the use of intellectual property, and, subsequent to the initial offering, registration and other fees paid to the SEC, FINRA, or other regulatory agencies in connection with the offer and sale of shares, as well as legal, printing, accounting and other expenses associated therewith, and extraordinary expenses. The latter are expenses not incurred in the ordinary course of UNG's business, including expenses relating to the indemnification of any person against liabilities and obligations to the extent permitted by law and under the LP Agreement, the bringing or defending of actions in law or in equity or otherwise conducting litigation and incurring legal expenses and the settlement of claims and litigation. Commission payments to an FCM are on a contract-by-contract, or round turn, basis. UNG also pays a portion of the fees and expenses of the independent directors of USCF. See *Note 3* to the *Notes to Condensed Financial Statements (Unaudited)* in *Item 1* of this quarterly report on Form 10-Q.

The parties cannot anticipate the amount of payments that will be required under these arrangements for future periods, as UNG's per share NAVs and trading levels to meet its investment objective will not be known until a future date. These agreements are effective for a specific term agreed upon by the parties with an option to renew, or, in some cases, are in effect for the duration of UNG's existence. Either party may terminate these agreements earlier for certain reasons described in the agreements.

As of September 30, 2018, UNG's portfolio consisted of 8,654 Natural Gas Futures NG Contracts traded on the NYMEX and 6,000 Natural Gas Futures LD1 H Contracts traded on the ICE Futures. For a list of UNG's current holdings, please see UNG's website at www.uscfinvestments.com.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Commodity Price Risk.

UNG is exposed to commodity price risk. In particular, UNG is exposed to natural gas price risk through its holdings of Natural Gas Futures Contracts together with any other derivatives in which it may invest, which are discussed below. As a result, fluctuations in the value of the Natural Gas Futures Contracts that UNG holds in its portfolio, as described in *"Contractual Obligations"* under *"Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations"* above, are expected to directly affect the value of UNG's shares.

OTC Contract Risk

UNG may purchase OTC contracts, such as forward contracts or swap or spot contracts. Unlike most exchange-traded futures contracts, cleared swaps or exchange-traded options on such futures, each party to an OTC swap bears the credit risk that the other party may not be able to perform its obligations under its contract.

UNG may enter into certain transactions where an OTC component is exchanged for a corresponding futures contract ("Exchange for Related Position" or "EFRP" transactions). In the most common type of EFRP transaction entered into by UNG, the OTC component is the purchase or sale of one or more baskets of UNG shares. These EFRP transactions may expose UNG to counterparty risk during the interim period between the execution of the OTC component and the exchange for a corresponding futures contract. Generally, the counterparty risk from the EFRP transaction will exist only on the day of execution.

Swap transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular swap transaction necessarily depend upon the terms and circumstances of the transaction. In general, however, all swap transactions involve some combination of market risk, credit risk, counterparty credit risk, funding risk, liquidity risk and operational risk.

Highly customized swap transactions in particular may increase liquidity risk, which may result in a suspension of redemptions. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor.

In evaluating the risks and contractual obligations associated with a particular swap transaction, it is important to consider that a swap transaction may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Therefore, it may not be possible for USCF to modify, terminate or offset UNG's obligations or its exposure to the risks associated with a transaction prior to its scheduled termination date.

To reduce the credit risk that arises in connection with such contracts, UNG will generally enter into an agreement with each counterparty based on the Master Agreement published by the International Swaps and Derivatives Association that provides for the netting of its overall exposure to its counterparty, if the counterparty is unable to meet its obligations to UNG due to the occurrence of a specified event, such as the insolvency of the counterparty.

USCF assesses or reviews, as appropriate, the creditworthiness of each potential or existing counterparty to an OTC swap pursuant to guidelines approved by USCF’s board of directors (the "Board"). Furthermore, USCF on behalf of UNG only enters into OTC swaps with counterparties who are, or are affiliates of, (a) banks regulated by a United States federal bank regulator, (b) broker-dealers regulated by the SEC, (c) insurance companies domiciled in the United States, or (d) producers, users or traders of energy, whether or not regulated by the CFTC. Any entity acting as a counterparty shall be regulated in either the United States or the United Kingdom unless otherwise approved by the Board after consultation with its legal counsel. Existing counterparties are also reviewed periodically by USCF. UNG will also require that the counterparty be highly rated and/or provide collateral or other credit support. Even if collateral is used to reduce counterparty credit risk, sudden changes in the value of OTC transactions may leave a party open to financial risk due to a counterparty default since the collateral held may not cover a party’s exposure on the transaction in such situations.

In general, valuing OTC derivatives is less certain than valuing actively traded financial instruments such as exchange-traded futures contracts and securities or cleared swaps because the price and terms on which such OTC derivatives are entered into or can be terminated are individually negotiated, and those prices and terms may not reflect the best price or terms available from other sources. In addition, while market makers and dealers generally quote indicative prices or terms for entering into or terminating OTC swaps, they typically are not contractually obligated to do so, particularly if they are not a party to the transaction. As a result, it may be difficult to obtain an independent value for an outstanding OTC derivatives transaction.

During the nine month reporting period ended September 30, 2018, UNG limited its OTC activities to EFRP transactions.

UNG anticipates that the use of Other Natural Gas-Related Investments together with its investments in Natural Gas Futures Contracts will produce price and total return results that closely track the investment goals of UNG. However, there can be no assurance of this. OTC swaps may result in higher transaction-related expenses than the brokerage commissions paid in connection with the purchase of Natural Gas Futures Contracts, which may impact UNG's ability to successfully track the Benchmark Futures Contract.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

UNG maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in UNG’s periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time period specified in the SEC’s rules and forms.

The duly appointed officers of USCF, including its chief executive officer and chief financial officer, who perform functions equivalent to those of a principal executive officer and principal financial officer of UNG if UNG had any officers, have evaluated the effectiveness of UNG’s disclosure controls and procedures and have concluded that the disclosure controls and procedures of UNG have been effective as of the end of the period covered by this quarterly report on Form 10-Q.

Change in Internal Control Over Financial Reporting

There were no changes in UNG’s internal control over financial reporting during UNG’s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, UNG’s internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

There have been no material changes to the risk factors previously disclosed in UNG's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed on February 28, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) None.

(b) Not applicable.

(c) UNG does not purchase shares directly from its shareholders. In connection with its redemption of baskets held by Authorized Participants, UNG redeemed 109 baskets (comprising 10,900,000 shares) during the third quarter of the year ending December 31, 2018. The following table summarizes the redemptions by Authorized Participants during the three months ended September 30, 2018:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Redeemed	Average Price Per Share
7/1/18 to 7/31/18	1,300,000	$ 22.07
8/1/18 to 8/31/18	6,500,000	$ 23.81
9/1/18 to 9/30/18	3,100,000	$ 24.54
Total	10,900,000	

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Monthly Account Statements

Pursuant to the requirement under Rule 4.22 under the Commodity Exchange Act, each month UNG publishes an account statement for its shareholders, which includes a Statement of Income (Loss) and a Statement of Changes in Net Asset Value. The account statement is furnished to the SEC on a current report on Form 8-K pursuant to Section 13 or 15(d) of the Exchange Act and posted each month on UNG's website at www.uscfinvestments.com.

