**ACCOUNTS RECEIVABLE FINANCING AGREEMENT**

**Featured Silicon Valley Group Inc. and Transgenomic Inc. Receivables Financing Agreements**

**SILICON VALLEY BANK**

**SPECIALTY FINANCE DIVISION**

This ACCOUNTS RECEIVABLE FINANCING AGREEMENT (the "Agreement"), dated as

of the Effective Date is between Silicon Valley Bank, Specialty Finance Division

("Bank"), and Transgenomic, Inc., a Delaware corporation, ("Borrower"), whose

address is 12325 Emmet St., Omaha, Nebraska 68164 and with a FAX number of

402-452-5447.

1. DEFINITIONS. In this Agreement:

 "Account Debtor" is defined in the California Uniform Commercial Code

and shall include any person liable on any Financed Receivable, such as, a

guarantor of the Financed Receivable and any issuer of a letter of credit or

banker's acceptance.

 "Adjustments" are all discounts, allowances, returns, disputes,

counterclaims, offsets, defenses, rights of recoupment, rights of return,

warranty claims, or short payments, asserted by or on behalf of any Account

Debtor for any Financed Receivable.

 "Advance" is defined in Section 2.2.

 "Advance Rate" is 80%, or another percentage as Bank may establish from

time to time by giving notice thereof to Borrower.

 "Applicable Rate" is a rate per annum equal to the "Prime Rate" plus

2.25 percentage points.

 "Borrower's Books" are all Borrower's books and records including

ledgers, records regarding Borrower's assets or liabilities, the Collateral,

business operations or financial condition and all computer programs or discs or

any equipment containing the information.

 "Code" is the California Uniform Commercial Code.

 "Collateral" is attached as Exhibit "A".

 "Collateral Handling Fee" is defined in Section 3.4.

 "Collections" are all funds received by Bank from or on behalf of an

Account Debtor for Receivables.

 "Compliance Certificate" is attached as Exhibit "B".

 "Domestic Receivables" are Receivables for which the Account Debtor has

its principal place of business in the United States.

 "Early Termination Fee" is defined in Section 3.5.

 "Effective Date" is the date in which the Bank executes this Agreement.

 "Event of Default" is defined in Section 9.

 "Facility" is an extension of credit by Bank to Borrower in order to

finance receivables with an aggregate Financed Receivable Balance not exceeding

the Facility Amount.

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 "Facility Amount" is $6,250,000.00.

 "Facility Period" is the period beginning on the Effective Date and

continuing until the Maturity Date, unless the period is terminated sooner

pursuant to the terms of this Agreement or extended pursuant to Section 4.3.

 "Finance Charges" is defined in Section 3.2.

 "Financed Receivables" are all Receivables, which Bank has accepted and

against which Bank has made an Advance. A Financed Receivable stops being a

Financed Receivable (but remains Collateral) when the Advance made against the

Financed Receivable has been paid in full.

 "Financed Receivable Balance" is the total outstanding amount, at any

time, of all Financed Receivables.

 "Foreign Receivables" are Receivables for which the Account Debtor does

not have its principal place of business in the United States but are: (1)

covered by credit insurance satisfactory to Bank, less any deductible; or (2)

supported by letter(s) of credit acceptable to Bank; or (3) that Bank approves

in writing.

 "Good Faith Deposit" is described in Section 3.8.

 "Guarantor" means any guarantor of the Obligations.

 "Ineligible Receivable" is any Receivable:

 (a) with regard to any Domestic Receivable, that is unpaid sixty (60)

calendar days after the due date of the invoice; or

 (b) with regard to any Foreign Receivable, that is unpaid ninety (90)

calendar days after the due date of the invoice; or

 (c) that is owed by an Account Debtor that has filed, or has had filed

against it, any bankruptcy case, assignment for the benefit of creditors,

receivership, or Insolvency Proceeding or who has become insolvent (as defined

in the United States Bankruptcy Code) or who is generally not paying its debts

as they become due; or

 (d) for which there has been any breach of warranty or representation in

Section 6 or any breach of any covenant in this Agreement; or

 (e) for which the Account Debtor asserts any Adjustment in excess of ten

percent (10%) of the value of the Receivable.

 "Insolvency Proceeding" are proceedings by or against any person under

the United States Bankruptcy Code, or any other bankruptcy or insolvency law,

including assignments for the benefit of creditors, compositions, extensions

generally with its creditors, or proceedings seeking reorganization,

arrangement, or other relief.

