To: All Limited Partners of The Pabrai Investment Fund I

From: Mohnish Pabrai, Managing Partner

Date: September 3, 2000

Re: **Welcome New Limited Partners; Performance Data**

Dear Partners:

1. Introducing the new and original Limited Partners

Let me begin by welcoming all the new limited partners who are joining us as investors on September 1, 2000. Thank you for confidence and support. The new limited partners are:

WITHHELD FOR CONFIDENTIALITY

I'd also like to introduce our new limited partners to the existing limited partners:

WITHHELD FOR CONFIDENTIALITY

2. PIFI NAV and Performance BEFORE Fees and Expenses Since Inception

Expenses from Inception – Present: **$28,007**
($11,905.95+$1450+$375+$14,277)
($14,277 is accrued, but not yet paid.)

Our broker, NDB, treats the last Friday of each month as its month-end. Thus we have a statement through 8/25/00 and we're treat the new investors as coming in on 8/28/00. Our brokerage statement shows net assets of $2,858,924.52 on 8/25/00. Adding-in the paid expenses since inception yields a NAV of **2,872,654.52**

My fees through 6/30/00 were 10,462.80 shares. Excluding my fee, yields net shares outstanding of 154917.34 or a per share NAV of **$18.543.**

In other words, the fund is up **85.43% in the first 14 months** since inception before fees and expenses. On an annualized basis this is a **73.2% annual rate of return**!! So far, we're kicking ass! It is also very clear that this level of performance is **not sustainable** and I do expect average annualized performance to be lower.

3. NAV and Performance AFTER Fees and Expenses Since Inception

The NAV as of 8/25/00 after expenses is $2,844,647.52.

The NAV after fees and expenses on 6/30/00 was $2,476,277 per Gleeson, Sklar's year-end audit. Thus we had a gain of $368,370.52 in the last 2 months. This is 1/6th of a year. Limited Partners are hence guaranteed a minimum gain of 1% which is $24,762.77. The gain above this is $343,607.75.

Dalal Street's Fee is 25% of $343,607.75, which is, **$85,901.94**
Limited Partners get 75% of $343,607.75, which is, **$257,705.81**

Thus the NAV after fees and expenses through 8/25/00 is $2,758,745.58

Total Shares outstanding on 8/25/00 are 165,380.14. Thus the per unit **NAV is $16.68**

In other words, the fund is up 66.8% in the first 14 months or an annualized rate of 57.26% AFTER all fees and expenses.

I am putting my entire fee into PIFI at this time at the $16.68/share price or 5150 Shares. In addition, we had $1,000,000 come in on 8/28/00 as new funds resulting in 59,952 partnership shares being issued for a total of 65102 new shares.

4. Limited Partners Holdings

This data is being distributed to limited partners only. Please treat both the identities of Limited Partners and their respective stakes as strictly confidential.

The individual shareholding as of 8/28/00 is as follows:

NAME	**Shares Held** (Rounded)	**Value of Holdings as of 8/28/00** (rounded)
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TOTAL	**230,482.15**	**$3,844,442**

5. PIFI's Performance BEFORE and AFTER fees and expenses vs. the Indices.

No. of Shares	Date	PIFI NAV Pre-Fees	PIFI NAV Post-Fees	S&P 500	S&P 500	DJIA	DJIA	NASDAQ	NASDAQ
100000	7/2/99	$10.00	$10.00	$10.00	1,391.22	$10.00	11,139.24	$10.00	2692.96
100000	12/8/99	$17.15	$17.15	$10.09	1,403.88	$9.94	11,068.12	$13.32	3586.08
100000	2/25/00	$16.08	$14.57	$9.58	1,333.36	$8.85	9,862.12	$17.05	4590.5

164453	6/30/00	$16.25	$15.05	$10.47	1,456.60	$9.38	10,447.89	$14.73	3966.11
230482	8/28/00	$18.54	$16.68	$10.83	1,506.00	$10.05	11,193.00	$15.01	4,043.00

To explain the above chart, in layman's terms, if $100,000 each were invested on 7/2/99 in PIFI, the Dow Jones Industrial Average (DJIA), the S&P 500 and the NASDAQ Index, the results (before expenses and fees) would, as of, 8/28/00 be:

1. PIFI (pre-Fees): $185,400
1. PIFI (post-Fees): $166,800
2. NASDAQ: $150,100
3. S&P 500: $108,300
4. DJIA: $100,500

Thus one would have less than a 1% on the DJIA, had a less than 9% return on S&P 500 and had a very good return on the NASDAQ composite Index. **PIFI out performed all the three market indices**. It beat the **DJIA by 84.9%, the S&P 500 by 77.1% and the Nasdaq Composite by 35.3% BEFORE all fees and expenses.**

It beat the **DJIA by 66.3%, the S&P 500 by 58.5% and the Nasdaq Composite by 16.7% AFTER all fees and expenses.**

My long-term objective is to beat all three indices. So far, we have trounced all the indices. I would not expect our performance to exceed the broad-based indices by these astounding margins over the long-haul.

1. The Website

Our Webmaster, Billy Stubbs, has done a nice job on our website. It is still under construction, but we have taken it live. You can check it out at its temporary address:

http://pabraifunds.tempsite.net

Its permanent domicile is:

http://www.pabraifunds.com

I'd welcome any comments or suggestions. If you have friends or associates that you think might have an interest in The Pabrai Investment Funds, please direct them to the website.

2. The Pabrai Investment Fund I and 2

PIFI is now indefinitely closed to new and existing investors. I am not planning to add funds to PIFI at this time.

PIF2 is expected to close on either 10/1/00 or 11/1/00. It will start with atleast $1 Million. $650,000 has been committed so far. So there is just $350K left to allocate. Please let me know if you or anyone you know would like to invest in PIF2. Please refer to the website or call/email me for more information.

3. A Successful Annual Meeting and Dinner

We had about 20 people attend the First Annual Meeting for PIFI. I am hoping to prepare minutes of the meeting and post them on the website one of these days. I thought we had some very good dialog and Q&A. The food and ambiance at Maggiano's was very good. In the future, we'll have the meeting and dinner at the same venue. I'd like to thank those who came and participated for making it a success. My executive assistant, Kim Felix, did most of the heavy-lifting in putting the event together. Thank you, Kim.

Thanks for your continued confidence and support.

Best Regards,

Mohnish Pabrai
5273 Wakefield Lane
Long Grove, IL 60047-7302
Tel. +1630.493.6652
Mobile +1630.240.1652
Fax +1847.821.9213
Pabrai@aol.com
www.pabraifunds.com

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