MPIC Fund I, LP

Annual Report
2009

"…Over time, markets will do extraordinary, even bizarre, things. A single, big mistake could wipe out a long string of successes. We therefore need someone genetically programmed to recognize and avoid serious risks, including those never before encountered. Certain perils that lurk in investment strategies cannot be spotted by use of the models commonly employed today by financial institutions.

Temperament is also important. Independent thinking, emotional stability, and a keen understanding of both human and institutional behavior is vital to long-term investment success. I've seen a lot of very smart people who have lacked these virtues…"

- Warren Buffett
Berkshire Hathaway 2006 Annual Letter to Shareholders

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MPIC Fund I, LP's Performance vs. the S&P 500

Year	Annual Percent Change in Net Asset Value Per Share Of MPIC Fund I (1)	Annual Percent Change in S&P 500 with Dividends Included (2)	Relative Results (1)-(2)
2006	8.5%	9.6%	(1.1%)
2007	26.8%	5.5%	21.3%
2008	(19.1%)	(37.0%)	17.9%
2009	41.3%	26.5%	14.8%
Compounded Annual Gain – 2006-2009	13.1%	(2.2%)	15.3%
Overall Gain – 2006-2009	57.3%	(7.8%)	65.1%

Notes: Data are for calendar years with these exceptions: 2006, eight months ended 12/31.

Both, the S&P 500 and MPIC Fund I, LP, performances are pre-tax. MPIC Fund I, LP results are audited and after all expenses, including incentive allocation.

MPIC Fund I, LP

To the Partners of the MPIC Fund I, LP:

Our net return to partners for 2009 was +41.3%, while the S&P 500 Total Return was +26.5%. Since inception on May 1, 2006, the MPIC Fund I, LP's cumulative net return to partners is +57.3%, while the S&P 500 Total Return has lost -7.8%. During that same period, we have outperformed our comparative index by a +15.3% differential per annum, after all expenses including incentive allocation.

Our unconditional duty to you, our partners, is to ***grow investment capital at an above average rate*** while ***avoiding any permanent loss***.

Commentary

J. Wellington Wimpy

For those over 35 years of age, the above name may be familiar. For those younger…well! J. Wellington Wimpy, also known as "Wimpy", was one of the principal characters from the old Popeye comic strips. A friend of Popeye's, Wimpy was highly intelligent and a well meaning fellow. Unfortunately he was also quite lazy, gluttonous and somewhat of a con-artist. Created during the Great Depression, Wimpy was famous for mooching hamburgers by saying, "I would gladly pay you Tuesday for a hamburger today."

The lesson for anyone reading the comic strip was to avoid Wimpy, or at the very least, not give him any money for a hamburger. Why? Because it's likely you would never see your money again, nor would you be doing Wimpy any favors by enabling his hamburger addiction. This is a very obvious message that is being offered, but unfortunately it seems it is one that is seldom learned.

In the recent past, we've witnessed corporations, along with the average consumer, extending themselves too far. Their fiscal imprudence led to their demise and much of the current malaise affecting the economy. Today, we have very intelligent and capable leaders behaving much like Wimpy…borrowing money for their "hamburgers" (stimulus plans), and offering to pay back their lenders on "Tuesday" (30-year Treasuries). And much like past J. Wellington Wimpys, they may not have the capacity to follow through with their promise.

A few months ago, Dubai was the crisis-du-jour. In recent days, it seems to be Greece's fiscal irresponsibility. The fact is that neither Dubai nor Greece's demise poses risk to global markets in and of themselves. The real fear is the implicit off-balance sheet guarantees that sovereign nations and financial institutions have made through derivatives, which indirectly affect one another if someone fails due to fiscal mismanagement.

Basically, derivatives are financial instruments that derive their value from other underlying financial instruments, conditions or events. But they often are used to provide massive leverage. A financial institution, with very little capital, can use derivatives to significantly increase their exposure to a specific investment strategy. With an estimated $700 trillion dollars in nominal value trading in derivatives instruments, there is no regulatory body monitoring the process, nor is there a central clearing house to process the transactions and allow some transparency.

The problem is that when things go wrong, overly leveraged institutions may not be capable of meeting the obligations implicitly guaranteed when they made the derivatives bet. To make matters worse, there

is a tangled web of guarantees between a multitude of parties, where if one institution fails, they could take down the entire web. This is what happened during 2008 and early 2009, when like dominoes, institution after institution fell. The web of correlated risks between parties ran the gamut. Investment banks, mortgage companies, pension plans, thrifts, insurance companies, hedge funds, local, state and federal governments…you name it.

Our job is to avoid these J. Wellington Wimpys and their correlated web of empty promises. This is not an easy task. We have to apply the utmost diligence when investing, and avoid all sorts of associated risk, as well as imagine what the worst case scenario could be in the current environment. We can only hope that the world takes these weapons of mass destruction seriously, and implements the same oversight we see in the equity and fixed income markets…or preferably do away with these instruments altogether!

The World Didn't End After All

Below are excerpts from last year's annual report written in late February 2009:

One final note on equity prices today. Just this week, the Dow Jones Index hit a 12-year low. This has happened only two times before…from 1921-1932 and 1962-1974. After 1932, the Dow was up +60% within two years. After 1974, the Dow was up +70% within two years.

As horrible as the news feels these days, valuations for stocks are probably the most attractive we have seen in our investing life. In many sectors, they are probably the cheapest we will see in our remaining lifetime. Without a doubt, stocks and corporate bonds provide extraordinary value at the present time. As investors, we could not be more ecstatic!

In less than a year, U.S. markets have climbed in excess of +60% from the lows we hit in the first week of March 2009, not unlike the rebounds we saw in the early-1930's and the mid-1970's after excessive levels of lending, investment, and a lack of enforcement by regulatory bodies. Just like those periods, we believe this era will also be a long, slow drawl to full recovery.

Why is this so? The one thing that history has shown us is that the human spirit is resilient to virtually any calamity, but unfortunately we've often been incorrect in assessing the damage incurred and the time it takes for humanity to recover. The greater the complexity of the disaster, the greater the number of unsound corridors that open up to us as we make decisions…and those decisions will never be made with any sort of consensus. In other words, humanity corrects their mistakes through trial and error.

With so many moving parts to the global economy, there is no certainty in any single choice, or even a collection of choices, that will guarantee a viable and lasting outcome. So many variables means that only time will resolve the economic woes, as each new piece of information comes to light and we adjust to the environment around us. There just aren't any quick fixes for destructive behavior.

Core Investments

Fairfax Financial Holdings Ltd.

The MPIC Fund I, LP would never have existed if we had not met Prem Watsa, CEO of Fairfax Financial. A 2005 lunch with Mr. Watsa, arranged by Francis Chou and Mr. Watsa's assistant Joann Butler, was a seminal moment that provided us the courage to start this partnership.

