

/α/Amaranth

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July 20, 2009

Dear Investors:

With the conclusion of the first half of 2009, I wanted to provide you with a brief update on the status of the Amaranth multi-strategy funds (the “Funds”).

Performance

During the first and second quarters of 2009 the return on average capital of the Amaranth multi-strategy funds was approximately as follows:

	First Quarter	Second Quarter
Amaranth Partners LLC - General Account	+2.44%	+2.08%
Amaranth Capital Partners - General Account	+2.87%	+2.42%
Amaranth Capital Partners - Designated Investment #1	-2.92%	+4.26%
Amaranth Capital Partners - Designated Investment #2	-4.74%	+7.37%
Amaranth International Limited - General Account	+2.96%	+2.41%
Amaranth International Limited - Designated Investment #1	-2.92%	+4.26%
Amaranth International Limited - Designated Investment #2	-4.74%	+7.37%

Distributions and Remaining Investments

We continue to focus our efforts on the orderly wind down of the Master Fund’s remaining positions and the resolution of pending litigation. Approximately 98% of the investment assets in the portfolio of Amaranth LLC (the “Master Fund”) as of September 30, 2006 have been disposed. Additionally, approximately 93% of the “non-sidepocket” investor capital as of September 30, 2006 has been returned.

The independent Boards of the Master Fund and Amaranth International Limited continue to consider the timing of the next distribution in light of all circumstances. We will keep you apprised of further developments in this regard.

The Master Fund has approximately \$15 million of illiquid, non-sidepocket assets remaining which is made up of convertible debt, restricted securities and foreign real estate. A detailed overview of the

valuation of the remaining portfolio was provided in our 2008 fourth quarter letter dated February 10, 2009.

a. Litigation Claims

As we have previously reported, approximately half of the fair value of the remaining illiquid, non-sidepocket investments is comprised of a convertible bond position that is the subject of litigation in the U.S. District Court for the Southern District of New York by a bondholder group seeking to enforce the Funds' rights as bondholders. After waiting for over two years, we are pleased to report that the bondholder group received a favorable decision on the main portion of their motions for summary judgment. While reiterating its prior finding that the issuer had breached the indenture, the Court also ruled that each bondholder was entitled to direct damages equal to the value of the shares that bondholder should have received on the bondholder's conversion date of the bonds, plus statutory interest at 9% per annum. In addition, the Court awarded default interest payments on the principal amount of the bonds as provided for by the terms of the indenture. The Court left certain issues that do not apply to the Funds open for a jury trial, currently scheduled for October 2009, and we anticipate that the issuer will appeal the final judgment when the trial is concluded. Therefore, it could be quite some time before the Funds are able to collect any damages from the issuer.

Applying the methodology outlined by the Court in its decision, Amaranth LLC's claim is worth approximately \$30mm. Prior to the announcement of the decision, we had been carrying the claim at approximately \$8mm and we continue to carry the claim at that amount, reflecting the uncertainty of the ongoing litigation process, including potential appeals, the timing of the ultimate payment date, as well as the risk associated with collecting the ultimate judgment.

b. Other

The remaining non-sidepocket positions are represented by the valuation associated with a commercial real estate position in Asia and several other investments that we hope to monetize when favorable market conditions allow us to do so at reasonable valuations.

Legal Matters

As advised previously, on September 21, 2007, two former traders from Amaranth's energy and commodities trading desk commenced litigation in federal district court in Connecticut against Amaranth Group Inc. and Nick Maounis, alleging, among other things, that they were entitled to 2006 bonus compensation in excess of \$37.5 million and \$18 million, respectively, supposedly because the part of the energy and commodities portfolio that they managed individually was "profitable," even though their trading desk as a whole was not. We are pleased to report that this matter has been resolved amicably with no economic impact to the Funds.

As we have reported previously, the U.S. Commodity Futures Trading Commission ("CFTC") has brought an action against Amaranth Advisors L.L.C., Amaranth Advisors (Calgary) ULC and Brian Hunter in the U.S. District Court for the Southern District of New York, alleging that these parties attempted to manipulate the settlement price of expiring NYMEX natural gas futures contracts on February 24 and April 26, 2006 and for making allegedly false statements related to trading on April 26, 2006. All defendants have denied the allegations. The status of the case is that discovery will continue through July 24, 2009, on which day a pretrial conference with Judge Chin will take place. It is expected that Judge Chin will set a summary judgment briefing schedule at the pretrial conference.

