FEDERAL ENERGY REGULATORY COMMISSION

NEWS

August 12, 2009
Docket No. IN07-26-000

NEWS MEDIA CONTACT
Mary O'Driscoll - 202.502.8680

FERC Approves $7.5 Million Civil Penalty in Amaranth Case

The Federal Energy Regulatory Commission (FERC) today approved an agreement that settles the two-year-old anti-manipulation case against the collapsed Amaranth hedge fund. The settlement requires the Amaranth parties to pay $7.5 million to the U.S. Treasury.

The uncontested joint settlement was agreed to by FERC's Office of Enforcement litigation staff and several Amaranth affiliates, including Amaranth Advisors, Amaranth LLC, Amaranth Partners LLC, Amaranth Capital Partners LLC, Amaranth Management Limited Partnership, Amaranth International Limited, Amaranth Group Inc., Amaranth Advisors (Calgary) ULC and Matthew Donohoe.

A similar settlement was approved today in U.S. District Court for the Southern District of New York between the Amaranth parties and the Commodity Futures Trading Commission. The settlement approved by FERC resolves all claims against the Amaranth parties that arose out of conduct alleged to have violated FERC's natural gas anti-manipulation rule. That rule prohibits natural gas market manipulation in connection with the sale or purchase of natural gas or transportation services under FERC jurisdiction.

Under the settlement, the Amaranth parties stipulate to facts regarding their positions in the natural gas futures contracts, sales of those contracts and positions in derivative swaps. They also stipulate that FERC properly raised questions about the effects of futures contracts trading on prices in the physical natural gas market because the trading at issue appeared atypical, anomalous and unusual, and therefore had the potential to erode public confidence in the validity of the settlement price. The settlement also states that FERC properly investigated the trading, and the Amaranth parties concede FERC's subject matter jurisdiction in this proceeding. Amaranth Advisors L.L.C, Amaranth Advisors (Calgary) ULC, and Matthew Donohoe acknowledge that they are accountable for their trading in NYMEX NG Futures Contracts, which raised legitimate questions about the effect of the trading on prices in the physical natural gas market. The Amaranth parties also agreed to dismiss their pending appeal in the United States Court of Appeals for the District of Columbia Circuit and that they will not make any public statement denying any allegation in the order to show cause or the settlement agreement, or create or tend to create the impression that the order to show cause or the settlement agreement are without factual basis.

The settlement does not involve Brian Hunter, the lead energy trader for Amaranth, who also was named in the case. The Commission hearing in the case against Hunter is scheduled to start on Aug. 18, 2009. The remaining litigation against Hunter will not be affected by the settlement.

-30-

R09-28