

STATE OF ALABAMA)
SHELBY COUNTY)

1168

ASSIGNMENT OF ACCOUNTS RECEIVABLE

THIS ASSIGNMENT is entered into by and between AVANTI POLAR LIPIDS, INC., an Alabama corporation (the "Borrower"), and FIRST ALABAMA BANK, an Alabama banking corporation (the "Lender"), to secure an indebtedness owing by the Borrower (the "Loan"), to the Lender, as evidenced by that certain promissory note (the "Note") of even date herewith, in the principal sum of ONE MILLION TWO HUNDRED FIFTY THOUSAND AND NO/100 (\$1,250,000.00) DOLLARS, payable to the order of the Lender and executed by the Borrower, which indebtedness is described in a Construction and Permanent Loan Agreement (the "Loan Agreement") of even date therewith executed by the Borrower, and the Lender, and which is described in and secured by a Mortgage and Security Agreement (the "Mortgage") of even date therewith executed by the Borrower to the Lender, covering the Borrower's interest, in and to the real property described in Exhibit A attached hereto and made a part hereof. Said indebtedness is hereinafter collectively referred to as the "Indebtedness." The Mortgage, this Assignment of Accounts Receivable, the Loan Agreement, and all other instruments executed by the Borrower further securing the Indebtedness are hereinafter collectively referred to as the "Security Documents."

SECTION ONE
STATEMENT OF ASSIGNMENT

For and in consideration of the Loan made to the Borrower by the Lender as evidenced by the Note and to secure the payment of the principal and interest of the Note and all renewals and extensions of the Note or any part thereof and any and all other sums, indebtedness, and liabilities now owing or to become due and owing from Borrower to the Lender under the Loan Agreement or the Mortgage, the Borrower has granted, transferred, and assigned and by these presents does grant, transfer, and assign unto the Lender all of his right, title, and interest in and to the accounts, commercial paper, notes, and contracts receivable of Borrower, together with any security or guarantees thereon, including proceeds of insurance due and payable in connection therewith, and together with all of Borrower's right, title, and interest, which Borrower now has or may hereafter acquire in and to any and all of the merchandise covered by the claims or accounts.

Lender is granted all rights and titles to any and all of the merchandise that may be rejected, returned, rerouted or reconsigned, and in and to any new claim or account created or arising through the resale or exchange of any such merchandise, together with all moneys owing or to become due on any and all

Lance Linder

such claims or accounts, or merchandise, and all rights, remedies and powers thereto appertaining, including any securities or guaranties, with full right and power to collect, enforce, and discharge the same. To endorse and deposit in Lender's own bank account any and all commercial paper, notes, or acceptances received in payment of the accounts or merchandise represented thereby and sold thereunder, including all moneys due and to become due on same and title to the merchandise represented thereby, in case same is not received or accepted by the purchasers, or is returned, rejected, or rerouted, including title to any account, contract, or merchandise created through the resale or exchange of the merchandise, and all sums of money due and to become due thereon.

SECTION TWO WARRANTIES BY BORROWER

For the express purpose of inducing Lender and its successors and assigns to make the Loan to Borrower, Borrower represents and warrants to Lender the following:

(a) Genuineness of Documents. The financial statements, invoices, orders, proofs of delivery, and other documents submitted by Borrower to Lender together with all statements therein made are true and genuine.

(b) Manufacture of Goods. The goods described in and covered by the invoices and statements of account were manufactured strictly in accordance with specifications required by the purchasers thereof. Prior to this date, all the merchandise represented therein as sold to the purchasers was packed and shipped, and all services rendered to the purchasers, in accordance with bona fide orders and sales, and not in accordance with any consignment agreement or sale on approval.

(c) Shipment of Goods. The goods were shipped to the purchasers on their request, and in accordance with their directions, on the days and via the carriers indicated in the invoices, statements, and proofs of delivery.

(d) Original Orders. Purchasers' original bona fide orders for the goods and services have been duly received by Borrower. To date they have not been in any way canceled, countermanded, or altered, verbally or in writing, by the purchasers, their agents, or representatives, except as otherwise disclosed to Lender.