Partners may have noticed that there were no Fairfax shares in the portfolio at December 31, 2009. During the market collapse in mid-November 2008, we sold our Fairfax shares to generate cash, as

Fairfax's price did not drop during that period. In exchange, we purchased FFH 2010 call options for about a 3% premium. The invested cash generated excellent short-term returns, while we still had the option of buying back our Fairfax shares for a small premium. In early January 2009, we exercised the options to buy back most of the Fairfax shares. The dividend paid by Fairfax a week later, covered just about all the premium we had paid on the options.

By the middle of March 2009, the MPIC Fund I, LP was fully invested. As the year progressed and markets rose significantly, we were becoming less comfortable with the margin of safety provided by most investments and the risks that continued to permeate the financial world. Unfortunately, human psychology compels investors to allocate capital when markets offer a lower margin of safety, rather than invest when markets offer a higher margin of safety. We took profits from many of the investments we made during the year, but still felt uncomfortable with our cash position, as we had little new capital flow into the funds. Thus we subsequently sold our Fairfax shares at a profit to bolster our cash position.

Our paramount concern is always preservation of capital, and our preferred way to hedge risk is to hold cash, as there is no time arbitrage involved, nor any frictional costs that would be incurred with alternative hedges. If that means selling some investments we like, then so be it. We always want to maintain a sound balance sheet, where we have ample capital available to invest if superb opportunities present themselves.

We continue to hold Fairfax Financial shares in the MPIC Canadian Limited Partnership and our corporate accounts where we had adequate cash levels. Our sale of Fairfax shares in the MPIC Fund I, LP has no bearing on Fairfax's market price, valuation or future potential. It was simply done to bolster our cash position, while incurring a lesser amount of capital gains than if we had sold other holdings.

Steak'n Shake

As we were influenced by Mr. Buffett, so was Sardar Biglari, CEO of Steak'n Shake. Back in 2000, Mr. Biglari started the Lion Fund, which is a limited partnership very much like the MPIC Fund I, LP. In 2006, after acquiring a large stake in Western Sizzlin Corporation, Sardar became the company's Chairman and CEO.

Before Sardar arrived, an ill-conceived expansion by Western Sizzlin led to decreased same-store sales and a balance sheet in complete disarray. Franchisees forced change on the company, and Jim Verney, CEO of Western Sizzlin Franchise Corporation, was brought in to turn the ship around. He closed restaurants, sold property, paid down debt, ended poor franchise agreements, and added new franchises with better owners. All in all, he just did what you would consider to be common sense.

As Chairman, Sardar quickly put his talent for allocating capital to work. His first move was to take a large position in a beaten down restaurant chain called Friendly's, where he encouraged management to take action to either improve shareholder value or sell the company. Friendly's had been mismanaged by its incumbent Chairman, and the board of directors who received considerable director's fees, were only happy to oblige. Sardar's pressure quickly forced management to find a buyer.

In late 2007, Sardar applied a similar strategy against a company called Steak'n Shake (SNS). He won a proxy fight in early 2008, displacing the incumbent CEO and CFO from the board of directors. Steak'n Shake was in very rough shape when Sardar took over. The business had grown far too quickly in the two previous years, and same store sales at their newer locations were deteriorating rapidly. Expenses were escalating, cash flows were decreasing, and debt was slowly mounting.

With quick haste, in a terrible economic environment for restaurants and retail businesses, Sardar closed locations. He took a hatchet to operating and administrative expenses, cut hours at certain stores, simplified the menu, refranchised or sold underperforming locations, and strengthened the balance

sheet. By focusing on providing the best value proposition available to the fast food consumer, customer traffic rocketed, increasing cash flows, and bolstering Steak'n Shake's cash hoard. During 2009, Sardar converted Steak'n Shake into a holding company structure, and in December Steak'n Shake enacted a 20 to 1 reverse split to consolidate its share structure.

We purchased a large number of SNS June 2009 call options at $2.50 and $5.00 strike prices (pre-split) in November of 2008. These options were purchased when SNS was trading around $3 per share or about 30% of net asset value. We sold some of the $5.00 options in 2009 at average returns of roughly +467%, and exercised the remaining options before expiration. Our average cost, including the option premium was $4.94 pre-split or $98.81 post-split. Steak'n Shake's share price at the end of 2009 was $324.12 post-split, thus we have a heap of unrealized capital gains.

While no longer dirt cheap, it is priced closer to the premium fast food chains it can be compared to such as McDonalds, Yum Brands, Chipotle Mexican Grill, Burger King and Buffalo Wild Wings. We believe Steak'n Shake has some durable competitive advantages, strong branding in core markets, and its steady cash flow under Sardar's capital allocation skills will allow it to thrive for the foreseeable future. We expect our unrealized gains to compound for a long-time.

As loyal shareholders who view our investment as part owners of the company, we will naturally voice our opinion on certain matters when needed. Recently, Steak'n Shake announced that they would be changing their holding company name to Biglari Holdings. We felt that this change was far too premature, and something that was not in the best interest of the company, nor the existing board of directors. We subsequently sent a letter to Sardar and the board…a copy of which can be found in Appendix C of this annual report. What type of owners would we be if we did not provide management with differing perspectives to their decisions?

Chanticleer Holdings

We first disclosed Chanticleer as "Company X" in our 2007 Annual Report. The MPIC Fund I, LP, according to our SEC Schedule 13-G filing we made in August of 2008, owns approximately 7% of Chanticleer. The company is run by Mike Pruitt and his tag-team analysts Joe Koster and Matt Miller. We've followed Chanticleer since shortly after their inception, but frankly at times we didn't understand what Mike was trying to accomplish long-term under the BDC (Business Development Corporation) cost structure and its limitations. Nor did we like the price that the shares were trading at.

As the price of the business came down, we continued to dig deeper into Chanticleer. Mike and his team had grown shareholder capital within a somewhat restrictive BDC structure, and did it completely using a deep-discount, margin of safety philosophy. We liked their ethics, their mindset, and their increasing focus in their investment management business. We began to buy shares.

We were very content to own little old Chanticleer Holdings, but in March 2008 they announced the acquisition of 22 Hooters restaurants in Tampa, Chicago and Manhattan, including the talented management team that originally developed the Hooters concept. They were quality locations, with consistent and growing cash flows. We were very surprised and continued to increase our stake. Two months later, Chanticleer made another announcement. They had acquired one of the largest franchisees in the Hooters system - Texas Wings.

Everything was in place in mid-2008 to get these two deals completed. Chanticleer had been approved for an $85M credit facility by GE Capital, and had hired an investment bank to raise the remaining funds from the public through a share issue for the new entity. Between the two acquisitions, Chanticleer would grow their tiny company into a $225M (in revenues) behemoth…relatively speaking. One that would generate roughly $20-25M in consistent operating profits that could be funneled into high return-on-equity investments.

About a month later, the credit markets started to seize with the fall of Bear Stearns and Lehman Bros, and the U.S. was about to enter the single largest market correction since 1937! Like many other businesses in this environment, they worked to try and close these deals. Unfortunately, with the huge spreads for corporate debt, terms were not favorable at all. A few months earlier in 2008, and this deal would have been completed with little difficulty and at reasonable terms. In just a very short period, the world became completely topsy-turvy and Chanticleer could not complete them.