Item 6. Exhibits.

Listed below are the exhibits, which are filed as part of this quarterly report on Form 10-Q (according to the number assigned to them in Item 601 of Regulation S-K):

Exhibit Number	**Description of Document**
31.1(1)	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(1)	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(1)	Certification by Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2(1)	Certification by Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

(1) Filed herewith.

SIGNATURES

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

United States Natural Gas Fund, LP (Registrant)

By: United States Commodity Funds LLC, its general partner

By: /s/ John P. Love
John P. Love
President and Chief Executive Officer
(Principal executive officer)

Date: November 8, 2018

By: /s/ Stuart P. Crumbaugh
Stuart P. Crumbaugh
Chief Financial Officer
(Principal financial and accounting officer)

Date: November 8, 2018

0.91%

(9.09)%

0.83%

(16.67)%

Total Asset Values

Total NAV Held by Stockholder A

$ 100,000

$ 9,800

(0.20)%

$ 99,100

(0.90)%

$ 98,300

(1.70)%

Total Investment by Stockholder A (Assumed to Be $10.00 per Share)

$ 100,000

$ 100,000

--

$ 100,000

--

$ 100,000

--

Total Dilution to Stockholder A (Total NAV Less Total Investment)

--

$ (200)

--

$ (900)

--

$ (1,700)

--

Per Share Amounts

NAV per Share Held by Stockholder A

--

$ 9.98

--

$ 9.91

--

$ 9.83

--

Investment per Share Held by Stockholder A (Assumed to be $10.00 per Share on Shares Held Prior to Sale)	$ 10.00	$ 0.00	--	$ 10.00	--	$ 10.00	--
Dilution per Share Held by Stockholder A (NAV per Share Less Investment per Share)	--	$ (0.02)	--	$ (0.09)	--	$ (0.17)	--
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)	--	--	(0.20)%	--	(0.90)%	--	(1.70)%

Conditions to Sale Below NAV

If stockholders approve this proposal, each Company will only issue shares of its common stock at a price below NAV pursuant to this stockholder proposal if the following conditions are met:

- a majority of the Company's directors who have no financial interest in the transaction and a majority of the Company's independent directors have determined that any such sale would be in the best interests of the Company and its stockholders; and

- a majority of the Company's directors who have no financial interest in the transaction and a majority of the Company's independent directors, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of the Company of firm commitments to purchase such common stock or immediately prior to the issuance of such common stock, that the price at which such shares of common stock are to be sold is not less than a price which closely approximates the market value of those shares of common stock, less any distributing commission or discount.

- if the net proceeds of any such sale are to be used to make investments, a majority of the Company's directors who have no financial interest in the transaction and a majority of the Company's independent directors, have made a determination, based on information and a recommendation from the Adviser, that they reasonably expect that the investment(s) to be made will lead to a long-term increase in distribution growth.

- the price per common share in any such sale, after deducting offering expenses and commissions, reflects a discount to NAV, as determined at any time within two business days prior to the pricing of the common stock to be sold, of no more than 10%.

For these purposes, directors will not be deemed to have a financial interest solely by reason of their ownership of the Company's common stock.

As discussed below under the caption "Certain Relationships and Related Transactions – Investment Advisory Agreement," with respect to each Company, the Adviser is paid a fee based upon the Company's average monthly Managed Assets (as defined below). The Adviser's interest in determining whether to recommend that a Company issue common shares below NAV may conflict with the interests of the Company and its stockholders because such an issuance will result in an increase in a Company's Managed Assets and ultimately in the fee paid to the Adviser. The Adviser is controlled directly or indirectly by officers and the interested directors of each Company, among others. For that reason, any issuance of shares at a price below NAV must be approved by a majority of the disinterested directors.

Key Stockholder Considerations

Before voting on this proposal or giving proxies with regard to this matter, each Company's common stockholders should consider the dilutive effect of the issuance of shares of the Company's common stock at less than NAV per share on the NAV per outstanding share of common stock. Any sale of common stock at a price below NAV would result in an immediate dilution of the NAV per outstanding share to existing common stockholders and may also adversely affect the market price of the Company's common stock. There is a connection between the common share sale price and NAV because when stock is sold at a sale price below NAV per share, the resulting increase in the number of outstanding shares is not accompanied by a proportionate increase in the net assets of the Company. As discussed above, it should be noted that the maximum number of common shares issuable below NAV that could result in such dilution is limited to 25% of the Company's then outstanding common stock. It should also be noted that as a result, the maximum number of common shares issuable below NAV will increase as the total number of shares of the Company's outstanding common stock increases with each offering.

Common stockholders of a Company should also consider that holders of the Company's common stock have no subscription, preferential or preemptive rights to acquire additional shares of the

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common stock proposed to be authorized for issuance, and thus any future issuance of common stock will dilute such stockholders' holdings of common stock as a percentage of shares outstanding to the extent stockholders do not purchase sufficient shares in the offering to maintain their percentage interest. Further, if current stockholders of a Company do not purchase sufficient shares in an offering conducted by the Company to maintain their percentage interest, regardless of whether such offering is above or below the then current NAV, their percentage of the Company's distributions and their voting power will be diluted.

Common stockholders should also consider the impact that issuances of shares of common stock below NAV have on each Company's expense ratio. In general, assuming that a fund's expenses consist of both fixed and variable costs, any time the fund issues shares the expense ratio should decrease because the fixed costs are spread over a larger amount of assets. If a Company issues shares of common stock below NAV, assuming its expenses consist of both fixed and variable costs, the Company's expense ratio will decrease; however, it will not decrease as much as it would have had the shares been issued at NAV.

Finally, any sale of substantial amounts of a Company's common stock in the open market may adversely affect the market price of its common stock. In addition, future sales of a Company's common stock to the public, including through an offering below NAV, may create a potential market overhang, which is the existence of a large block of shares readily available for sale that could lead the market to discount the value of shares held by other investors.

Required Vote

For each Company, the proposal must be approved by both (a) the affirmative vote of a majority of all common stockholders of record, as of the record date (the "Registered Common Stockholder Vote"), and (b) the affirmative vote of a majority of the shares voted, in person or by proxy, at the meeting by the holders of common stock and the holders of preferred stock (if any), voting together as a single class (the "Majority Stockholder Vote"). If both approvals are not obtained, the proposal will not pass.

For purposes of the Registered Common Stockholder Vote, the number of common shares held by any single stockholder will not be relevant. For purposes of the Registered Common Stockholder Vote, abstentions and broker non-votes, if any, recorded by record owners will have the effect of a vote against the proposal.

With respect to each Company, for purposes of the Majority Stockholder Vote, each common share, and in the case of TYG, TYY, NTG and TTP each preferred share, is entitled to one vote, and abstentions and broker non-votes will not be counted as shares voted and will have no effect on the result of the vote.

The vast majority of stockholders hold their shares beneficially through brokers and are not stockholders of record. In fact, as of February 21, 2013, TYG, TYY, TYN, TPZ, NTG, TTP and NDP had 73, 51, 27, 7, 7, 4 and 3 stockholders of record, respectively.

