Sankaty Advisors

Sankaty Advisors, LLC
111 Huntington Avenue
Boston, MA 02199

T: (617) 516 2700
F: (617) 516 2710

March 16, 2010

Dear Sankaty Credit Opportunities I Investor,

We are pleased to report that COPs I returned 22.9% gross and 15.7% net of all fees and expenses in 2009. The Fund distributed $35.7 million in December, and this week it will distribute another $20 million to all Limited Partners, which is approximately 4% of your capital account. This brings total distributions to all Limited Partners since inception to approximately $498 million.

Market Review

While the 2009 market rally was broad based, how and when one deployed capital made the difference between solid and spectacular returns. The credit markets stabilized in 2009, and after a tough first quarter, the leveraged loan and high yield bond asset classes posted record returns. The "bottoming" of the economy provided an important fundamental catalyst as it enabled the market to identify winners and losers. Market technicals were strong throughout the year as investors plowed into credit from other asset classes, coupled with limited net new supply. What new issuance there was almost exclusively refinanced and extended existing debt, thus no new net supply was created.

Positive catalysts for the market included limited new issuance, the emergence of bond-for-loan take-outs, and reduced default expectations as riskier borrowers secured amend-to-extend loans and covenant relief. The return of some liquidity to the market improved access to capital, which led to a moderation in the current default rate.

As we see it, the market and economic data remains paradoxical. While recent WSJ articles have reported small businesses declining at record pace, economists point to small businesses as the critical driver of economic growth and employment. On the consumer side, spending continues its steady recovery, up 3.5% over the last twelve months returning to peak 2008 levels. However, in February, consumer confidence dropped sharply to its lowest level since April 2009 (17th percentile over the last 43 years). Further compounding the ambiguity of the current economic backdrop, recent reports indicate stabilizing housing prices, while others show new and existing home sales hitting all-time lows. On the macro side, markets continue to punish the Euro for the budget problems of some of its smallest economies, while they now favor the dollar in spite of the fact that some of the U.S.'s largest states face unprecedented budget shortfalls exacerbating record federal deficits.

What we do know is that these market dichotomies often lead to pockets of both opportunities and challenges. With the vast majority of the remaining capital invested in middle market credits, our portfolio companies have been faced with a dramatic pullback in available senior lending. We have viewed this as an opportunity to support certain portfolio companies that need financing to support significant growth prospects.

Portfolio Review

The Fund's remaining liquid, structured and mezzanine investments delivered strong performance in 2009. Loans, bonds and CDS returned over 80% gross during the year, while the default driven assets generated over 9%. We have provided a detailed source of returns for the year below.

COPs I 2009 Returns Decomposition

Asset Class	Avg $M Invested	Return	ROA	Multiple of Equity	Return Contribution (ROA x Mult of Equity)
Long Credit Assets:					
Loans	$13.8	$8.2	58.9%	0.1x	3.2%
Bonds	$18.7	$25.4	135.9%	0.1x	10.1%
Long CDS	$8.7	$1.3	15.1%	0.0x	0.5%
Subtotal: Long Credit Assets	**$41.2**	**$34.8**	**84.5%**	**0.2x**	**13.9%**
Default Driven Assets					
Mezzanine and Equity	$128.1	$9.9	7.7%	0.5x	3.9%
Structured	$81.3	$9.9	12.2%	0.3x	3.9%
Subtotal: Default Driven Assets	**$209.3**	**$19.8**	**9.4%**	**0.8x**	**7.9%**
Cushion Assets:					
Short CDS	--	--	N/A	N/A	N/A
Cash	$51.7	$0.1	0.3%	0.2x	0.1%
Gross Total	**$302.2**	**$54.7**			**21.8%**
Less Interest and FX and other adjustments		$2.8			1.1%
Gross Total net of Interest and FX		**$57.5**			**22.9%**

The majority of COPs I's remaining portfolio is middle market mezzanine investments, and our team has been actively involved as board members and in some cases, lead sponsor, in driving growth and cost saving initiatives as well as vetting acquisition opportunities. The Fund's largest holding and one of its biggest winners, Mountain City Meat, experienced strong EBITDA growth in 2009 as a result of new agreements with Wal-Mart and Sam's Club. With its pending new business wins, Harvest Time expects 30% growth in the upcoming year. Despite the challenging freight environment, Dawes continued to strengthen its market position during 2009 both by organically adding new customers and completing the acquisition of Bullet Transportation, which delivered immediate synergies. As the portfolio matures, we anticipate a number of events in 2010, including two potential exits through companies being sold and a refinancing from a pending IPO.

Within the structured portfolio, a number of positions mature in 2010 and early 2011, including Plum Island III this June and Beach Street III next April. Chatham Light II is currently making equity distributions and its portfolio is benefitting from pay downs. The marks on the structured holdings significantly improved during the third and fourth quarters based on decreasing defaults and improving recoveries with additional upside remaining.

The performance of the Fund's loans and bonds exceeded that of its benchmarks during 2009 as highlighted in the table below. In the interest of harvesting gains, we anticipate exiting a number of the positions in 2010. We expect the biggest winner for 2009, Manchester United, to be paid down through a refinancing or sale of the business. Sensata is another holding we plan to either partially or fully exit at a gain given the recent IPO. Finally, we began to sell our $11 million position in Brenntag in the fourth quarter as we believe the value of the pending IPO was already integrated into the price, and we will look to completely exit that position in 2010.