The U.S. Federal Energy Regulatory Commission (“FERC”) has also brought an administrative proceeding against Amaranth Advisors L.L.C., Amaranth Advisors (Calgary) ULC and several of their affiliates, Brian Hunter, Matthew Donohoe and, significantly, Amaranth Capital Partners LLC, Amaranth Partners LLC, Amaranth International Limited, and Amaranth LLC, alleging actual manipulation of the same expiring NYMEX natural gas futures contracts on the same dates, plus the additional date of March 29, 2006. All parties have denied the allegations. The discovery process is under way and scheduled to end on July 23, 2009, following which a “trial-type” proceeding before an administrative law judge employed by the FERC is scheduled to commence on August 4, 2009. We believe that the FERC lacks jurisdiction over alleged manipulation of NYMEX futures contracts and have thus appealed the FERC’s improper assertion of jurisdiction over this matter in a case before the U.S. Court of Appeals for the D.C. Circuit. Notably, the CFTC and a number of futures industry associations agree with our position and have filed briefs supporting our case. That appeal has been fully briefed, and oral argument is set for September 23, 2009.

As previously reported, a group of plaintiffs, consisting of persons who allegedly traded natural gas futures contracts on the NYMEX during 2006, has brought a putative class action against Amaranth Advisors L.L.C., Amaranth Advisors (Calgary) ULC, Amaranth International Advisors L.L.C., Amaranth Capital Partners LLC, Amaranth Partners LLC, Amaranth International Limited, Amaranth LLC, Amaranth Group Inc., Amaranth Management Limited Partnership, Brian Hunter, Matthew Donohoe and Nicholas Maounis, as well as JP Morgan Futures, Inc., J.P. Morgan Chase & Co., J.P. Morgan Chase Bank, Inc., ALX Energy, Inc., James DeLucia, TFS Energy Futures, LLC and Gotham Energy Brokers, Inc. in the U.S. District Court for the Southern District of New York. Plaintiffs allege therein that these parties manipulated and/or aided and abetted manipulation of both the settlement price of expiring NYMEX natural gas futures contracts on February 24, March 29 and April 26, 2006 as well as spread prices between certain natural gas futures contracts on various dates between February 16, 2006 and September 28, 2006. Plaintiffs also alleged claims for control person liability under the Commodity Exchange Act (“CEA”) and unjust enrichment. All defendants have denied the allegations. In April 2009, the court issued an order on the defendants’ motions to dismiss in which the court dismissed all claims against Amaranth Group Inc., Amaranth Management Limited Partnership, Amaranth International Limited and Amaranth International Advisors L.L.C., as well as JP Morgan Futures, Inc., J.P. Morgan Chase & Co., J.P. Morgan Chase Bank, Inc., TFS Energy Futures, LLC, and Gotham Energy Brokers, Inc., with prejudice. Thus, the remaining defendants are Amaranth Advisors L.L.C., Amaranth Advisors (Calgary) ULC, Amaranth Capital Partners LLC, Amaranth Partners LLC, Amaranth LLC, Brian Hunter, Matthew Donohoe and Nicholas Maounis, as well as ALX Energy, Inc. and James DeLucia. The court has dismissed the control person and unjust enrichment claims as to all defendants. The remaining claims are for alleged manipulation under the CEA as described above and aiding and abetting such alleged manipulation. The remaining parties will proceed with discovery. The plaintiffs’ motion to certify the class is due on October 15, 2009. Defendants’ response to the plaintiffs’ motion to certify the class is due November 16, 2009. We plan to vigorously defend against the plaintiffs’ attempt to certify a class.

As reported in our letter dated November 13, 2007, Amaranth LLC (the multi-strategy master fund) and Amaranth Advisors L.L.C. commenced litigation in New York State court against J.P. Morgan Chase & Co., J.P. Morgan Chase Bank, N.A. and J.P. Morgan Futures Inc. (collectively, “J.P. Morgan”) seeking over a billion dollars in damages arising from J.P. Morgan’s role in the losses suffered by the Funds in September 2006. On October 28, 2008, the trial court dismissed certain of the claims asserted in the Complaint and allowed one of those claims—alleging that J.P. Morgan breached its contract with Amaranth LLC—to go forward. All parties have appealed the trial court’s ruling and are currently awaiting a decision from the Appellate Division. In the meantime, discovery on the breach of contract claim has proceeded and is near completion. We anticipate that the next step in the case will be the filing of summary judgment motions by one or more of the parties.

Insurance

We continue to work with our insurance carriers in order to secure reimbursement for the costs incurred in the defense of the various pending legal actions against Amaranth Advisors L.L.C., the Funds and related parties, subject to the aggregate limits and the terms of the policies. To date, the Funds have successfully recouped approximately 50% of these out-of-pocket costs from the insurance carriers, subject to a reservation of rights letter by the carriers, and we continue to work to secure coverage for the remaining costs incurred by the Funds. The positive returns of the Funds in the first and second quarters of 2009 are largely due to the inflows associated with these payments from the insurance carriers.

2007 Audit

On May 18, 2009, the 2007 audited financial statements of the Funds were provided to investors on the email distribution list. If you did not receive a copy, please contact investorrelations@amaranthllc.com. We appreciate your patience with the delays.

As always, if you need to speak to me, please feel free to call my assistant, Megan Austin, to setup a conference call at 203-742-7702.

Very truly yours,



Nick Maounis