Stockholders should note that various affiliates of the Adviser, such as certain of its Managing Directors and employees, are stockholders of record of certain of the Companies and intend to participate in the Registered Common Stockholder Vote. Because there may be few stockholders of record, these affiliates may represent a substantial percentage of the total number of such Company's stockholders of record. For that reason, votes cast by these affiliates may determine whether this proposal is approved pursuant to the Registered Common Stockholder Vote. In order to mitigate the conflict of interest these affiliates may have in voting for this proposal pursuant to the Registered Common Stockholder Vote, each such affiliate intends to vote in favor of this proposal pursuant to the Registered Common Stockholder Vote only if this proposal is approved pursuant to the Majority Stockholder Vote. Using this method, the approval of the proposal is likely to be determined by the Majority Stockholder Vote.

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BOARD RECOMMENDATION

The Board of Directors of each Company unanimously recommends that stockholders of the Company vote “for” the proposal to allow the Company to sell its common shares below net asset value.

PROPOSAL THREE

RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of each Company recommends that the stockholders of the Company ratify the selection of Ernst & Young LLP ("E&Y") as the independent registered certified public accountants ("independent auditors"), to audit the accounts of the Company for the fiscal year ending November 30, 2013. E&Y's selection was approved by each Company's Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG and TTP). Their selection also was ratified and approved by the Board of Directors of each Company, including a majority of the directors who are not "interested persons" of the Company within the meaning of the 1940 Act, and who are "independent" as defined in the New York Stock Exchange listing standards.

E&Y has audited the financial statements of each Company since prior to each Company's commencement of business (TYG in February 2004, TYY in May 2005, TYN in October 2005, TPZ in July 2009, NTG in July 2010, TTP in October 2011 and NDP in July 2012) and does not have any direct financial interest or any material indirect financial interest in any of the Companies. A representative of E&Y is expected to be available at the meeting and to have the opportunity to make a statement and respond to appropriate questions from the stockholders. Each Company's Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG and TTP) meets twice each year with representatives of E&Y to discuss the scope of their engagement, review the financial statements of the Company and the results of their examination.

Required Vote

E&Y will be ratified as a Company's independent registered public accounting firm by the affirmative vote of a majority of the shares voted, in person or by proxy, at the meeting by the holders of common stock and the holders of preferred stock (if any), voting together as a single class. With respect to each of TYG, TYY, NTG and TTP, each common share and each preferred share is entitled to one vote on this proposal. With respect to TYN, TPZ and NDP, each common share is entitled to one vote on this proposal. For the purposes of the vote on this proposal for each Company, abstentions and broker non-votes will not be counted as shares voted and will have no effect on the result of the vote.

BOARD RECOMMENDATION

The Board of Directors of each Company unanimously recommends that stockholders of the Company vote "for" the ratification of Ernst & Young LLP as the Company's Independent Public Accounting Firm.

AUDIT COMMITTEE REPORT – TYG, TYY and TYN
AUDIT AND VALUATION COMMITTEE REPORT – TPZ, NTG, TTP and NDP

The Audit Committee of each of TYG, TYY and TYN, and the Audit and Valuation Committee of each of TPZ, NTG, TTP and NDP, reviews the Company's annual financial statements with both management and the independent auditors.

The Audit Committee or Audit and Valuation Committee, as applicable, of each Company, in discharging its duties, has met with and has held discussions with management and the Company's independent auditors. Each Company's Audit Committee or Audit and Valuation Committee, as applicable, has reviewed and discussed the Company's audited financial statements for the fiscal year ended November 30, 2012 with management. Management of each Company has represented to the independent auditors that the Company's financial statements were prepared in accordance with U.S. generally accepted accounting principles.

The Audit Committee or Audit and Valuation Committee, as applicable, of each Company has also discussed with the independent auditors the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The independent auditors provided to each Company's Audit Committee or Audit and Valuation Committee, as applicable, the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee or Audit and Valuation Committee, as applicable, concerning independence, and each Company's Audit Committee, or Audit and Valuation Committee, as applicable, discussed with representatives of the independent auditors their firm's independence with respect to that Company.

With respect to each Company, based on the Audit Committee's or Audit and Valuation Committee's review and discussions with management and the independent auditors, the representations of management and the reports of the independent auditors to the committee, the Audit Committee or Audit and Valuation Committee, as applicable, recommended that the Board include the audited financial statements in the Company's Annual Report for filing with the SEC.

The Audit Committee of each of
TYG, TYY and TYN
The Audit and Valuation
Committee of each of
TPZ, NTG, TTP and NDP

Conrad S. Ciccotello (Chairman)
Charles E. Heath
John R. Graham

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Each Company's Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) selected E&Y as the independent registered public accounting firm to audit the books and records of the Company for its fiscal year ending November 30, 2013. E&Y is registered with the Public Company Accounting Oversight Board.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FEES AND SERVICES

The following table sets forth the approximate amounts of the aggregate fees billed to each Company for the fiscal years ended November 30, 2011 and 2012 by E&Y, respectively:

	TYG		TYY		TYN	
	2011	2012	2011	2012	2011	2012
Audit Fees(1)	$149,000	$187,000	$175,000	$201,000	$105,000	$107,000
Audit-Related Fees(2)	$ 2,000	-	-	-	-	-
Tax Fees(3)	$ 58,000	$ 55,000	$ 53,000	$ 48,000	$ 37,000	$ 36,000
All Other Fees	-	-	-	-	-	-
Aggregate Non-Audit Fees	$ 60,000	$ 55,000	$ 53,000	$ 48,000	$ 37,000	$ 36,000

	TPZ		NTG		TTP	
	2011	2012	2011	2012	2011	2012
Audit Fees(1)	$105,000	$105,000	$105,000	$146,000	$ 64,000	$100,000
Audit-Related Fees(2)	$ 2,000	-	-	-	-	-
Tax Fees(3)	$ 17,000	$ 19,000	$ 49,000	$ 48,000	-	$ 12,000
All Other Fees	-	-	-	-	-	-
Aggregate Non-Audit Fees	$ 19,000	$ 19,000	$ 49,000	$ 48,000	-	$ 12,000

	NDP	
	2011	2012
Audit Fees(1)	(4)	$ 79,000
Audit-Related Fees(2)	(4)	-
Tax Fees(3)	(4)	-
All Other Fees	(4)	-
Aggregate Non-Audit Fees	(4)	-

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(1) For professional services rendered with respect to the audit of each Company's financial statements and the review of each Company's statutory and regulatory filings with the SEC.

(2) For professional services rendered with respect to assurance related services in connection with each Company's compliance with its rating agency guidelines.

(3) For professional services for tax compliance, tax advice and tax planning.

(4) NDP commenced operations on July 31, 2012 and did not pay E&Y any fees in 2011.