2009 COPs I Liquid Credit Performance

	Loans		Bonds	
US	**Returns**	**% Portfolio**	**Returns**	**% Portfolio**
Sankaty	58.9%	42.6%	124.7%	16.7%
Index	51.6%		58.9%	
Europe				
Sankaty	0.0%	0.0%	140.4%	40.8%
Index	48.5%		67.4%	
Total				
Sankaty	58.9%	42.6%	135.9%	57.4%

Outlook

The focus for COPs I in 2010 is to maximize returns on the mezzanine and structured portfolios. We are currently holding a cash reserve to protect against any downdraft in the somewhat less liquid loan portfolio. We will continue to distribute proceeds as we exit the remaining positions.

Attached is a snapshot of the current portfolio and our positioning. As always, we are available to discuss any of this information or answer any questions you may have. Please feel free to contact Kyle Betty (kbetty@sankaty.com) or Jeff Hawkins (jhawkins@sankaty.com) directly.

Sincerely,

Sankaty Advisors

SANKATY CREDIT OPPORTUNITIES, LP
STATISTICAL SUMMARY
(as of December 31, 2009)

STATISTICAL ANALYSIS* [1,2]

	Q409 Gross Return	Q409 Net Return	2009 Gross Return	2009 Net Return	Annualized ITD Net Return	Sharpe Ratio
Sankaty Credit Ops	7.0%	5.4%	22.9%	15.7%	7.9%	0.8
S&P 500 (w/ dividends)	6.0%	6.0%	26.5%	26.5%	4.3%	0.2
JPM Index	6.3%	6.3%	58.9%	58.9%	10.6%	0.7
LSTA Loan Index	3.8%	3.8%	51.6%	51.6%	5.5%	0.4

* Net returns are net of all fees, expenses and carry.

TOP TEN ISSUERS [3]

Top 10 Issuers (excluding Mezz & Structured)

Issuer	Fund Net Equity (%)
Manchester United	6.4%
Sensata Technologies B.V.	4.0%
Huntsman	2.9%
Ariel	2.2%
Kabel Deutschland	1.8%
Dynamic Details	1.7%
MEG Energy Corp.	1.5%
Brenntag	1.3%
Vonage	1.2%
Telepacific	0.8%

Top 5 Mezzanine Issuers

Issuer	Fund Net Equity (%)
Mountain City Meat	6.9%
Continental Cement	5.5%
Harvest Time	5.4%
Restaurant Technologies	3.4%
Liberty Dialysis	3.2%

Top 5 Structured Issuers[3]

Issuer	Fund Net Equity (%)
Beach Street III CLO	7.3%
Plum Island III 20-23%	5.4%
Chatham Light II	3.3%
Plum Island III 16-19%	3.2%
Plum Island III 10-13%	2.7%

FUND NET EQUITY ($m)

	09/30/09	Profits	Net Contributions/ (Distributions)	12/31/09
Partners' Capital	$281.4	17.8	-40.0	$259.2

BALANCE SHEET (MV in $m)

	Long (A)	Short (B)	Net (A)-(B)	Gross (A)+(B)
By Asset Class				
Cash*	$61.6	$0.0	$61.6	$61.6
Mezzanine (Private Debt)	$114.9	$0.0	$114.9	$114.9
Structured[3]	$76.9	$0.0	$76.9	$76.9
Equity (Public & Private)	$18.2	$0.0	$18.2	$18.2
Bonds	$29.8	$0.0	$29.8	$29.8
Loans	$11.0	$0.0	$11.0	$11.0
CDS/LCDS[3]	$9.1	$0.0	$9.1	$9.1
Total	$321.5	$0.0	$321.5	$321.5
By Region				
North America	$233.4	$0.0	$233.4	$233.4
Europe	$26.5	$0.0	$26.5	$26.5
South America	$0.0	$0.0	$0.0	$0.0
Other	$0.0	$0.0	$0.0	$0.0
Total	$259.9	$0.0	$259.9	$259.9
By Industry				
Non Industry Specific	$76.9	$0.0	$76.9	$76.9
Food Products	$43.5	$0.0	$43.5	$43.5
Electronic/Electric	$20.9	$0.0	$20.9	$20.9
Financial Intermediaries	$16.8	$0.0	$16.8	$16.8
Conglomerates	$14.2	$0.0	$14.2	$14.2
Chemical/Plastics	$11.7	$0.0	$11.7	$11.7
Business Equipment and Services	$9.6	$0.0	$9.6	$9.6
Other	$66.3	$0.0	$66.3	$66.3
Total	$259.9	$0.0	$259.9	$259.9
Exposure (% of Equity)**	100.2%	0.0%	100.2%	100.2%

*Includes restricted cash

**Exposure % is based on total assets excluding cash

1 Portfolio returns are computed based on the change in value during the period of a theoretical investment made at the beginning of the period. The change in value of a theoretical investment is measured by comparing the aggregate ending value of Limited Partners with the aggregate beginning value adjusted for cash flows related to capital contributions or withdrawals during the period. Returns are geometrically linked on a monthly basis. Investment performance results depict the return of the Limited Partners of the Partnership as a whole. Investment performance reflects the reinvestment of profits, dividends and income. Net returns are stated net of all fees, expenses and carry (see footnote 2). Returns are estimated as of December 31, 2009 and are stated before the finalization of the audited yearly financial statements. As with all unaudited estimates, these estimates are subject to uncertainties and variations and may not be predictive of final results once audited. Actual outcomes and results may differ materially from the returns indicated herein.

2 Generally, the General Partner is entitled at year-end to a carry allocation equal to 20% of Net Profits for such fiscal year as discussed in the Limited Partnership Agreement. For purposes of presentation herein, the carry allocation has been included as a periodic expense and has been calculated on the Net Profits for the period. The Management Fee is a quarterly fee paid to Sankaty Advisors, LLC generally equal to 1.5% of each Limited Partner's capital account at the end of each quarter.

3 Single name CDS/LCDS, Tranche CDX/LCDX, and Structured CDS included at maximum loss amount.