Our mistake, was assuming that the amount of capital that came into the fund in the first half of 2008, would continue into the second half. But as the markets tumbled, investor confidence did as well, and we raised virtually no capital in the second half of the year. Thus, Chanticleer ended up being a larger allocation than we would have liked relative to the entire portfolio.

Our opinion of Chanticleer has not changed. The important facts remain the same. Chanticleer continues to have a very good relationship with Hooters Inc and Texas Wings. Chanticleer continues to hold the right of first refusal for any offer made for Hooters of America. This right has a very real and tangible value, although it cannot be easily traded on the open market. Recently, Hooters of America announced that they are looking to either sell or partner with someone. Chanticleer's right of first refusal may be monetized at some point.

After partnering with Shaw Foods PTY of Durban, S.A., Chanticleer opened their first Hooters joint venture in South Africa ahead of the 2010 FIFA World Cup. The second location is expected to open in April and a third location is also in the works. Chanticleer's investment advisory business is also thriving, with excellent results after two years in a rough market. We've always taken the long-term view on investments. We are patient enough to wait for management to execute on their plans, especially if they've encountered some adversity. As such, we continue to support Chanticleer and expect them to show continued improvement in 2010.

ITEX Corporation & Corporate Governance

ITEX Corporation, based in Bellevue, Washington, runs a barter exchange for business services. They have a number of franchises around North America, and demand for their service is robust. Run by Steve White, who took over at ITEX in 2003, their cashless exchange has become the premier model for the barter business.

During his seven years at the helm, Steve has grown ITEX through acquisitions while steadfastly maintaining an impeccable balance sheet. The robust and steady cash flows from ITEX's franchise brokerage network make it an exceptional small business for us to invest in long-term. We had the opportunity to visit ITEX's office in Bellevue during their Annual General Meeting in 2008. We came away very impressed with the company's operations. Western Sizzlin owns about 9% of ITEX, and Steve White owns about 10.9%.

As the fund becomes larger, our participation in various activities to generate returns will increase. In the past, we were primarily focused on passive investments in equity and fixed income investments. With Chanticleer Holdings, we took our first position in a public corporation where we held more than 5% of the outstanding shares and interacted with management. Our next endeavor was to align ourselves with The Polonitza Group (primarily composed of the Polonitza family, the Pagidipati family and the MPIC Funds) to take a greater than 12% position in ITEX Corporation. In this circumstance, while impressed with the work the board of directors has done at ITEX over the last seven years, we were concerned about good corporate governance and future capital allocation at ITEX.

Shareholders, as the owners of the corporation, are provided certain innate rights within their corporate bylaws. These rights can be amended from time to time, sometimes with shareholder input, and sometimes without. We were disconcerted by ITEX Corporation's decision to limit shareholder's rights to

call a special meeting. This type of action is generally used when entrenched management becomes afraid of being supplanted.

It is unfathomable that a small minority group of shareholders can decide what is in the best interest of all shareholders. Imagine a group of ten owners of a business enterprise, and one owner tells everyone else that they cannot call a meeting to address any specific concerns they may have. The notion is ridiculous! The basic rights afforded to the remaining owners have been infringed upon. This is no different than Western Sizzlin acquiring a 10% stake, and attempting to supplant the existing board through a costly proxy fight without exhausting all avenues to try and work with the board.

Our capitalist society operates on the principle of recognizing an individual's rights, including personal, private and all property rights. This applies equally to the rights of any of your neighbors as well. This facet of our society is simply non-negotiable and cannot be suppressed, superceded or hindered in any way…be it for an individual or a corporate entity.

ITEX exercised this option and announced it immediately after their 2008 AGM. They did not bother to inform shareholders who attended this meeting of the pending change. Perhaps, they didn't think it was important, or perhaps they were afraid of losing supportive votes for the existing board of directors. Either way, at the very least, we felt that it was a decision that should have been made after shareholders had been informed.

As a result of the amendment to the corporate bylaws to limit shareholder rights, we spoke with David Polonitza about combining our ownership stake, and working towards adding an independent director to ITEX's board of directors. Boards over time can become very collegial. Often directors will have a difficult time speaking up for shareholders, especially if a CEO with a strong personality governs the corporation. This is common place and nothing unusual. An independent director reassures agencies, shareholders and potential investors alike, that the board's composition includes an outside voice that can participate on oversight committees without any conflict of interest.

In ITEX's case, Steve controls nearly 11% of the company, while the remaining board (composed of John Wade and Eric Best) own about 2%. The three directors in the past, and at present, have sat on each other's company boards or have done work for ITEX. While we believe all three directors to be honest and ethical, ITEX as a public company has no independent director on the audit and compensation committee. We believe this to be a deficiency in good corporate governance.

Along with the Pagidipati family, we subsequently filed a Schedule 13-D indicating our ownership interest as a group, and contacted ITEX with three nominee proposals…David Polonitza, Rahul Pagidipati and Alnesh Mohan. ITEX is allowed three to five directors on their board according to their bylaws, so we were hoping they would include at least one of our nominees, if not two. We had no desire to supplant the board, but only to add an independent voice that may provide a different perspective to corporate governance and capital allocation. ITEX responded with a letter outlining why they could not include our nominees. The letter is in Appendix D.

Their primary arguments against including us in the proxy circular were:

- No indication of specific plans for ITEX
- Unfamiliarity with our three nominees
- How our nominees could assist the functioning of the board
- Whether we would represent the interests of all shareholders

We subsequently attended the 2009 AGM, representing the interests of The Polonitza Group, to help allay the board's concerns. We arrived shortly after the meeting had begun. There was a significantly larger presence of investors at the AGM than were present at the 2008 meeting.

When the Q&A session started, we began by first indicating that we were fully cognizant of management's work over the years to develop and build a quality company. That we had the utmost respect for the franchise they had built, the relationships they've developed and the fiscal prudence with which they've managed the company. We had no intention of getting into a fight with management, but only to help them understand our position and allow them to become a bit more familiar with us. We touched on a number of issues:

- Whatever was in our best interest would obviously be in the best interest of other shareholders, as we planned on holding our shares for the long-term.
- That we were very disconcerted by the board's decision to amend shareholder rights.
- We were seeking to avoid a proxy fight, as that would be a waste of shareholder capital, and we felt that dialogue between us and the board could alleviate concerns.
- We indicated to the board that we felt on a few occasions, there were opportunities to repurchase shares at prices well below the company's book value, let alone intrinsic value, yet they did not buy back any shares. These purchases would have been accretive to earnings.
- That someone with capital allocation skills would be a valuable addition to the board of a company throwing off consistent free cash, since future acquisitions were few and far between.
- We proposed to the franchisees present, that we support any endeavor that allows franchisees to grow their business, and that the organic growth of ITEX's franchisee business was the core driver for the company.
- We explained that we thought the strategic initiative to offer the software platform as a service to drive a new revenue stream was terrific idea.
- We asked about initiatives to increase net retention of ITEX members, as there was no formal plan to evaluate customer satisfaction and ITEX had a very high membership attrition rate.
- We explained that our three nominees would offer their services with no remuneration, as our ownership stake is aligned with the interests of other shareholders and we require no further compensation.
- That all we were offering was an alternative to what forced them to harbor and initiate the special amendment in the first place…self-preservation in the face of a hostile proxy fight by Western Sizzlin…with us on board, they could rest a bit easier and would not have to implement poison pills or other shareholder rights plans.