(e) Validity of Accounts. There exist no offsets or counterclaims against any of the accounts, except as otherwise disclosed to Lender. Proper entries of the sale and shipment of the goods and services have been made on Borrower's books,

disclosing the absolute sale thereof to the purchasers and the present assignment of same to Lender. Purchasers from Borrower on the accounts assigned are committed to Borrower to the extent herein stated. The accounts are valid and fully collectible from the purchasers, except as otherwise disclosed to Lender.

(f) Encumbrances on Goods. These goods have not been previously conveyed, sold, or pledged by Borrower or his representatives. Title to the accounts has previously in no manner been wholly or partially transferred by Borrower for the purpose of sale, security, or otherwise. No person, firm or corporation except Borrower, and through this Assignment, Lender, has to date acquired any lien, right, title, or claim to the accounts or the merchandise described therein, or to any part thereof.

(g) Payment. The purchasers have not to this date paid to Borrower, or his representatives, or for his benefit, any part or all of the purchase price of the goods and services, except as otherwise disclosed to Lender. No check, note, draft, trade acceptance, bill of exchange, or other commercial paper or instrument of value has been given to Borrower or his representatives in connection with the transactions, except as otherwise disclosed to Lender. The purchasers do not now have any claims against the amounts due on the accounts, by way of counterclaims, offsets, or in any other manner whatsoever, except as otherwise disclosed to Lender. There exist no other circumstances that would entitle the purchasers to refuse to pay the accounts or to diminish the price of the goods and services from that originally agreed on and stated in the bills and statements of Borrower, except as otherwise disclosed to Lender.

(h) Assignment of Accounts to Others. None of the accounts receivable owed to Borrower by any and all debtors have been sold or assigned to any other person, firm, or corporation, except Lender herein, except where notice of such sale or assignment has been given to Lender.

(i) Solvency of Borrower and Purchasers. Borrower is now solvent. Nothing has come to Borrower's attention which has led Borrower to reasonably conclude that any purchaser and debtor on the accounts is not solvent, except as otherwise disclosed to Lender. There are no judgments, security agreements, or liens on record, nor are there any suits pending anywhere against Borrower, of which Lender has not be notified.

It is a condition of the granting of these powers, benefits and privileges, and of the making of the assignment, and the Lender by the acceptance of this instrument so agrees, that, until an act of default shall be made by the Borrower in the performance of any of the agreements, covenants, and promises in the Note, the Mortgage, the Loan Agreement, or any of the

Security Documents, including the making of the payments as set out in said Note, the Borrower may receive and collect its accounts receivable; but it is covenanted and agreed by the Borrower, for the consideration aforesaid, upon or at any time after default in the payment of any Indebtedness secured hereby or in the observance or performance of any obligation, covenant, or warranty set forth herein, in the Loan Agreement, or in any Security Document, or the occurrence of any event of default under the terms of any of the Note, the Loan Agreement, or any Security Document, the Lender, at its option, shall have the right, power, and authority to exercise and enforce any or all of the following rights and remedies:

(a) to collect the accounts as aforesaid, and, in the Lender's own name;

(b) to demand, collect, receive, sue for, attach and levy on the accounts;

(c) to give proper receipts, releases and acquittance therefor, after deducting all necessary and reasonable costs and expenses of collection, including reasonable attorney's fees;

(d) to apply the net proceeds thereof, together with any funds of the Borrower deposited with the Lender, upon any Indebtedness secured hereby, or by the Security Documents and in such order as the Lender may determine;

(e) and to declare all sums secured hereby immediately due and payable and, at its option, to exercise all of the rights and remedies provided for in the Note, in the Loan Agreement, in the Security Documents, or under the terms hereof.