The Audit Committee of each Company (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) has adopted pre-approval policies and procedures. Under these policies and procedures, the Audit Committee of each

Company (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) pre-approves (i) the selection of the Company’s independent registered public accounting firm, (ii) the engagement of the independent registered public accounting firm to provide any non-audit services to the Company, (iii) the engagement of the independent registered public accounting firm to provide any non-audit services to the Adviser or any entity controlling, controlled by, or under

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common control with the Adviser that provides ongoing services to the Company, if the engagement relates directly to the operations and financial reporting of the Company, and (iv) the fees and other compensation to be paid to the independent registered public accounting firm. With respect to each Company, the Chairman of the Audit Committee of the Company (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) may grant the pre-approval of any engagement of the independent registered public accounting firm for non-audit services of less than $10,000, and such delegated pre-approvals will be presented to the full Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) at its next meeting for ratification. Under certain limited circumstances, pre-approvals are not required under securities law regulations for certain non-audit services below certain de minimus thresholds. Since each Company's respective adoption of these policies and procedures, the Audit Committee of the Company (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) has pre-approved all audit and non-audit services provided to the Company by E&Y. None of these services provided by E&Y were approved by the Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) pursuant to the de minimus exception under Rule 2.01(c)(7)(i)(C) or Rule 2.01(c)(7)(ii) of Regulation S-X. All of E&Y's hours spent on auditing each Company's financial statements were attributed to work performed by full-time permanent employees of E&Y.

The Adviser paid to E&Y $0 in 2011 and $15,000 in 2012 for tax services provided to the Adviser. These non-audit services were not required to be preapproved by each Company's Audit Committee (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP). No entity controlling, controlled by, or under common control with the Adviser that provides ongoing services to any of the Companies, has paid to, or been billed for fees by, E&Y for non-audit services rendered to the Adviser or such entity during the Companies' last two fiscal years.

The Audit Committee of each Company (Audit and Valuation Committee in the case of TPZ, NTG, TTP and NDP) has considered whether E&Y's provision of services (other than audit services) to the Company, the Adviser or any entity controlling, controlled by, or under common control with the Adviser that provides services to the Company is compatible with maintaining E&Y's independence in performing audit services.

OTHER MATTERS

The Board of Directors of each Company knows of no other matters that are intended to be brought before the meeting. If other matters are presented for action, the proxies named in the enclosed form of proxy will vote on those matters in their sole discretion.

SECURITY OWNERSHIP OF MANAGEMENT AND
CERTAIN BENEFICIAL OWNERS

At December 31, 2012 each director beneficially owned (as determined pursuant to Rule 16a-1(a)(2) under the Exchange Act) shares of each Company overseen by such director in the Fund Complex having values within the indicated dollar ranges. Other than the Fund Complex, with respect to each Company, none of the Company's directors who are not interested persons of the Company, nor any of their immediate family members, has ever been a director, officer or employee of the Adviser or its affiliates.

Director	Dollar Range of Holdings in the Company (1)		
Interested Persons	TYG	TYY	TYN
H. Kevin Birzer	Over $100,000	Over $100,000	Over $100,000
Terry C. Matlack	Over $100,000	Over $100,000	Over $100,000
Independent Persons			
Conrad S. Ciccotello	Over $100,000	$50,001-$100,000	$50,001-$100,000
John R. Graham	Over $100,000	Over $100,000	$50,001-$100,000
Charles E. Heath	Over $100,000	Over $100,000	$10,001-$50,000

Director	Dollar Range of Holdings in the Company (1)		
Interested Persons	TPZ	NTG	TTP
H. Kevin Birzer	$10,001-$50,000	$50,001-$100,000	Over $100,000
Terry C. Matlack	$50,001-$100,000	$50,001-$100,000	Over $100,000
Independent Persons			
Conrad S. Ciccotello	$10,001-$50,000	$10,001-$50,000	$10,001-$50,000
John R. Graham	$10,001-$50,000	Over $100,000	$10,001-$50,000
Charles E. Heath	$50,001-$100,000	$10,001-$50,000	$10,001-$50,000

Director	Dollar Range of Holdings in the Company (1)
Interested Persons	NDP
H. Kevin Birzer	$50,001-$100,000
Terry C. Matlack	$10,001-$50,000
Independent Persons	
	$10,001-$50,000

Conrad S. Ciccotello	
John R. Graham	$50,001-$100,000
Charles E. Heath	$10,001-$50,000

Director	Aggregate Dollar Range of Holdings in Funds Overseen by Director in Fund Complex (2)
Interested Persons	
H. Kevin Birzer	Over $100,000
Terry C. Matlack	Over $100,000
Independent Persons	
Conrad S. Ciccotello	Over $100,000
John R. Graham	Over $100,000
Charles E. Heath	Over $100,000

(1) Based on the closing price of each Company's common shares on the New York Stock Exchange on December 30, 2011.

(2) Includes TYG, TYY, TYN, TPZ, NTG, TTP and NDP and an open-end fund. Amounts based on the closing price of each of TYG's, TYY's, TYN's, TPZ's, NTG's, TTP's and NDP's common shares on the New York Stock Exchange on December 31, 2012 and the net asset value of the open-end fund on December 31, 2012.

At December 31, 2012, each director, each officer and the directors and officers as a group, beneficially owned (as determined pursuant to Rule 13d-3 under the Exchange Act) the following number of shares of common and preferred stock of each Company (or percentage of outstanding shares). Unless otherwise indicated each individual has sole investment and voting power with respect to the shares listed.

	TYG Common Shares	TYG Preferred Shares	TYY Common Shares	TYN Common Shares
Independent Directors				
Conrad Ciccotello	3,991.12(1)	0	2,107.24	2,552.86(2)
John Graham	10,492.49(4)	0	4,821.87(5)	2,349.33(6)
Charles Heath	8,000.00(10)	0	6,300.00(11)	1,800.00(12)
Interested Directors and Officers				
H. Kevin Birzer	46,170.92(15)	0	18,769.24(16)	7,122.93(17)
Terry C. Matlack	15,528.41(22)	2,500(22)	13,484.49(23)	15,024.24(22)
Zachary A. Hamel	4,334.00(24)	4,650(25)	4,150.00(26)	600.00
Kenneth P. Malvey	9,400.67(27)	10,900(28)	1,750.14(29)	2,338.61(30)
David J. Schulte	3,336.00	0	1,517.00(34)	245.79(35)
P. Bradley Adams	3,319.48(36)	4,600(37)	1,679.33(38)	1,452.51(39)
Rob Thummel	N/A	N/A	N/A	982.63
Directors and Officers as a Group (9 for TYG,	104,573.10	22,650	54,479.31	34,468.90

TYY, TPZ, NTG and TTP; 10 for TYN and NDP

	TPZ Common Shares	NTG Common Shares	TTP Common Shares	NDP Common Shares
Independent Directors				
Conrad Ciccotello	693.00(3)	694.63	534.20	500.00
John Graham	1,037.73(6)	7,315.45(7)	2,068.40(8)	4,019.98(9)
Charles Heath	3,500.00(13)	2,000.00(14)	1,000.00	1,000.00
Interested Directors and Officers				
H. Kevin Birzer	1,000.00(18)	3,736.59(19)	5,300.96(20)	4,500.00(21)

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Terry C. Matlack	3,796.53(22)	3,228.18(22)	4,273.60(22)	2,000.00(22)
Zachary A. Hamel	1,000.00	4,000.00	0	0
Kenneth P. Malvey	1,934.00(31)	5,941.00(32)	1,229.54(33)	1,000.00
David J. Schulte	2,000.00	3,000.00	0	1,000.00
P. Bradley Adams	2,071.20(40)	515.77(41)	106.84(42)	225.00
Rob Thummel	N/A	N/A	N/A	1,000.00
Directors and Officers as a Group (9 for TYG, TYY, TPZ, NTG,TTP; 10 for TYN and NDP)	17,032.46	30,283.57	14,445.13	15,244.98

None of the independent directors and none of the interested directors and officers hold any TYY preferred shares, NTG preferred shares or TTP preferred shares.