Ironically, many of the investors brought in to support the existing management at the meeting, were pleasantly surprised by our stance and comments. We have received tremendous feedback from shareholders and franchisees alike! Our only objective is to allow management to focus on the core business, assist them on capital allocation, and reinstate all democratic rights endowed to shareholders in the corporate bylaws.

We plan on continuing our dialogue with ITEX's board this year. We also expect that the proposed New Exchange Act Rule 14a-11 will pass at some point, and we will be able to include our nominees on the proxy circular with no additional cost to shareholders. We think ITEX is a terrific little company, and we would be happy to support, nurture and grow it for the foreseeable future.

Realized Investments

Western Sizzlin Corporation

When we purchased our enormous stake of call options in Steak'n Shake, we slowly sold off our remaining holdings in Western Sizzlin, as we would then have far too much exposure to one management team. We accepted a capital loss of roughly -20% on our average cost, which helped offset some of the gains we had

in Fairfax Financial. Our vehicle of choice was Steak'n Shake rather than Western Sizzlin, as the competitive advantages of the burger business are superior to the buffet restaurant business.

Wells Fargo Bank

We purchased stock in Wells Fargo bank during the lows of late February 2009. The markets were tremendously fearful of financial stocks, yet interest rates had dropped so low, that spreads between borrowing costs and lending rates for banks had widened to the widest margin in history. Banks that were focused on growing their book of business would do very well going forward, and Wells Fargo always had tremendous success cross-selling products to their loyal clients. We knew they would do very well in the future.

We bought our shares at $9.25, and sold them at an average price of $16.00 a month later, for an annualized gain of +864%. Again, not unlike our sale of Fairfax, we felt uncomfortable with our level of cash and sold Wells Fargo stock, rather than some of our other core holdings with far more in capital gains (SNS), long-term strategic position (ITEX), or our other less liquid positions (CCLR). If we had more liquidity, we would have retained our shares.

Corporate Bond Portfolio

Some of the best investments we made last year, based on risk and reward, were our corporate bond investments. As credit market fears grew, the spreads on corporate debt widened at an extraordinary pace. We purchased the debt of three companies: Sears Holding Corporation, Clearchannel Communications and Overstock.com.

We purchased Sears Holding debt in November of 2008. Sears had plenty of cash to buy back their debt, but the credit markets had become spooked. We knew it was a quality company with ample financial resources, and were very comfortable buying Sears notes that were due in six months. Our average gain was +17.7% annualized including interest income.

In Clearchannel's case, we were concerned about their debt profile, but after reading the notes in their 10-K filing in great detail, we found that they had set aside a credit facility specifically for redeeming their 2009 debt. We made two purchases (Nov 2008, Feb 2009) of Clearchannel debt maturing in May, specifically with that credit facility in mind. In May of 2009, they redeemed their notes. Our average gain was +66% annualized including interest income.

Our final corporate debt purchase was Overstock.com, a company we are very familiar with. Overstock had enough cash in the company to buy back all their debt, yet markets were so fearful that they had marked Overstock's debt down to 53 cents on the dollar. It was sheer lunacy! Like Clearchannel, we had the opportunity to buy Overstock.com debt twice…once in November 2008 at 53.5 cents and once in January 2009 at 53.25 cents. Both times we purchased debt maturing in December of 2011 and paying 3.75% annualized interest. Once the bonds were held for a year and qualified for long-term capital gains, we sold them off in January and February 2010 between 88.25 cents and 90 cents on the dollar, for an average gain of +71.1% annualized including interest income.

Miscellaneous

Audit & Annual Report

Our audit for 2009 was once again conducted by Patke & Associates. We would like to thank Ron Niemaszyk, Shana Sparber, and in particular Kathryn Ryba, for their work. It was completed on time and

on budget once again. There were no material issues, and we will certainly use their services again next year. If you are looking for a good auditor, that provides excellent customer service and diligent oversight, give Ron a call at Patke & Associates – (847)382-1627.

Jason Romo of Wired Digital Print & Imaging (www.wire-it.ca) published the MPIC Fund I, LP's 2009 Annual Report once again. Jason does all of our print work for us, from business cards, annual reports, etc. He does a fantastic job for a great price!

Board of Directors

As mentioned last year, our board of directors is comprised of Alnesh Mohan, Sanjeev Parsad and Andrew Cooke. Andrew was a founding investor in the partnership, who we had no previous affiliation with. We have built a tremendous relationship with Andrew, and he has graciously acted as a reference for the fund for some time. Andrew has performed in the role of VP of Finance, CFO, and Treasurer during his career. Coincidentally, in the past he was an independent consultant to Fairfax Financial for three years.

As a member of the board, Andrew is updated on all events pertaining to the fund, including recent additions or deletions to the investment portfolio. There are three primary benefits to Andrew's involvement with the fund:

- First, in the event something happens to either of the two officers of the general partner, Andrew is completely aware of what is occurring on the investment and administrative sides.
- Second, as an independent partner in the MPIC Fund I, LP, Andrew has a vested interest in how it is operated.
- Third and most importantly, he brings a wealth of experience to our table in respect to accounting, regulatory oversight, management and acquisitions.

Andrew has been gracious enough to offer his support, knowing full well that our directors receive no compensation outside of an occasional cup of Starbuck's coffee and an annual box of cookies. Our existing and prospective partners are welcome to contact Andrew at (703)527-2967.

Morgan Stanley Smith Barney, LLC

The MPIC Fund's prime broker is "The Desai Group" at Morgan Stanley Smith Barney, LLC in Chicago. Ajay Desai and his team of Qui Lam, Laura Ritter, Sandip Amin, Randy Bruns, John Staab and Frank Pellicori handle the MPIC Fund I, LP. Our experience with them is immeasurably better than we could have ever imagined. Their execution, expertise and customer service is uncompromising, and we can not sing their praises enough! We simply don't know what we would do without them. If you're ever looking for a quality broker in the U.S., please call Ajay at Morgan Stanley Smith Barney, LLC - (312)648-3070.

Operational Costs

Operational costs in 2009 were significantly lower than in 2008, with much of the decrease being associated with the legal costs involved with Chanticleer's regulatory filings in 2008. These costs were not present in 2009. We expect operational costs to diminish further in 2010 relative to assets under management, as some of the costs incurred in 2009 had to do with filing requirements for ITEX. The Polonitza Group has purchased filing software that will allow us to do this work ourselves and for very little cost.