 "Invoice Transmittal" shows a Receivable which Bank may finance and, for

each Receivable, includes the Account Debtor's, name, address, invoice amount,

invoice date and invoice number and is signed by Borrower's authorized

representative.

 "Lockbox" is described in Section 3.9.

 "Maturity Date" is June 9, 2004, or each subsequent anniversary date

subject to Section 4.3, or the date of acceleration by Bank following an Event

of Default.

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 "Obligations" are all advances, liabilities, obligations, covenants and

duties owing, arising, due or payable by Borrower to Bank now or later under

this Agreement or any other document, instrument or agreement, associated

herewith (including those acquired by assignment) primary or secondary, such as

all Advances, Finance Charges, interest, fees, expenses, professional fees and

attorneys' fees or other.

 "Permitted Indebtedness" is:

 (a) Borrower's indebtedness to Bank under this Agreement;

 (b) Indebtedness existing on the Effective Date and shown on the

Schedule 1;

 (c) Subordinated Debt;

 (d) Indebtedness to trade creditors incurred in the ordinary course of

business;

 (e) Indebtedness secured by Permitted Liens, and

 (f) Extensions, refinancings, modifications, amendments and

restatements of any items of Permitted Indebtedness (a) through (e) above,

provided that, without the express consent of Bank, the principal amount thereof

is not increased or the terms thereof are not modified to impose more burdensome

terms upon Borrower.

 "Permitted Liens" are:

 (a) Liens existing on the Effective Date and shown on Schedule 1 or

arising under this Agreement;

 (b) Liens for taxes, fees, assessments or other government charges or

levies, either not delinquent or being contested in good faith and for which

Borrower maintains adequate reserves on its Books;

 (c) Purchase money liens (i) on equipment acquired or held by Borrower

or its Subsidiaries incurred for financing the acquisition of the equipment, or

(ii) existing on equipment when acquired, if the lien is confined to such

equipment and the proceeds of the equipment;

 (d) Leases or subleases and licenses or sublicenses granted in the

ordinary course of Borrower's business, if the leases, subleases, licenses and

sublicenses permit granting Bank a security interest;

 (e) Liens incurred in the extension, renewal or refinancing of the

indebtedness secured by liens described in (a) through (d), but any extension,

renewal or replacement lien must be limited to the property encumbered by the

existing lien and the principal amount of the indebtedness may not increase.

 "Person" is any individual, sole proprietorship, partnership, limited

liability company, joint venture, company, trust, unincorporated organization,

association, corporation, institution, public benefit corporation, firm, joint

stock company, estate, entity or government agency.

 "Prime Rate" is the higher of (a) Bank's most recently announced "prime

rate," even if it is not Bank's lowest rate, or (b) 4.25%.

 "Receivables" are all existing and later arising accounts receivable,

chattel paper, contract rights, rights to payment and other obligations owed to

Borrower in connection with its sale or lease of goods (including licensing

software and other technology) or provision of services, along with all credit

insurance, guaranties, letters of credit or other security associated therewith

and all merchandise returned or reclaimed by Borrower relating to any of the

foregoing and any proceeds therefrom.

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 "Reconciliation Day" is the last calendar day of each month.

 "Reconciliation Period" is each calendar month.

 "Subordination Agreement" is a written agreement, in form and substance

acceptable to Bank in Bank's sole discretion, under which a security interest

that Borrower has granted in any Collateral in order to secure indebtedness to

any third party creditor is expressly subordinated to the Bank's senior security

interest in such Collateral.

 "Subordinated Debt" is debt incurred by Borrower that is subject to a

Subordination Agreement.

 "Subsidiary" is for any Person, a joint venture, or any other business

entity of which more than 50% of the voting stock or other equity interests is

owned or controlled, directly or indirectly, by the Person or one or more

Affiliates of the Person.

 "Tangible Net Worth" is, on any date, the consolidated total assets of

Borrower and its Subsidiaries minus, (i) any amounts attributable to (a)

goodwill, (b) intangible items such as unamortized debt discount and expense,

patents, trade and service marks and names, copyrights and research and

development expenses except prepaid expenses, and (c) reserves not already

deducted from assets, and (ii) Total Liabilities.

 "Total Liabilities" is on any day, obligations that should, under GAAP,

be classified as liabilities on Borrower's consolidated balance sheet, including

all indebtedness and Subordinated Debt.