% of Outstanding Shares (42)

	TYG Common Shares	TYG Preferred Shares	TYY Common Shares	TYN Common Shares	TPZ Common Shares	NTG Common Shares	TTP Common Shares	NDP Common Shares
Independent Directors								
Conrad Ciccotello	*	N/A	*	*	*	*	*	*
John Graham	*	N/A	*	*	*	*	*	*
Charles Heath	*	N/A	*	*	*	*	*	*
Interested Directors and Officers								
H. Kevin Birzer	*	N/A	*	*	*	*	*	*
Terry C. Matlack	*	*	*	*	*	*	*	*
Zachary A. Hamel	*	*	*	*	*	*	*	*
Kenneth P. Malvey	*	*	*	*	*	*	*	*
David J. Schulte	*	N/A	*	*	*	*	*	*
P. Bradley Adams	*	*	*	*	*	*	*	*
Rob Thummel	N/A	N/A	N/A	*	N/A	N/A	N/A	*
Directors and Officers as a Group (9 for TYG, TYY, TPZ, NTG and TTP; 10 for TYN and NDP)	*	*	*	*	*	*	*	*

*Indicates less than 1%.

(1) Mr. Ciccotello holds 300 of these shares jointly with his wife.

(2) Mr. Ciccotello holds 337 of these shares jointly with his wife.
(3) Mr. Ciccotello holds these shares jointly with his wife.
(4) Includes 3,000 shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee, and 4,000 shares held by Master Teachers Employee Benefit Pension Trust, of which Mr. Graham is the sole trustee and for which he disclaims beneficial ownership.
(5) Includes 1,666.89 shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee.
(6) All shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee.
(7) Includes 2,315.45 shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee, and 2000 shares held by Mr. Graham as co-trustee of his wife's trust.
(8) Includes 1,068.40 shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee.
(9) Includes 1,019.98 shares held by the John R. Graham Trust, of which Mr. Graham is the sole trustee.
(10) All shares held by the Charles E. Heath Trust, of which Mr. Heath is a trustee.
(11) Includes 4,300 shares held by the Charles E. Heath Trust #1, of which Mr. Heath is a trustee, and 2,000 shares held by the Charles F. Heath Trust #1, Trust B, of which Mr. Heath is a trustee.
(12) All shares held by the Charles F. Heath Trust #1, Trust B, of which Mr. Heath is a trustee.
(13) All shares held by the Charles F. Heath Trust #1, Trust B, of which Mr. Heath is a trustee.
(14) All shares held by the Charles F. Heath Trust #1, Trust B, of which Mr. Heath is a trustee.

(15) Includes 33,084.20 shares Mr. Birzer holds jointly with his wife and 1,696.84 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(16) Includes 17,935.68 shares Mr. Birzer holds jointly with his wife and 833.56 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(17) Includes 6,306.21 shares Mr. Birzer owns jointly with his wife and 816.72 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(18) Includes 500 shares Mr. Birzer holds jointly with his wife and 500 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(19) Includes 3,157.72 shares Mr. Birzer holds jointly with his wife and 578.87 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(20) Includes 4,773.60 shares Mr. Birzer owns jointly with his wife and 527.36 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(21) Includes 500 shares held by Mr. Birzer's minor children in accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian. Excludes shares held by his adult child no longer living at his home.

(22) All shares are held in the Matlack Living Trust, U/A DTD 12/30/04, of which Mr. Matlack and his wife are co-trustees and share voting and investment power with respect to the shares.

(23) Includes 12,977.89 shares held in the Matlack Living Trust, U/A DTD 12/30/04, of which Mr. Matlack and his wife are co-trustees and share voting and investment power with respect to the shares.

(24) Includes 320 shares held by Mr. Hamel's children in accounts established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian.

(25) Includes 1, 150 shares held by Mr. Hamel's children in accounts established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian.

(26) Includes 150 shares held by Mr. Hamel's children in accounts established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian.

(27) Includes 2,129.48 shares held by Mr. Malvey's wife, 121 shares held by his child in an account established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian and 123 shares held by his grandmother's trust for which he served as co-trustee. Excludes 167 shares held by his in-laws over which he has dispositive power, but over which he disclaims beneficial ownership.

(28) Includes 2,400 shares held by his grandmother's trust for which he served as co-trustee. Excludes 500 shares held by his in-laws over which he has dispositive power, but over which he disclaims beneficial ownership.

(29) Includes 2,400 shares held by his grandmother's trust for which he served as co-trustee. Excludes 500 shares held by his in-laws over which he has dispositive power, but over which he disclaims beneficial ownership.

(30) Includes 100 shares held by his child in an account established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian and 124 shares held by his grandmother's trust for which he served as co-trustee.

(31) Includes 750 shares held by Mr. Malvey's wife, 100 shares held by his child in an account established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian, and 334 shares held by his grandmother's trust for which he served as co-trustee.

(32) Includes 1,000 shares held by Mr. Malvey's wife, 100 shares held by his child in an account established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian, and 3,841 shares held by his grandmother's trust for which he served as co-trustee.

(33) Includes 106.92 shares held by Mr. Malvey's wife and 53.46 shares held by his child in an account established under the Kansas Uniform Transfer to Minor's Act for which he is the custodian.

(34) Includes 200 shares held in children's accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian.

(35) Includes 200 shares held in children's accounts established under the Kansas Uniform Transfer to Minor's Act for which his wife is the custodian.

(36) Includes 540.11 shares held jointly with his wife and 336.78 shares held jointly with his son.

(37) Includes 250 shares held by his wife and 2,250 shares held jointly with his son.

(38) Includes 422.77 shares held jointly with his wife.

(39) Includes 653.36 shares held jointly with his wife and 487.05 shares held jointly with his son.

(40) Includes 811.20 shares held jointly with his son.
(41) Includes 115.77 shares held jointly with his wife.
(42) Held jointly with his wife.
(43) Based on the following shares outstanding as of December 31, 2012: 28,296,347 shares of TYG common stock, 7,300,000 shares of TYG preferred stock, 19,847,518 shares of TYY common stock, 6,301,191 shares of TYN common stock, 6,951,333 shares of TPZ common stock, 46,559,833 shares of NTG common stock, 10,004,200 shares of TTP common stock, and 14,504,200 shares of NDP common stock..