On the operations side outside of legal expenses, we are running the fund as lean as possible. Besides brokerage, legal, accounting and organizational costs, there really are no other expenses, since we have no fancy office, website or capital expenditures. 2010 will also be the last year of amortizing the partnership organizational costs over five years, thus that expense will no longer exist from May 2011.

Incentive Allocation

There was an incentive allocation paid to the general partner in the last quarter of 2009, after not only reaching our high watermark, but surpassing the 6% annualized return for all of our partners. We receive no incentive allocation, not even from new capital, until all of our partners are made completely whole and brought back to their high watermarks plus 6% annualized. We don't eat until you've eaten!

Frequently Asked Questions & Ground Rules

Towards the end of the Annual Report, you will find our "Ground Rules" in Appendix A. These are the fundamental principles that our partnership tries to abide by and guide our conduct. We think these principles align our interests with your interests, and allow for a truly equitable partnership. In Appendix B, you will find our answers to some frequently asked questions. We will expand this as time goes by.

MPIC Funds Annual General Meeting

Corner Market Capital Corp. is sponsoring the MPIC Funds Annual General Meeting in Toronto, immediately after the Fairfax Financial Annual General Meeting. Naturally, partners in both MPIC Funds are invited to attend and have first dibs on seats!

MPIC Funds 2008 Annual General Meeting

Thursday, April 22, 2010
Roy Thomson Hall
66 Simcoe Street
Toronto, Ontario
Green Room/Pickering Room

Meet & Greet: 1:30pm-2:30pm
Presentation: 2:30pm-3:00pm
Q & A: 3:00pm – 4:30pm
Light Refreshments & Snacks Will Be Served
RSVP: sanjeevparsad@shaw.ca

Our Promise To You

Finally, we cannot begin to explain how we feel about the fiduciary responsibility we've been entrusted with. For most of you, the capital invested within the MPIC Funds is due to a lifetime of effort, and all the challenges that you faced to get here. We will ***never*** take that responsibility lightly!

We thank you for your trust, friendship and confidence. As always, we keep an open door policy, and our partners can contact us at anytime about any subject. We wish you and your families well.

Sincerely,

Alnesh Mohan Sanjeev Parsad

In the following pages, you will find the Audited Financial Statements for the MPIC Fund I, LP ending December 31, 2009.

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MPIC FUND I, LP

(A Delaware Limited Partnership)

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To The Partners of
MPIC Fund I, LP
British Columbia, Canada

We have audited the accompanying statement of assets and liabilities of MPIC Fund I, LP (a limited partnership), including the schedule of investments, as of December 31, 2009 and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPIC Fund I, LP at December 31, 2009 and the results of its operations and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Patke & Associates, Ltd.

February 17, 2010
Lincolnshire, Illinois

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2009

Assets	
Investments in securities, at fair value (cost $1,044,791)	$ 1,376,286
Cash at broker	802,378
Other assets	2,900
Total assets	2,181,564
Liabilities	
Accounts payable and accrued liabilities	7,500
Due to general partner	5,637
Total liabilities	13,137
Net assets	$ 2,168,427

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2009

Description	Shares / Units	Fair Value	% of Net Assets
Investment in common stock			
Financial			
Chanticleer Holdings, Inc.	62,542	$ 250,168	
		250,168	11.5%
Restaurant			
Steak N Shake Company	1,750	567,210	
Various securities	4,106	9,033	
		576,243	26.6%
Business Services			
ITEX Corp	400,000	320,000	
		320,000	14.8%
Consumer Goods			
Various securities	2,000	54,360	
		54,360	2.5%
Total investment in common stock		1,200,771	55.4%
Investment in preferred stock			
Insurance			
Various securities	2,700	65,124	3.0%
Total investment in preferred stock		65,124	3.0%
Corporate bonds			
Overstock.com Inc. (3.75% due 12/1/11)	125,000	110,391	
Total corporate bonds		110,391	5.1%
Total investment in securities		$ 1,376,286	63.5%

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2009

Investment income	
Dividends (net of withholding taxes of $1,981)	$ 12,966
Interest	6,821
Total investment income	19,787
Expenses	
Professional fee expense	10,987
Other operating expenses	1,486
Other expenses	2,175
Total expenses	14,648
Net investment income	5,139
Realized and unrealized gain from investments	
Net realized gain from investments	82,416
Net realized gain from foreign currency transactions	60,085
Net realized gain from investments and foreign currency transactions	142,501
Net unrealized appreciation on investments	500,757
Net realized and unrealized gain from investments	643,258
Net increase in net assets resulting from operations before General Partner's incentive allocation	648,397
General Partner's incentive allocation	(25,101)
Net increase in net assets resulting from operations	$ 623,296

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2009

	General Partner's Capital	Limited Partners' Capital	Total Partners' Capital
Increase in net assets from operations			
Net investment income	$ 83	$ 5,056	$ 5,139
Net realized gain from investments and foreign currency transactions	2,432	140,069	142,501
Net unrealized appreciation on investments	8,487	492,270	500,757
General partner's incentive allocation	(424)	(24,677)	(25,101)
Net increase in net assets resulting from operations	10,578	612,718	623,296
Capital contributions	-	82,520	82,520
Capital distributions	-	-	-
General partner's incentive allocation	25,101	-	25,101
Total increase in net assets	35,679	695,238	730,917
Net assets			
Beginning of year	25,595	1,411,915	1,437,510
End of year	$ 61,274	$ 2,107,153	$ 2,168,427

The accompanying notes are an integral part of these financial statements.

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

ORGANIZATION OF PARTNERSHIP

MPIC Fund I, LP (the "Fund") is an investment fund organized on March 13, 2006, under the Revised Uniform Limited Partnership Act of the State of Delaware, (the Act) for the purpose of engaging in buying and selling securities. The general partner of the Fund is Corner Market Capital US Inc.("General Partner"). The General Partner is a wholly-owned subsidiary of Corner Market Capital Corporation, a corporation registered in British Columbia. The Fund will continue until May 1, 2036 unless terminated earlier or extended in accordance with the provisions of the Partnership Agreement.

The Fund's investment objective is to earn above market returns and long-term appreciation. The Fund seeks to achieve its investment objective by investing principally in marketable securities of U.S. and non-U.S. companies.

SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

On July 1, 2009, the Financial Accounting Standards Board ("FASB") officially released the Accounting Standards Codification (the "Codification" or "ASC"). Pursuant to FASB Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles is effective for interim and annual periods ending after September 15, 2009. The Fund adopted FASB 168 for the year ended December 31, 2009.

The Codification does not change accounting principles generally accepted in the United States of America ("GAAP") but it is a major restructuring of how accounting and reporting standards that constitute how GAAP are organized. That is, the Codification will be the single source of authoritative non-governmental GAAP. The organizational changes are expected to make GAAP easier to research by simplifying user access to all authoritative guidance. As a result, content will reside in new locations within the Codification which means referencing to specific guidance will change.