2. FINANCING OF RECEIVABLES.

2.1. Request for Advances. During the Facility Period and as long as there

has been no Event of Default, Borrower may offer any and all Receivables to Bank

and request an Advance against such Receivables by delivery to Bank of an

Invoice Transmittal for each Receivable it offers. Bank may rely on information

on or with the Invoice Transmittal.

2.2. Acceptance of Receivables; Advances. Bank is not obligated to finance

any Receivable. Bank may approve any Account Debtor's credit before accepting

any Receivable. When Bank accepts a Receivable, Bank will lend to Borrower an

amount equal to the Advance Rate times the face amount of the Receivable (the

"Advance"). Bank may, in its discretion, change the percentage of the Advance

Rate. When Bank makes an Advance, the Receivable becomes a "Financed

Receivable." All representations and warranties in Section 6 must be true as of

the date of the Invoice Transmittal and of the Advance and no Event of Default

exists or would occur as a result of the Advance. The Financed Receivable

Balance outstanding at any time may not exceed the Facility Amount.

2.3. Conditions Precedent to Initial Advance. Bank's obligation to make the

initial Advance is subject to the condition precedent that it receive the

agreements, documents and fees it requires, including: (a) a Subordination

Agreement from General Electric Capital Corporation acknowledging Bank's first

lien position against all of the Collateral, except such specific equipment and

fixed assets as identified on Schedule 2 attached hereto, and (b) with regard to

any and all additional outstanding notes or credit facilities, either (i) a

Subordination Agreement or (ii) evidence satisfactory to Bank that such

outstanding note or credit facility has been terminated.

3. COLLECTIONS, FINANCE CHARGES, REMITTANCES AND FEES. The Obligations

shall be subject to the following fees and Finance Charges. Fees and Finance

Charges may, in Bank's discretion, be charged as an Advance, and shall

thereafter accrue fees and Finance Charges as described below. Bank may, in its

discretion, charge fee and Finance Charges to Borrower's deposit account

maintained with Bank.

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3.1. Collections. Collections of each Financed Receivable will be credited by

Bank within one business day of its receipt against the Advance made with

respect to such Financed Receivable. As long as there is not an Event of Default

or an event that with notice of lapse of time will be an Event of Default,

within three (3) business days of Bank's receipt of any Collections, Bank will

use its best efforts to remit to Borrower the difference of (i) the amount of

Collections in excess of the amount for which Bank has made an Advance to

Borrower for such Financed Receivable, plus any amount received for Receivables

other than Financed Receivables, minus (ii) any amount then due and owing to

Bank hereunder, such as outstanding fees, expenses or otherwise. This Section

does not impose any affirmative duty on Bank to do any act other than to turn

over amounts. All Receivables and Collections are Collateral and if an Event of

Default occurs, Bank need not remit Collections of Collateral and may apply them

to the Obligations.

3.2. Finance Charges. In computing Finance Charges on the Obligations, all

Collections received by Bank shall be deemed applied by Bank on account of the

Obligations within one business day after receipt of the Collections. Borrower

will pay a finance charge (the "Finance Charge") of (i) the Applicable Rate

times (ii) the number of days in the Reconciliation Period divided by 360 days

times (iii) the outstanding average daily Financed Receivable Balance for that

Reconciliation Period. After an Event of Default, Obligations accrue interest at

5 percent above the Applicable Rate effective immediately before the Event of

Default.

3.3. Commitment Fee. A fully earned, non-refundable commitment fee of $62,500

was paid March 31, 2003,and receipt is hereby acknowledged.

3.4. Collateral Handling Fee. On each Reconciliation Day, Borrower will pay

to Bank a collateral handling fee, equal to $3,000 (the "Collateral Handling

Fee").

3.5. Early Termination Fee. A fully earned, non-refundable early termination

fee of 1% of the Facility Amount (the "Early Termination Fee") is due upon

voluntary full payment of the Obligations and termination of this Facility by

Borrower prior to June 9, 2004, unless the Obligations are paid in full from

borrowings under a loan agreement with Bank.

3.6. Accounting. After each Reconciliation Period, Bank will provide an

accounting of the transactions for that Reconciliation Period, including the

amount of all Financed Receivables, all Collections, Adjustments, Finance

Charges, and the Collateral Handling Fee. If Borrower does not object to the

accounting in writing within 30 days it is considered correct. All Finance

Charges and other interest and fees calculated on the basis of a 360 day year

and actual days elapsed.