As of December 31, 2012, to the knowledge of TYG, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding common shares of TYG. As of December 31, 2012, to the knowledge of TPZ, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding shares of TPZ. As of December 31, 2012, to the knowledge of NTG, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding common shares of NTG. As of December 31, 2012, to the knowledge of TTP, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding common shares of TTP. As of December 31, 2012, to the knowledge of NDP, no person held (sole or shared) power to vote or dispose of more than 5% of the outstanding common shares of NDP.

The table below indicates the persons known to TYG to own 5% or more of its shares of preferred stock as of December 31, 2012. The beneficial owner listed below has sole power to vote and dispose of the shares listed in the table below.

Name and Address	Number of TYG Preferred Shares	Percent of Class
Karpus Management, Inc., d/b/a Karpus Investment Management (*) 183 Sully's Trail Pittsford, New York 14534	561,423(**)	7.7%(**)

(*) Information with respect to this beneficial owner and its beneficial ownership is based on a Schedule 13G amendment filed on January 27, 2012.

(**) These shares were redeemed by the Company on January 7, 2013.

The table below indicates the persons known to TYY to own 5% or more of its shares of common stock as of December 31, 2012. The beneficial owners listed below share the power to vote and dispose of the shares listed in the table below.

Name and Address	Number of TYY Common Shares	Percent of Class
First Trust Portfolios L.P.(**) First Trust Advisers L.P.(**) The Charger Corporation(**) 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,282,796	6.53%

(**) Information based on a Schedule 13G amendment jointly filed by The Charger Corporation, First Trust Portfolios L.P. and First Trust Advisors L.P. on January 31, 2013. The Charger Corporation is the General Partner of both First Trust Portfolios L.P. and First Trust Advisors L.P. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of TYY.

The table below indicates the persons known to TYY to own 5% or more of its shares of preferred stock as of December 31, 2012. Each of the beneficial owners listed below has no voting power over, and shares the power to dispose of, the shares listed in the table below.

Name and Address	Number of TYY Preferred Shares	Percent of Class
RiverNorth Capital Management, LLC(*) 325 N. LaSalle Street, Suite 645 Chicago, IL 60654-7030	334,415	6.7%
NWQ Investment Management, LLC(**) 2049 Century Park East, 16th Floor Los Angeles, CA 90067	272,700	5.45%

(*) Information with respect to this beneficial owner and its beneficial ownership is based on a Schedule 13G filed on February 15, 2013.

(**) Information with respect to this beneficial owner and its beneficial ownership is based on a Schedule 13G filed on February 14, 2013.

The table below indicates the persons known to TYN to own 5% or more of its shares of common stock as of December 31, 2012. The beneficial owners listed below have no voting power over, and share the power to dispose of, the shares listed in the table below.

Name and Address	Number of TYN Common Shares	Percent of Class
First Trust Portfolios L.P.(**) First Trust Advisers L.P.(**) The Charger Corporation(**) 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	424,896	6.74%

(*) Information based on a Schedule 13G amendment jointly filed by The Charger Corporation, First Trust Portfolios L.P. and First Trust Advisors L.P. on January 10, 2013. The Charger Corporation is the General Partner of both First Trust Portfolios L.P. and First Trust Advisors L.P. First Trust Portfolios L.P. acts as sponsor of certain unit investment trusts which hold shares of TYN.

The table below indicates the persons known to NTG to own 5% or more of its shares of preferred stock as of December 31, 2012.

Name and Address	Number of NTG Preferred Shares	Percent of Class
Massachusetts Mutual Life Insurance Co.* 1295 State Street Springfield, Massachusetts 01111	3,000,000	83.3%
United of Omaha Life Insurance Company**	400,000	11.1%

Mutual of Omaha Plaza Omaha, Nebraska 68175-1011		
Phoenix Life Insurance Company One American Row Hartford, CT 06102	200,000	5.6%

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(*) Information with respect to this beneficial owner and its beneficial ownership is based on a Form 4 filed on November 1, 2010. The reporting person directly beneficially owns all of the shares.
(**) Information with respect to this beneficial owner and its beneficial ownership is based on a Form 4 filed on November 1, 2010. The reporting person directly beneficially owns all of the shares.

The table below indicates the persons known to TTP to own 5% or more of its shares of preferred stock as of December 31, 2012.

Name and Address	Number of TTP Preferred Shares	Percent of Class
Massachusetts Mutual Life Insurance Co.* 1295 State Street Springfield, Massachusetts 01111	520,000	81.2%
Phoenix Life Insurance Company One American Row Hartford, CT 06102	120,000	18.8%

* Information with respect to this beneficial owner and its beneficial ownership is based on a Form 4 filed on December 12, 2011. The reporting person directly beneficially owns 454,000 of the shares and indirectly beneficially owns 66,000 of the shares through two different wholly-owned subsidiaries.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Investment Advisory Agreement.

Tortoise Capital Advisors, LLC is each Company's investment adviser. The Adviser's address is 11550 Ash Street, Suite 300, Leawood, Kansas 66211. As of January 31, 2013, the Adviser had approximately $10.4 billion of client assets under management. The Adviser may be contacted at the address listed on the first page of this proxy statement.

Pursuant to the terms of an Advisory Agreement between TYG and the Adviser, dated September 15, 2009 (the "TYG Advisory Agreement"), TYG pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. The Adviser has agreed to waive all fees due under the TYG Advisory Agreement related to the net proceeds received from the issuance of additional common stock under the at-the-market equity program for a six month period following the date of issuance. In its last fiscal year, TYG incurred $15,782,415 in net fees due to the Adviser under the TYG Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between TYY and the Adviser, dated September 15, 2009 (the "TYY Advisory Agreement"), TYY pays to the Adviser a fee equal on an annual basis to 0.95% annually of TYY's average monthly Managed Assets for such services. The Adviser has agreed to waive all fees due under the TYY Advisory Agreement related to the net proceeds received from the issuance of additional common stock under the at-the-market equity program for a six month period following the date of issuance. In its last fiscal year, TYY incurred $8,129,894 in net fees due to the Adviser under the TYY Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between TYN and the Adviser, dated September 15, 2009 (the "TYN Advisory Agreement"), TYN pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 1.00% of TYN's average monthly Managed Assets. In its last fiscal year, TYN incurred $2,178,097 in net fees due to the Adviser under the TYN Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between TPZ and the Adviser, dated September 15, 2009 (the "TPZ Advisory Agreement"), TPZ pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. The Adviser waived fees in the amount of 0.10 percent of average monthly Managed Assets for the period from January 1, 2012 through December 31, 2012, and has agreed to a fee waiver of 0.10 percent of average monthly Managed Assets for the period from January 1, 2013 through December 31, 2013. In its last fiscal year, TPZ incurred $1,837,223 in net fees due to the Adviser under the TPZ Advisory Agreement.

Pursuant to the terms of an Advisory Agreement between NTG and the Adviser, dated July 27, 2010 and which became effective upon the closing of NTG's initial public offering (the "NTG Advisory Agreement"), NTG pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 0.95% of the Company's average monthly Managed Assets. The Adviser waived fees in the amount of 0.20% of Managed Assets from July 28, 2011 through December 31, 2012, and has agreed to a fee waiver of 0.15% of Managed Assets from January 1, 2013 through December 31, 2013, 0.10% of Managed Assets from January 1, 2014 through December 31, 2014, and 0.05% of Managed Assets from January 1, 2015 through December 31, 2015. In addition, the Adviser has agreed to waive all fees due under the NTG Advisory Agreement related to the net proceeds received from the issuance of additional common stock under the at-the-market equity program for a six month period following the date of issuance. In its last fiscal year, NTG incurred $12,236,478 in net fees due to the Adviser under the NTG Advisory Agreement.

