REMARKS BY NICK MAOUNIS
PRESIDENT, CHIEF EXECUTIVE OFFICER
AND CHIEF INVESTMENT OFFICER
AMARANTH GROUP INC.

INVESTOR CONFERENCE CALL: FRIDAY, SEPTEMBER 22, 2 PM ET

Introduction

Good afternoon. This is Nick Maounis.

First, I want to thank you for your patience. I know it's been difficult waiting to hear from me directly. The events of last week have not only been painful for all of us but completely time-consuming for everyone at Amaranth. We felt compelled to put preservation of your capital first, before communicating with investors. However, we fully accept your need to know exactly what is happening with your capital. We did what we could under the circumstances. Now it is time to explain. This is, of course, only a start. We will be arranging one-on-one meetings with all investors starting next week.

We are here today to explain to you what happened and promise to do our best to address the situation going forward. We lost a lot of our own money this month. We lost even more of yours. We feel bad about losing our own money. We feel much worse about losing your money. We know we have damaged your faith and confidence in us, and we are committed to doing what we can to regain them both.

Today, I am going to cover four areas:

- Where the Amaranth Multi-Strategy Funds are today.
- What has happened in September.
- Our immediate plans.
- And, I'd like to address some of the issues you have raised in your calls.

Where We Are Today

As communicated to you late Wednesday, we have taken a significant number of actions with respect to the Amaranth Multi-Strategy Funds. Most significantly, we have executed a transaction to transfer our energy portfolio to a third party in order to eliminate the prospect of further mark-to-market losses in that portfolio. By executing this transaction, we were able to prevent the termination of our credit facilities and foreclosure by our creditors, which we believe would have resulted in substantially greater, if not total, losses for all investors.

Following the execution of the transaction, our major financial counterparties – which were otherwise poised to foreclose -- have indicated that they are now comfortable with our portfolio and overall liquidity position. We have continued to meet all margin calls.

We expect that, once all of the trades associated with these actions have settled, our leverage – for these purposes, measured by long market value compared to equity -- will be approximately 1.3:1.

After taking into consideration the mark-to-market losses on the natural gas portfolio, the significant cost of the third-party transaction, and, to a much lesser degree, realized losses on other positions that were sold in order to generate liquidity, we estimate that, as of September 22, the Net Asset Value of the Multi-Strategy Funds had declined approximately 65% month-to-date and approximately 55% year-to-date.

What Happened

Prior to this month, the Funds had enjoyed substantial profits from energy. In 2005, trading-related profits of the energy and commodities book were $1.26 billion. From January 1, 2006 through August 31, 2006, the energy and commodities book recognized trading-related profits of approximately $2.17 billion.

Those profits were not without volatility, however. In fact, following a highly profitable month in April, Amaranth incurred significant losses in its natural gas portfolio in May. In response to that experience, we decided to reduce energy exposures opportunistically, rather than on a “seller only” basis. In order to enhance our flexibility to do so, we also raised the Funds’ available cash and risk capital levels by reducing non-energy holdings.

From June through August 2006, the energy and commodities book generated trading-related profits of $1.35 billion. A significant portion of these profits was generated in August, when we began to see improvements in market liquidity. This appeared to justify our approach of reducing energy exposures opportunistically.

Although the size of our natural gas exposures was large, we believed, based on input from both our trading desk and the stress-testing performed by our energy risk team that the amount of risk capital ascribed to the natural gas portfolio was sufficient.

In September 2006, a series of unusual and unpredictable market events caused the Funds’ natural gas positions (including spreads) to incur dramatic losses while the markets provided no economically viable means of exiting those positions. Despite all of our efforts, we were unable to close out the exposures in the public markets.

Market conditions deteriorated rapidly during the week of September 11. Material losses began early in the week, and we accelerated our efforts to reduce our exposures. On Thursday, September 14, the Funds experienced roughly $560 million in trading losses on their natural gas positions. We continued to attempt to reduce our natural gas exposures, while also selling other positions to raise cash in order to meet margin calls. As news of our losses began to sweep through the markets, our already limited access to market liquidity quickly dissipated.