3.7. Deductions. Bank may deduct fees, finance charges and other amounts due

from any Advances made or Collections received by Bank.

3.8. Good Faith Deposit. Borrower has paid to Bank a good faith deposit of

$10,000 to initiate Banks due diligence review process (the "Good Faith

Deposit"). Any portion of the Good Faith Deposit not utilized to pay expenses

will be refunded to Borrower.

3.9. Account Collection Services; Lockbox. Borrower shall notify and direct

all of the Borrower's Account Debtors to make all payments for Borrower's

Receivables to a lockbox account established with the Bank ("Lockbox") or to

wire transfer payments to a cash collateral account that Bank controls.

Notwithstanding the foregoing, Bank shall have the right to notify and direct

all of Borrower's Account Debtors to make payments to the Lockbox. It will be

considered an immediate Event of Default if the Lockbox is not set-up and

operational within 45 days from the date of this Agreement. Until such time as

the Lockbox is set-up and operational, Borrower shall provide Bank by the close

of business on each Friday a detailed cash receipts journal detailing the

amounts collected on any Financed Receivable. In addition, if any amount is

collected by Borrower with respect to a Receivable after the date the Lockbox is

operational, such amount will be held in constructive trust by the Borrower for

the Bank and will be promptly deposited by Borrower into the Lockbox.

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4. REPAYMENT OF OBLIGATIONS.

4.1. Repayment on Maturity. Borrower will repay each Advance on the earliest

of: (a) payment of the Financed Receivable in respect which the Advance was

made, (b) the Financed Receivable becomes an Ineligible Receivable, (c) when any

Adjustment is made to the Financed Receivable (but only to the extent of the

Adjustment if the Financed Receivable does not become an Ineligible Receivable

as a result of such Adjustment), or (d) the Maturity Date. Each payment will

also include all accrued Finance Charges on the Advance and all other amounts

due hereunder.

4.2. Repayment on Event of Default. When there is an Event of Default,

Borrower will, if Bank demands (or, in an Event of Default under Section 9(B),

immediately without notice or demand from Bank) repay all of the Advances. The

demand may, at Bank's option, include the Advance for each Financed Receivable

then outstanding and all accrued Finance Charges, attorneys and professional

fees, court costs and expenses, and any other Obligations.

4.3. Extension Option. Borrower shall have the right to extend the Facility

Period for additional twelve (12) month periods subject to the following terms

and conditions:

 (A) Borrower shall request the extension, if at all, by written

notice to Bank not more than one hundred twenty (120) days, and not less than

thirty (30) days, prior to the Maturity Date. Bank shall acknowledge in writing

with thirty (30) days of receipt of such notice whether such requested extension

shall be granted.

 (B) At the time of the request, and at the time of the extension,

there shall not exist any Event of Default.

 (C) Current financial statements regarding Borrower and any Guarantor

and all other financial statements and other information as may be required

hereunder shall have been submitted to Bank within the time periods prescribed

hereunder.

 (D) Whether or not the extension becomes effective, Borrower shall

pay all out-of-pocket costs and expenses incurred by Bank in connection with the

proposed extension (pre-and post-closing), including, without limitation,

appraisal fees and legal fees; all such costs and expenses incurred up to the

time of Bank's written instrument confirming such extension shall be due and

payable prior to Bank's execution of that instrument (or if the proposed

extension does not become effective, then upon demand by Bank), and any failure

to pay such amounts shall constitute a default hereunder. Upon request, Bank

will provide Borrower with an itemization of all expenses that are due in

connection with such extension.

 (E) Not later than the Maturity Date, (i) the extension shall have

been documented to Bank's satisfaction by Borrower, Guarantors, Bank, and all

other parties deemed necessary by Bank; and (ii) Bank and Borrower shall agree

as to the amount of the Early Termination Fee to apply during such extension

period.

5. POWER OF ATTORNEY. Borrower irrevocably appoints Bank and its successors

and assigns as Borrower's attorney-in-fact and authorizes Bank to:

 (A) Regardless of whether there has been an Event of Default:

 (1) prepare, file and sign Borrower's name on any notice, claim,

assignment, demand, draft, or notice of or satisfaction of lien or mechanics'

lien or similar document;

 (2) notify all Account Debtors to pay Receivables to Bank

directly;

 (3) receive, open, and dispose of mail addressed to Borrower;

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 (4) endorse Borrower's name on checks or other instruments;

 (5) execute on Borrower's behalf any instruments, documents, or

financing statements to perfect Bank's interests in the Financed Receivables and

Collateral; and

 (6) do all acts and things necessary or expedient in connection

with the foregoing.