REVENUE RECOGNITION

The Fund's financial statements are presented in accordance with GAAP. Gains or losses are realized when contracts are liquidated. Any unrealized gains or losses on open contracts (the difference between contract purchase price and market price) at the date of the financial statements would be stated on the statement of operations. The Fund records interest income in the period it is earned.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

The Fund prepares calendar year U.S and applicable state tax returns and reports to the partners their allocable shares of the Fund's income, expenses and trading gains or losses. No provision for income taxes has been made in the accompanying financial statements as each partner is individually responsible for reporting income or loss based on such partner's respective share of the Fund's income and expenses as reported for income tax purposes.

Management has continued to evaluate the application of ASC 740-10-25, Income Taxes-Overall-Recognition (formerly FIN No. 48, "Accounting for Uncertainty in Income Taxes") to the Fund, and has determined that no reserves for uncertain tax positions were required to have been recorded as a result of the adoption of ASC 740-10-25. There are no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months. The 2006 through 2009 tax years generally remain subject to examination by the U.S. federal and most state tax authorities.

INVESTMENTS

The Fund's investments and securities are recorded on the purchase date, and changes in market value or fair value are reported as net investment gains in the statement of operations.

USE OF ESTIMATES

The accompanying financial statements have been prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

STATEMENT OF CASH FLOWS

The Fund has elected not to provide a statement of cash flows as permitted by ASC 230-10-15-4 Statement of Cash Flows-Overall-Scope and Scope Exceptions.

PURCHASED OPTIONS

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an asset and is subsequently adjusted to the current fair value of the option purchased. Premiums paid for purchased options that expire unexercised are treated by the Fund on the expiration date as realized losses from investments. Premiums paid for purchased option contracts that are sold prior to expiration are offset against the proceeds of the related sale transaction, net of brokerage commissions, to determine the realized gain or loss.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

WRITTEN OPTIONS

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. Premiums received from written options contracts that are closed prior to the expiration date are offset against the cost of the related purchase transaction, net of brokerage commissions, to determine the realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the index or security underlying the written option.

FOREIGN CURRENCY

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

FAIR VALUE MEASUREMENTS AND DISCLOSURES

ASC 820 - "Fair Value Measurements and Disclosures", or ASC 820 (formerly SFAS 157 "Fair Value Measurements") provides guidance for determining fair value and requires increased disclosure regarding the inputs to valuation techniques used to measure fair value. ASC 820 clarifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability, to the extent relevant observable inputs are not available, including the Fund's own assumptions used in determining the fair value of investments. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. As of and for the year ended December 31, 2009, the Fund did not have any Level 3 assets or liabilities.

The following table sets forth by level within the fair value hierarchy the Fund's investments accounted for at fair value on a recurring basis as of December 31, 2009.

Description	Level 1	Level 2	Level 3	Total
Investment in common stock	$ 1,200,771	$ -	$ -	$ 1,200,771
Investment in preferred stock	65,124	-	-	65,124
Corporate bonds	110,391	-	-	110,391
Total	$ 1,376,286	$ -	$ -	$ 1,376,286

LIMITED PARTNERSHIP AGREEMENT

CAPITAL ACCOUNT

A capital account shall be established for each partner. The initial balance of each partner's capital account shall be the amount of the initial contribution to the Partnership.

PROFIT AND LOSS ALLOCATION

Partners share in the profits and losses of the Fund in the proportion in which each partner's capital account bears to all partners' capital accounts.

FEDERAL INCOME TAX ALLOCATION

As of the end of each fiscal year, the Partnership's realized capital gain or loss and ordinary income or loss shall be allocated among the partners, after having given effect to the fees and expenses of the Fund.

LIMITED PARTNERSHIP AGREEMENT (Continued)

PARTNER REDEMPTIONS

A limited partner may, upon sixty (60) calendar days' advance written notice to the General Partner, withdraw all or part of its capital account as of the last day of any calendar quarter. Partial withdrawals may not be made without the consent of the General Partner if they would reduce a limited partner's capital account balance below $100,000 and must be made in minimum increments of $20,000. The General Partner, in its sole discretion, may waive the foregoing restrictions and allow the withdrawal of all or any part of the capital account of any limited partner at any time and for any reason.

Payments of withdrawals are made as soon as practicable after the withdrawal date; however, the General Partner has the right to delay payments in extraordinary circumstances. In the event of a total withdrawal, part of the withdrawal payment will be retained, pending final reconciliation of valuations (generally not to exceed 120 days). The General Partner has the discretion to (a) waive or increase the required minimum amounts of withdrawals of capital or the required minimum capital account balances following partial withdrawals of capital, and (b) otherwise modify the Partnership's procedures and requirements for capital withdrawals. Notwithstanding the foregoing, the General Partner may limit or prohibit withdrawals if, in its opinion, the withdrawal would have an adverse or disproportionate effect on the Partnership's assets or performance because of illiquidity of the Partnership's investments or the magnitude of the withdrawal compared with the total capital accounts for all partners, or if the Partnership's ability to liquidate assets to fund the requested withdrawal is delayed for reasons beyond its reasonable control.

INVOLUNTARY LIQUIDATION OF A LIMITED PARTNER'S INTEREST

The General Partner may, in its sole discretion, upon 15 days advance written notice to any limited partner, terminate the interest of any limited partner in the Partnership, as of any month-end.

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS

The General Partner of the Fund, Corner Market Capital US, Inc. serves as the trading advisor. At the end of each calendar month (or at the time of a withdrawal, in respect to the amount withdrawn), the General Partner will be allocated an amount equal to 25% of the amount by which the net profits of each limited partner's capital account exceeds an annualized rate of return of 6%, in excess of those profits allocated to restore any previously allocated losses. The incentive allocation is calculated at the end of each calendar month and will be reallocated and credited to the capital account of the General Partner. The net profit is equal to the current month's profit less any loss carry-forward from previous months.

The total incentive allocation for the year ending December 31, 2009 was $25,101. The General Partner may, at its sole discretion, waive the incentive allocation, in whole or in part, with respect to any or all limited partners.

INCENTIVE AGREEMENTS AND RELATED PARTY TRANSACTIONS (Continued)

Administrative expenses are paid by the Fund. Also, the General Partner may pay for Fund expenses, which are to be reimbursed by the Fund. Reimbursable expenses of $5,637 were due to the General Partner at December 31, 2009.

DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

A derivative financial instrument is a financial agreement whose value is linked to, or derived from, the performance of an underlying asset. The underlying asset can be currencies, commodities, interest rates, stocks, or any combination. Changes in the underlying asset indirectly affect the value of the derivative. As the instruments are recognized at fair value, those changes directly affect reported income.

All investment holdings are recorded in the statement of assets and liabilities at their net asset value (fair value) at the reporting date. Financial instruments (including derivatives) used for trading purposes are recorded in the statement of assets and liabilities at fair value at the reporting date. Realized and unrealized changes in fair values are recognized in net investment gain (losses) in the period in which the changes occur. Interest income arising from trading instruments is included in the statement of operations as part of interest income.

Notional amounts are equivalent to the aggregate face value of the derivative financial instruments. Notional amounts do not represent the amounts exchanged by the parties to derivatives and do not measure the Fund's exposure to credit or market risks. The amounts exchanged are based on the notional amounts and other terms of the derivatives.