Pursuant to the terms of any Advisory Agreement between TTP and the Adviser, dated September 12, 2011 and which became effective upon the closing of TTP's initial public offering (the "TTP Advisory Agreement"), TTP pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 1.10% of the Company's average monthly Managed Assets. The Adviser waived fees in the amount of 0.25% of Managed Assets from the closing of TTP's initial public offering through December 31, 2012, and has agreed to a fee waiver of 0.20% of Managed Assets from January 1, 2013 through December 31, 2013, and 0.15% of Managed Assets from January 1, 2014 through December 31, 2014. In its last fiscal year, TTP incurred $2,818,995 in net fees due to the Adviser under the TTP Advisory Agreement.

Pursuant to the terms of any Advisory Agreement between NDP and the Adviser, dated July 6, 2012 and which became effective upon the closing of NDP's initial public offering (the "NDP Advisory Agreement"), NDP pays to the Adviser quarterly, as compensation for the services rendered by the Adviser, a fee equal on an annual basis to 1.10% of the Company's average monthly Managed Assets. The Adviser has agreed to a fee waiver of 0.15%, 0.15%, 0.10% and 0.10% of Managed Assets through July 30, 2013, July 30, 2014, July 30, 2015 and July 30, 2016, respectively. In its last fiscal year, NDP incurred $1,150,782 in net fees due to the Adviser under the NDP Advisory Agreement.

With respect to each Company, "Managed Assets" means the total assets of the Company (including any assets attributable to leverage and excluding any net deferred tax asset) minus accrued liabilities other than (1) net deferred tax liability or debt entered into for the purpose of leverage and (2) the aggregate liquidation preference of any outstanding preferred shares.

The Adviser is wholly-owned by Tortoise Holdings, LLC ("Tortoise Holdings"). Montage Investments, LLC, a wholly-owned subsidiary of Mariner Holdings, LLC, owns a majority interest in Tortoise Holdings, LLC, with the remaining interests held by the five members of the Adviser's investment committee, H. Kevin Birzer, Zachary A. Hamel, Kenneth P. Malvey, Terry C. Matlack and David J. Schulte, some of whom are also officers of each Company, and certain other senior employees of the Adviser. Each of Messrs. Birzer, Hamel, Malvey, Matlack and Schulte are employed by the Adviser. Each of Messrs. Birzer, Hamel, Malvey, Matlack and Schulte receive a fixed salary from the Adviser for the services they provide, and each is eligible for an annual cash bonus based on the earnings of the

Adviser and the satisfaction of certain other conditions. As a result of the foregoing, they may each be deemed to have an indirect material interest in fees paid to the Adviser.

MORE INFORMATION ABOUT THE MEETING

Stockholders. At the record date, each Company had the following number of shares issued and outstanding:

	Common Shares	Preferred Shares
TYG		
TYY		
TYN		
TPZ		
NTG		
TTP		
NDP		

How Proxies Will Be Voted. All proxies solicited by the Board of Directors of each Company that are properly executed and received prior to the meeting, and that are not revoked, will be voted at the meeting. Shares represented by those proxies will be voted in accordance with the instructions marked on the proxy. If no instructions are specified, shares will be counted as a vote FOR the proposals described in this proxy statement.

How To Vote. You may vote your shares by simply completing and signing the enclosed proxy card (your ballot), and mailing it in the postage-paid envelope included in this package. You may also vote in person if you are able to attend the meeting.

Expenses and Solicitation of Proxies. The expenses of preparing, printing and mailing the enclosed proxy card, the accompanying notice and this proxy statement and all other costs, in connection with the solicitation of proxies will be borne by the Companies on a pro rata basis. Each Company may also reimburse banks, brokers and others for their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of shares of the Company. In order to obtain the necessary quorum for a Company at the meeting, additional solicitation may be made by mail, telephone, telegraph, facsimile or personal interview by representatives of the Company, the Adviser, the Company's transfer agent, or by brokers or their representatives or by a solicitation firm that may be engaged by the Company to assist in proxy solicitations. If a proxy solicitor is retained by any Company, the costs associated with all proxy solicitation are not anticipated to exceed $35,000. None of the Companies will pay any representatives of the Company or the Adviser any additional compensation for their efforts to supplement proxy solicitation.

Revoking a Proxy. With respect to each Company, at any time before it has been voted, you may revoke your proxy by: (1) sending a letter stating that you are revoking your proxy to the Secretary of the Company at the Company's offices located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211; (2) properly executing and sending a later-dated proxy; or (3) attending the meeting, requesting return of any previously delivered proxy, and voting in person.

Quorum. With respect to each Company, the presence, in person or by proxy, of holders of shares entitled to cast a majority of the votes entitled to be cast (without regard to class) constitutes a quorum. For purposes of determining the presence or absence of a quorum, shares present at the annual meeting that are not voted, or abstentions, and broker non-votes (which occur when a broker has not received directions from customers and does not have discretionary authority to vote the customers' shares) will be treated as shares that are present at the meeting but have not been voted.

With respect to each Company, if a quorum is not present in person or by proxy at the meeting, the chairman of the meeting or the stockholders entitled to vote at such meeting, present in person or by proxy, have the power to adjourn the meeting to a date not more than 120 days after the original record date without notice other than announcement at the meeting.

Availability of Annual Report of TYG, TYY, TYN, TPZ, NTG, TTP and NDP. Each Company will furnish without charge upon written request a copy of its most recent annual report. Each such request must include a good faith representation that, as of the record date, the person making such request was a beneficial owner of the Company’s common shares entitled to vote at the annual meeting of stockholders. Such written request should be directed to the Company’s Secretary at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, (866) 362-9331.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the Exchange Act require each Company’s directors and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of the Company’s equity securities to file forms reporting their affiliation with the Company and reports of ownership and changes in ownership of the Company’s shares with the SEC and the New York Stock Exchange. Those persons and entities are required by SEC regulations to furnish the applicable Company with copies of all Section 16(a) forms they file. Based on a review of those forms furnished to the Company, each Company believes that its directors and officers, the Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during the last fiscal year, except that Conrad Ciccotello was late in reporting the sale of a fractional share of TYN in connection with a brokerage account transfer, Zachary Hamel was late in reporting the sale of a fractional share of TYY in connection with closing an account, David Schulte was late in reporting the sale of a fractional share of each of TYG, TYY, TYN and NTG in connection with gifting and closing of certain accounts and certain affiliates of the Adviser controlled by Mariner Holdings, LLC were late in filing Form 3s for NDP. The Form 4s for Mr. Ciccotello, Mr. Hamel and Mr. Schulte have been filed. To the knowledge of management of each Company, no person is the beneficial owner (as defined in Rule 16a-1 under the Exchange Act) of more than 10% of a class of such Company’s equity securities.