The illiquidity of the public market made it clear that we could not rely on these markets to trade out of the natural gas positions quickly enough to protect the Funds. Recognizing this, we immediately began actively contacting financial institutions which we thought had the resources and interest to take on Amaranth's natural gas exposures -- and could act within the limited time frame available to us.

Throughout the afternoon and night of Friday, September 15, and during the weekend of September 16-17, we worked around the clock in discussions with potential takers of our natural gas exposures.

During those three days, we pursued two transactions that we had good reason to believe would be consummated and which would have materially reduced our natural gas exposures. Unfortunately, after intensive negotiations, neither could be concluded. We did ultimately consummate a smaller transaction on Saturday night, but there were no other bidders for the rest of the book at that time.

On Monday, September 18, a bid was submitted by a new participant. We focused all of our attention on it, and after numerous modifications and revisions, a final bid was submitted Tuesday evening.

In considering the final bid, we were confronted with the harsh reality that there were no other known bids in the markets and the Funds had minimal remaining liquidity with which to absorb further losses. Furthermore, several significant counterparties had informed Amaranth that if it retained natural gas exposures on Wednesday, they would not be comfortable in continuing to extend credit to us. Without the liquidity required to meet margin calls over the coming days, those and other counterparties would likely exercise termination rights under the Fund's various financing and trading agreements, then foreclose on and liquidate the Funds' holdings in a way that we believe would have resulted in substantial incremental, if not total, losses to investors. The bid was accepted.

How the events of September could have happened.

Our September losses were caused by a combination of highly unusual market behavior – not simply adverse price movements -- that not only eroded the energy book's capital but also virtually eliminated the firm's liquidity. We had not expected that we would be faced with a market that would move so aggressively against our positions without the market offering any ability to liquidate positions economically.

We viewed the probability of market movements such as those that took place in September as highly remote, and our energy-risk models correspondingly discount the Funds' exposures to the losses associated with such scenarios. In addition, the trading desk expressed confidence that we would be able to achieve our position reduction goals economically and expeditiously. But sometimes, even the highly improbable happens. That is what happened in September.

It goes without saying that these losses were contrary to your expectations as well as our own. It was not, however, for lack of applying resources or personnel to energy risk analysis that our funds experienced this severe drawdown. For as long as we have had a significant energy business, we have assigned full-time, well-credentialed and experienced risk professionals to model and monitor our energy portfolio's risks.

How could our Multi-Strategy Fund have acquired such a large allocation to energy?

Amaranth has, since inception, from time to time opportunistically made large allocations to certain strategies – merger arbitrage and convertibles, for example. It is fully consistent with the multi-strategy approach we have applied since inception to make large allocations from time to time.

Nor was the Fund's energy exposures a new development. Throughout 2005 and continuing into 2006, the Funds were well-known to have growing energy market exposures. For example, as reported in the monthly "snapshot" distributed to investors for February 28, approximately 39% of the Fund's capital was allocated to the energy and commodities portfolio.

The Future of the Amaranth Funds

We are now in a position where we can begin to think about the future of the Amaranth Funds.

The disappointment of our losses should not be permitted to obscure the quality of the platform that Amaranth has built.

We have every intention of continuing in business, generating for our investors the same consistently high risk-adjusted returns which have been our hallmark, and we are fully committed to doing so.

We have no illusion about the difficulty of the road ahead, but are fully prepared to do whatever it takes to restore your confidence. We know this will not happen quickly, but we are in this for the long haul.

As a first step in the recovery process, we are eliminating energy trading from our strategy mix.

Redemption Requests

We have received substantial redemption requests. Given the fluid situation, we are evaluating what is best for all investors in a manner consistent with our fiduciary obligations and will keep you informed of our progress. Amaranth Advisors LLC has retained Phil Harris and the resources of Skadden Arps, who are very experienced resolving situations such as ours.

We understand, of course, that the issue of redemptions is a high priority for many of you, and we assure you that it is also a high priority of Amaranth. We hope to have a plan for you shortly on this issue.

Over the next several weeks, we will be contacting each of you personally.

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To close, let me reiterate that we are determined to earn back your faith, and we ask your guidance, patience and input in doing so.

Thank you again for your time and patience.

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