Substantially all of the Fund's assets and liabilities are considered financial instruments and are either already reflected at fair value or are short-term or replaceable on demand. Therefore, their carrying amounts approximate fair values.

The Fund adopted the provisions of ASC 815 "Derivatives and Hedging", (formerly FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities") as of January 1, 2009. ASC 815 provides enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments are accounted for, and how derivative instruments affect an entity's financial position, financial performance and cash flows. As a result of the adoption of this statement, the Fund has expanded its disclosure regarding derivative instruments.

Since the derivatives held or sold by the Fund are for speculative trading purposes, the derivative instruments are not designated as hedging instruments under the provisions of ASC 815 and related pronouncements. Accordingly, all realized gains and losses, as well any change in net unrealized gains or losses on open positions from the preceding period, are recognized as part of the Fund's trading gains and losses in the in the statement of operations.

DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the quantitative information required by ASC 815:

The net trading gain of the Fund's derivative by instrument type, as well as the location of those gains and losses on the statement of operations, for the year ended December 31, 2009 is as follows:

Instrument Type	Statement of Operations Location	Net Trading Gain
Options	Net realized gain from investments	$ 47,973
Options	Net unrealized appreciation on investments	(76,890)
		$ (28,917)

TRADING ACTIVITIES AND RELATED RISKS

The Fund's trading activities involve financial instruments, primarily securities, restricted securities and derivative financial instruments. These financial instruments may have market and/or credit risk in excess of the amounts recorded in the statement of assets and liabilities.

MARKET RISK

All financial instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. As the instruments are recognized at fair market value, those changes directly affect reported income. Theoretically, the investments owned by the Fund directly are exposed to a market risk (loss) equal to the notional value of the financial instruments purchased and unlimited liability on certain financial instruments sold short.

Generally, financial instruments can be closed out at the discretion of the General Partner. However, if the market is not liquid, it could prevent the timely close-out of any unfavorable positions or require the Fund to hold those positions to maturity, regardless of the changes in their value or the trading advisor's investment strategies.

CREDIT RISK

Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of a contract. The Fund's exposure to credit risk associated with counterparty nonperformance is limited to the current cost to replace all contracts in which the Fund has a gain.

CONCENTRATION OF CREDIT RISK

Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

TRADING ACTIVITIES AND RELATED RISKS (Continued)

INSOLVENCY RISK

The Fund has a substantial portion of its assets on deposit with financial institutions. In the event of a financial institution's insolvency, recovery of Fund assets on deposit may be limited to account insurance or other protection afforded such deposits.

INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts and agreements that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The Fund expects the risk of any future obligation under these indemnifications to be remote.

SUBSEQUENT EVENTS

In 2009, the Fund adopted ASC 855 "Subsequent Events" (formerly known as FAS 165, "Subsequent Events"). The objective of ASC 855 is to establish general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. The General Partner evaluated subsequent events through February 17, 2010, the date the financial statements were issued. There were no subsequent events to disclose.

FINANCIAL HIGHLIGHTS

Total return and ratios to average net assets are calculated for the limited partner class taken as a whole. An individual partner's return and ratios may vary from those percentages based on different incentive allocation arrangements and the timing of capital transactions.

Total return:	
Total return before incentive allocation	42.98 %
Incentive allocation	(1.66)%
Total return after incentive allocation	41.32 %

MPIC FUND I, LP

(A Delaware Limited Partnership)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

FINANCIAL HIGHLIGHTS (Continued)

Ratios to average net assets:	
Operating expenses before incentive allocation	1.24 %
Incentive allocation	1.50 %
Net operating expenses after incentive allocation	2.74 %
Net investment (loss) before incentive allocation	(0.56)%
Incentive allocation	(1.50)%
Net investment (loss) after incentive allocation	(2.06)%

Appendix A

<u>**The Ground Rules**</u>

1. View the partnership as one whole entity.

While legally each partner is solely responsible only for their allocated investment, we believe that partners should view the fund as a whole. Anything that is good for the partnership is good for all partners. Anything that is not in the best interest of the partnership is not in the best interest of all partners.

2. We eat our own cooking.

Regardless of what the future holds, we will always reinvest a majority of the performance fee paid out to the general partner, Corner Market Capital U.S., back into the MPIC Fund I, LP.

3. When you look good, we look good!

We receive a performance fee only when our partners have achieved at least a 6% annualized return. If we don't perform, we don't get paid. It's that simple!

4. We will not utilize margin or debt to leverage our balance sheet.

We have no intention, nor any desire, to utilize margin trading or debt to leverage our returns. We also avoid any behavior where our liability is unlimited, such as shorting stocks or writing options.

5. We only buy investments with a significant margin of safety.

Partners should never correlate activity with success. We allocate capital only when a significant discount to the underlying intrinsic value of an investment is offered. For superior returns, you need a superior discount. We will often be out of step with our "value" peers, let alone the investment industry, because we will not pay up.

6. We manage a very concentrated portfolio.

There will be times when we have perhaps 10-12 ideas in the fund, and other times we may only have 5-6 ideas. The better the idea, the more likely it will make up a larger portion of the fund. Concentration in the fund can be directly correlated with greater certainty in our decision-making.

7. Where we can avoid taxes, we will!

Often, we will let our best ideas grow unfettered, so that the unrealized gains can compound for years without any taxable income being triggered. A concentrated portfolio in great businesses, with very low turnover, will allow the fund to behave tax-efficiently.

8. We will be candid in our assessment.

When we strikeout, we will tell you. When we hit a homerun, we will tell you. Whether the fund succeeds or fails, we will always give you the truth.

9. We will only discuss the portfolio as much as warranted.

While we promise to be truthful with our partners, we will only discuss the investment portfolio where we feel information is pertinent and doesn’t compromise our positions.

10. We keep an open-line of communication with our partners.

We encourage partners to contact us whenever necessary. Our door is always open to you!

Appendix B

<u>Frequently Asked Questions</u>

How is Corner Market Capital associated with the MPIC Fund I, LP?

Corner Market Capital U.S. is the general and managing partner to the MPIC Fund I, LP. Corner Market Capital U.S. is a Delaware registered U.S. corporation. It is a wholly-owned subsidiary of Corner Market Capital Corporation, a Canadian corporation controlled by Alnesh Mohan and Sanjeev Parsad.

How is the managing partner compensated?

The general partner, Corner Market Capital U.S., is solely compensated by a performance fee that is calculated and paid monthly. The performance fee is 25% of the profits (after all operating expenses) generated above a 6% annualized hurdle that is carried from year to year.

Does the managing partner participate as an investor in the MPIC Fund I, LP?

The managing partner, Corner Market Capital U.S., has and expects to reinvest the majority of its performance fees after taxes into the fund for the foreseeable future.

What happens to my investments if something happens to both Alnesh & Sanjeev?