The collection of accounts receivable and application thereof as aforesaid shall not cure or waive any default or waive, modify, or affect any notice of default under the Note, the Loan Agreement, the Security Documents or hereunder, or invalidate any act done pursuant to such notice. The enforcement of such right or remedy by the Lender, once exercised, shall continue for so long as the Lender shall elect, notwithstanding that the collection and application aforesaid of the accounts receivable may have cured the original default. If the Lender shall thereafter elect to discontinue the exercise of any such right or remedy, the same or any other right or remedy hereunder may be reasserted at any time and from time to time following any subsequent default.

This Assignment shall remain in effect as long as any part of the Construction Loan (as defined in the Loan Agreement

remains unpaid; and upon the payment in part of the Permanent Loan (as defined in the Loan Agreement) through financing provided under the auspices of the Small Business Administration as more fully set forth in the Loan Agreement, the Lender shall execute a release of this Assignment upon the written request of the Borrower.

EXECUTED this 16 day of November, 1989.

AVANTI POLAR LIPIDS, INC.

By:

Walter A. Shaw
Walter A. Shaw, Ph.D.
Its President

STATE OF ALABAMA)

COUNTY OF)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Walter A. Shaw, Ph.D., whose name as President of Avanti Polar Lipids, Inc., is signed to the foregoing Assignment of Accounts Receivable, and who is known to me, and known to me to be such person, acknowledged before me on this day that, being informed of the contents of said document, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this the 16th day of November, 1989.

[Signature]
Notary Public

My Commission Expires: 9/17/93

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EXHIBIT A

STATE OF ALABAMA)

SHELBY COUNTY)

A part of the SW 1/4 of the NE 1/4 of Section 35, Township 20 South, Range 3 West, Shelby County, Alabama; being more particularly described as follows: Begin at the SE corner of the SW 1/4 of the NE 1/4 of Section 35, Township 20 South, Range 3 West, Shelby County, Alabama; thence run West along the south line of said 1/4 1/4 for a distance of 872.44 feet to a point on the east right of way line of an existing road; thence turn an angle to the right of 88 deg. 41 min. 52.5 sec. in a northerly direction along the East right of way line of said road for a distance of 382.20 feet; thence turn an angle to the right of 91 deg. 18 min. 07.5 sec. and run in an Easterly direction for a distance of 300 feet; thence turn an angle to the right of 88 deg. 41 min. 52.5 sec. and run in a Southerly direction for 75.00 feet; thence turn an angle to the left of 88 deg. 41 min. 52.5 sec. and in an Easterly direction for a distance of 497.10 feet to a point on the southwest right of way line of the Alabama Power Company right of way; thence turn an angle to the right of 65 deg. 08 min. 12.5 sec. and run in a southeasterly direction along the southwesterly right of way line of the Alabama Power Company right of way for a distance of 188.20 feet to the East line of said 1/4 1/4; thence turn an angle to the right of 23 deg. 31 min. 20 sec. and run in a southerly direction along the East line of said 1/4 1/4 for a distance of 136.40 feet to the point of beginning. ALSO a 20 foot easement has been reserved along the SW right of way line of the Alabama Power Company right of way and north of the Buck Creek outfall sewer and south of the north property line; being situated in Shelby County, Alabama.

Subject to the following:

Restrictions, covenants and conditions as set out in instrument recorded in Real 23 page 739 in Probate Office.

Title to all minerals within and underlying the premises, together with all mining rights and other rights, privileges and immunities relating thereto, including rights set out in Real 23 page 739 in Probate Office.

Easement of 10 feet for Buck Creek outfall sewer, 20 feet at northeasterly corner, and 10 feet at southwesterly corner for sanitary sewer as shown in survey by Amos Cory dated 12/15/88.

Any flooding of Buck Creek that may occur.

Riparian rights in and to use of Buck Creek.

Location of manhole as shown in survey by Amos Cory dated 12/15/88.

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STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

89 NOV 17 PM 3:31

Thomas A. Snowden, Jr.
JUDGE OF PROBATE

1. Dead Tax	-----	\$	-----
2. Recording Fee	-----	\$	17.50
3. Notary Fee	-----	\$	3.00
4. Clerk Fee	-----	\$	-----
5. Judicial Stamp Fee	---	\$	1.00
Total	-----	\$	21.50