ADMINISTRATOR

TYG, TYY, TYN, TPZ, NTG, TTP and NDP have each entered into administration agreements with US Bancorp Fund Services, LLC whose principal business address is 615 E. Michigan Street, Milwaukee, Wisconsin 53202.

STOCKHOLDER COMMUNICATIONS

Stockholders are able to send communications to the Board of Directors of each Company. Communications should be addressed to the Secretary of the applicable Company at its principal offices at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. The Secretary will forward any communications received directly to the Board of Directors or particular director, as applicable.

CODE OF ETHICS

Each of the Companies has adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes personal trading procedures for employees designated as access persons and which is available through the Company's link on its investment adviser's website (www.tortoiseadvisors.com).

STOCKHOLDER PROPOSALS AND NOMINATIONS FOR THE 2014 ANNUAL MEETING

Method for Including Proposals in a Company's Proxy Statement. Under the rules of the SEC, if you want to have a proposal included in a Company's proxy statement for its next annual meeting of stockholders, that proposal must be received by the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, not later than 5:00 p.m., Central Time on ______________, 2013. Such proposal must comply with all applicable requirements of Rule 14a-8 of the Exchange Act. Timely submission of a proposal does not mean the proposal will be included in the proxy material sent to stockholders.

Other Proposals and Nominations. If you want to nominate a director or have other business considered at a Company's next annual meeting of stockholders but do not want those items included in our proxy statement, you must comply with the advance notice provision of the Company's Bylaws. Under each Company's Bylaws, nominations for director or other business proposals to be addressed at the Company's next annual meeting may be made by a stockholder who has delivered a notice to the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211, no earlier than ____________, 2013 in the case of TYG and ___________, 2013 in the case of each of TYY, TYN, TPZ, NTG, TTP and NDP, nor later than 5:00 p.m. Central Time on _____________, 2013 in the case of TYG and _______________, 2013 in the case of each of TYY, TYN, TPZ, NTG, TTP and NDP. The stockholder must satisfy certain requirements set forth in the Company's Bylaws and the notice must contain specific information required by the Company's Bylaws. With respect to nominees for director, the notice must include, among other things, the name, age, business address and residence address of any nominee for director, certain information regarding such person's ownership of Company shares, and all other information relating to the nominee as is required to be disclosed in solicitations of proxies in an election contest or as otherwise required by Regulation 14A under the Exchange Act. With respect to other business to be brought before the meeting, a notice must include, among other things, a description of the business and any material interest in such business by the stockholder and certain associated persons proposing the business. Any stockholder wishing to make a proposal should carefully read and review the applicable Company's Bylaws. A copy of each Company's Bylaws may be obtained by contacting the Secretary of the Company at 1-866-362-9331 or by writing the Secretary of the Company at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Timely submission of a proposal does not mean the proposal will be allowed to be brought before the meeting.

These advance notice provisions are in addition to, and separate from, the requirements that a stockholder must meet in order to have a proposal included in any Company's proxy statement under the rules of the SEC.

A proxy granted by a stockholder will give discretionary authority to the proxies to vote on any matters introduced pursuant to the above advance notice Bylaw provisions, subject to applicable rules of the SEC.

By Order of the Board of Directors

/s/ Connie J. Savage

Connie J. Savage
Secretary

March ___, 2013

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Infrastructure Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise Energy Infrastructure Corporation appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Infrastructure Corporation to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A . Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	For	WITHHOLD
John R. Graham	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting. o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Infrastructure Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of preferred shares of Tortoise Energy Infrastructure Corporation appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Infrastructure Corporation to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance o

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
/ /		

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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Capital Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of preferred shares of Tortoise Energy Capital Corporation appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Capital Corporation to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A . Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:

	For	WITHHOLD
John R. Graham	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

o

Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Capital Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of preferred shares of Tortoise Energy Capital Corporation appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Capital Corporation to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.	Meeting Attendance Mark box to the right if you plan to attend the Annual Meeting.	o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise North American Energy Corporation

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise North American Energy Corporation appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise North American Energy Corporation to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting. o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Power and Energy Infrastructure Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise Power and Energy Infrastructure Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Power and Energy Infrastructure Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance Mark box to the right o if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise MLP Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise MLP Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise MLP Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A . Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:	For	WITHHOLD
John R. Graham	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance

Mark box to the right if you plan to attend the Annual Meeting.	o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise MLP Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise MLP Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise MLP Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance Mark box to the right o if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Pipeline & Energy Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise Pipeline & Energy Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Pipeline & Energy Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A . Election of Directors – The Board of Directors recommends a vote "FOR" the Nominee below.

1. Nominee:	For	WITHHOLD
John R. Graham	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance
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Mark box to the right if you plan to attend the Annual Meeting.

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Pipeline & Energy Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise Pipeline & Energy Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Pipeline & Energy Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.

Meeting Attendance
Mark box to the right if you plan to attend the Annual Meeting. o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below
Please sign exactly as your name appears. If acting as attorney, executor, trustee, or in representative capacity, sign name and indicate title.

Date (mm/dd/yyyy) – Please print date below	Signature 1 – Please keep signature within the box.	Signature 2 – Please keep signature within the box.
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PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

[Tortoise Logo]

Proxy — Tortoise Energy Independence Fund, Inc.

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR
THE ANNUAL MEETING OF STOCKHOLDERS – MAY 30, 2013

The undersigned holder of common shares of Tortoise Energy Independence Fund, Inc. appoints P. Bradley Adams and Terry Matlack, or either of them, each with power of substitution, to vote all shares that the undersigned is entitled to vote at the annual meeting of stockholders of Tortoise Energy Independence Fund, Inc. to be held on May 30, 2013 and at any adjournments thereof, as set forth on the reverse side of this card, and in their discretion upon any other business that may properly come before the meeting.

YOUR VOTE IS IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED POSTMARKED ENVELOPE.

(Continued and to be signed on the reverse side)

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. [X]

Annual Meeting Proxy Card

PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE

This proxy, when properly executed, will be voted in the manner directed herein and, absent direction, will be voted "FOR" the proposals.

A. Election of Directors – The Board of Directors recommends a vote "FOR" the Nominees below.

1. Nominee:

	FOR	WITHHOLD
John R. Graham	[ ]	[ ]
H. Kevin Birzer	[ ]	[ ]

B . Issues – The Board of Directors recommends a vote "FOR" the Proposals and Ratification below.

2. Approval for the Company, with the approval of its Board of Directors, to sell or otherwise issue shares of its common stock at a price below its then current net asset value per share subject to the limitations set forth in the proxy statement for the 2013 annual meeting of stockholders.

For	Against	Abstain
[ ]	[ ]	[ ]

3. Ratification of Ernst & Young LLP as the Company's independent registered public accounting firm to audit the financial statements of the Company for the fiscal year ending November 30, 2013:

For	Against	Abstain
[ ]	[ ]	[ ]

4. To vote and otherwise represent the undersigned on such other matters as may properly come before the meeting including the adjournment or postponement thereof, if proposed.

C. Non-Voting Items

Change of Address – Please print new address below.	Meeting Attendance Mark box to the right if you plan to attend the Annual Meeting. o

D. Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below

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