All partnership funds are held in a cash account at Morgan Stanley Smith Barney, LLC under MPIC Fund I, LP. The accounts are monitored by Ajay Desai and his staff at Morgan Stanley Smith Barney, LLC in Chicago. Andrew Cooke, who is a director and limited partner of the MPIC Fund I, LP, is aware of all administrative and investment events at the fund.

If something were to happen, Morgan Stanley Smith Barney, LLC, along with our attorneys at Dorsey & Whitney and the input of Andrew Cooke, will liquidate the fund and disperse all proceeds and unrealized gains to our partners. As the fund's size increases, we will also have an outside administrator who will monitor the accounts and assist partners in such an event.

Are my investments guaranteed from losses?

Investment capital is allocated into a broad range of investments. The assets in the MPIC Fund I, LP account are segregated from Morgan Stanley Smith Barney's own equity. While we attempt to preserve capital by buying investments with a large margin of safety, these investments will fluctuate with market conditions and there is no guarantee from potential losses.

How is your fund different than most of the other funds out there?

Preservation of capital is our most important concern. We buy investments with a large margin of safety, often below their liquidation value, so that we are protected from permanent loss. We do not short individual stocks, trade on margin, utilize debt or allocate more than 25% of capital into any single idea. Our compensation is based solely on performance, and achieving a minimum return for our partners. We are more efficient and flexible than most of our industry peers.

Can I add funds to my limited partnership account?

Yes, you should contact us as far ahead as possible and let us know of your intentions. We will send you a deposit slip that needs to be signed and sent back to us. Existing partners can add to their account in increments of $20,000. You can also access all documents, including deposit slips, for the fund on our website (www.cornermarketcapital.com) under the "Client Log-In". The username is "Corner" and the password is "Market".

Can I withdraw funds from my account?

Yes, by contacting us with sixty days notice. You can withdraw funds from your account in $20,000 increments, with a minimum remaining balance of $50,000.

Why is 60 days notice required?

Investment capital is often allocated into investments that may not be readily liquid. It may take a bit of time for us to selectively liquidate a portion of the portfolio to meet any requested redemption. We will try to accommodate partners as quickly as we can, as we normally maintain a considerable amount of liquidity.

If you have a very good investment idea, does the MPIC Fund I, LP or the MPIC Canadian LP get invested first?

We send the orders to Morgan Stanley Smith Barney, LLC and RBC Dominion at the same time. We have no control on which order gets filled first, but we try and have relatively close allocations in ideas between the two funds. Depending on when capital comes into each fund, it is allocated to the cheapest ideas available at that time.

Do you have a client website?

Corner Market Capital Corporation has a website at www.cornermarketcapital.com, which provides information regarding the MPIC Funds, its management and contact information. There is a client log-in that can be accessed using the username "Corner" and the password "Market". All documents relating to the MPIC Funds are available there, as well as the previous two year's of "Letters to Partners".

Can I contact you if I have a question?

Yes, we absolutely insist that our partners contact us directly with any query or concern they may have. The buck stops here!

Appendix C

CORNER MARKET CAPITAL CORPORATION

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36 South Pennsylvania Street, Ste. 500
Indianapolis, Indiana 46204

January 31, 2010

To the Board of Directors of The Steak n Shake Company:

On behalf of Corner Market Capital Corporation and our investment partners, we thank you for your efforts in restoring the patina of this wonderful iconic brand. We look forward to many rewarding years as shareholders.

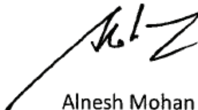
We write to you after reading your news release on January 29th, regarding the company's plan to change its corporate name from the The Steak n Shake Company to Biglari Holdings. Our concern is that the board of directors may have come to this decision far too hastily.

While we have the highest regard for your Chairman's abilities and vision for the company, we believe that renaming the company Biglari Holdings is inappropriate. We will provide a simple analogy that reflects the folly of this decision.

As we head into Super Bowl weekend, with your hometown Indianapolis Colts playing against the New Orleans Saints, what could be better than Peyton Manning leading his team to another title? We ask you, should Peyton Manning rename the Indianapolis Colts to the Manning Colts if he wins another title? Would this truly incentivize Peyton Manning to work harder than he already is? How would the city of Indianapolis feel about this? What about the offensive line and defensive line? Front office staff? And lastly, how would Jim Irsay, the owner of the Colts, feel about this? The owners of the Steak n Shake Company, the shareholders, have been given a vote on this matter. Unfortunately, the employees, who do all the heavy lifting, have not. Nor have the franchisees.

Ultimately, we feel the decision to rename the company provides little value, if any. It has no effect whatsoever on the intrinsic value of the business, nor the future prospects for it. It completely distracted from the fabulous quarterly report you put out at the same time. And instead of burnishing the reputation of this board's work over the last year and a half, it opens it up to criticism. We respectfully implore the board to reconsider its decision to rename the company.

Sincerely,



Alnesh Mohan Sanjeev Parsad

Appendix D

October 30, 2009

David Polonitza
2550 Nelsonville Road
Boston, KY 40107

Dear David:

On behalf of the Nominating Committee, I thank you for your interest in ITEX and your recent nominations for director. The Committee did not accept your nominees as candidates for this year's election, and we would like to communicate the reasons supporting our decision.

Our track record with ITEX demonstrates that we support the general principle that board members should be accountable to shareholders and that shareholders should have input into the choice of directors. Your group has been one of our largest shareholders during recent years; with your latest Schedule 13D indicating the group owns 12.2% of the Company's common stock. In light of your position, we have pursued a constructive and cordial dialogue with you about strategic initiatives.

In your nomination of three (3) candidates, your intentions regarding the Company are not clear to the board. At no time in writing did you indicate any specific plans for the Company, other than your dissatisfaction with certain governance and capital allocation matters. In addition, the fact that the nominations were submitted on the last calendar day possible gave us little time to interview or get to know your nominees before our publishing deadlines. Although it appeared each of your nominees possessed the minimum threshold criteria prescribed by the Committee for initial consideration, it was unclear what contributions your nominees could be expected to make to the collective functioning of the Board and to the governance of the Company, whether they had any knowledge of the barter industry or had other compelling industry experience that would directly benefit the Company, or whether they would represent fairly and equally all shareholders and not serve for the purpose of advancing or favoring any particular shareholder or other constituency. We were given no time to explore whether collegial relationships in the best interests of the Company could be developed.

Regarding the size of the Board, we do evaluate the relationship between board size and corporate performance in order to assess the size that would be most **effective for the future** operations of the Company. We have been satisfied with the efficiency of the current size of the board at three (3), **including the Chairman's ease in contacting and receiving quick feedback regarding a host of general business challenges from each board member. We have also tried to minimize governance expenses at the Company. Our proxy statement clarifies that ITEX does not pay meeting fees or reimbursements for travel or other out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors or its committees. With the exception of Alnesh Mohan located in Vancouver, B.C., your** nominees were geographically distant from our operations, **representing additional governance costs.**

In view of these and other considerations, the Committee determined that it would not nominate your candidates for this year's annual meeting.

Very truly yours,

[signature] on behalf of Eric Best

Eric Best
Nomination Committee Chairman

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