

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Chapter 11 Bankruptcy

INTREPID U.S.A., INC.
INTREPID OF GOLDEN VALLEY, INC.
F.C. ACQUISITION CORPORATION,

BKY No. 04-40416
BKY No. 04-40462
BKY No. 04-40418
BKY Nos. 04-41924 – 04-41988

Debtors.

**PRELIMINARY RESPONSE OF CAPITALSOURCE FINANCE LLC TO
PRELIMINARY OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS TO THE MOTION TO APPROVE THE FIRST AMENDMENT TO THE
POST-PETITION REVOLVING CREDIT AND SECURITY AGREEMENT**

CapitalSource Finance LLC (“CapitalSource Finance”), the DIP lender to the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), submits this preliminary response to the Preliminary Objection (the “Objection”) of the Official Committee of Unsecured Creditors (the “Committee”) to the Motion to Approve the First Amendment to the Post-Petition Revolving Credit and Security Agreement (the “Motion”), and in support hereof, respectfully states as follows:

1. On August 4, 2004, the Debtors filed their Motion seeking this Court’s authority to amend, for the first time, the existing DIP Credit Agreement.¹ A hearing on the Motion is presently scheduled for Wednesday, August 18, 2004 at 2:30 p.m. (the “Hearing”).

2. The proposed Amendment is the end result of several weeks of negotiations between the Debtors and CapitalSource Finance, all at the Debtors’ request, to accommodate the Debtors’ need to modify the terms of the existing DIP Credit Agreement, and CapitalSource Finance’s desire to amicably resolve certain deficiencies by the Debtors under the terms of the existing DIP Credit Agreement. As stated in the Motion, the Amendment is in the best interests

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

of the Debtors and their estates because it provides the Debtors with increased borrowing availability and more flexibility to achieve a successful reorganization, sale, or recapitalization.

3. On August 13, 2004, the Committee filed its Objection. The Committee has requested that the Debtors and CapitalSource Finance seek an adjournment of the hearing to August 26, 2004 at 1:30 p.m. (the "Continued Hearing") so that the parties will have additional time to address the issues raised in the Objection.

4. CapitalSource Finance has agreed to the Continued Hearing, however, it reserves all of its rights and remedies under the DIP Credit Agreement as well as its right to submit supplemental written responses to the Court with respect to the Objection and gives notice that it may call a representative of the Debtors to testify at the Continued Hearing.

Dated: August 17, 2004

Respectfully submitted,

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