 (B) After the occurrence of an Event of Default:

 (1) sell, assign, transfer, pledge, compromise, or discharge all

or any part of the Financed Receivables; and

 (2) demand, collect, sue, and give releases to any Account Debtor

for monies due and compromise, prosecute, or defend any action, claim, case or

proceeding about the Financed Receivables, including filing a claim or voting a

claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1. Representations and Warranties. Borrower represents and warrants for

each Financed Receivable:

 (A) Borrower is the owner with legal right to sell, transfer and

assign such Financed Receivable;

 (B) The correct amount is shown on the Invoice Transmittal relating

thereto and is not disputed;

 (C) Payment is not contingent on any unperformed obligation or

contract and Borrower has fulfilled all obligations necessary to its right to

receive payment as of the Invoice Transmittal date;

 (D) Such Financed Receivable is based on an actual sale and delivery

of goods and/or services rendered, is due to Borrower, is not past due or in

default, has not been previously sold, assigned, transferred, or pledged and is

free of any liens, security interests and encumbrances, other than those created

hereby;

 (E) There are no defenses, offsets, counterclaims or agreements for

which the Account Debtor may claim any deduction or discount;

 (F) Borrower reasonably believes that the Account Debtor is solvent

and not subject to any Insolvency Proceedings;

 (G) Bank has the right to endorse and/ or require Borrower to endorse

all payments received on Financed Receivables and all proceeds of other

Collateral.

6.1.1 Additional Representations and Warranties. Borrower represents and

warrants as follows:

 (A) Borrower is duly existing and in good standing in its state of

formation and qualified and licensed to do business in, and in good standing in,

any state in which the conduct of its business or its ownership of property

requires that it be qualified. The execution, delivery and performance of this

Agreement has been duly authorized, and does not conflict with Borrower's

organizational documents, nor constitute an Event of Default under any material

agreement by which Borrower is bound. Borrower is not in default under any

agreement to which or by which it is bound.

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 (B) Borrower has good title to the Collateral. All inventory is in

all material respects of good and marketable quality, free from material

defects.

 (C) Borrower is not an "investment company" or a company "controlled"

by an "investment company" under the Investment Company Act. Borrower is not

engaged as one of its important activities in extending credit for margin stock

(under Regulations G, T and U of the Federal Reserve Board of Governors).

Borrower has complied with the Federal Fair Labor Standards Act. Borrower has

not materially violated, in Bank's discretion, any laws, ordinances or rules.

None of Borrower's properties or assets have been used by Borrower, to the best

of Borrower's knowledge, by previous persons, in disposing, producing, storing,

treating, or transporting any hazardous substance other than legally. Borrower

has timely filed all required tax returns and paid, or made adequate provision

to pay, all taxes. Borrower has obtained all consents, approvals and

authorizations of, made all declarations or filings with, and given all notices

to, all government authorities that are necessary to continue its business as

currently conducted.

 (D) Borrower will maintain its primary depository and operating

accounts with Bank, all of which such accounts will be established within 45

days of document execution. In the event any accounts, excluding foreign

accounts, consisting in the aggregate of more than 15% of Borrower's total

deposits continue to exist after 45 days of document execution, Borrower shall

execute and deliver to Bank an account control agreement in form and content

acceptable to Bank in Bank's sole discretion.

 (E) Borrower has not filed or had filed against it Insolvency

Proceedings and does not anticipate any filing.

 (F) No representation, warranty or other statement of Borrower in any

certificate or written statement given to Bank contains any untrue statement of

a material fact or omits to state a material fact necessary to make the

statement contained in the certificates or statement not misleading.

 (G) Within 60 days from the Effective Date, Borrower shall deliver to

Bank a Landlord's Consent in the form attached hereto as Exhibit C from the

landlord of Borrower's corporate offices in Omaha, Nebraska and of Borrower's

warehouse facilities located in Omaha, Nebraska, Boulder, Colorado and San Jose,

California.

6.2. Affirmative Covenants. Borrower will do all of the following:

 (A) Maintain its corporate existence and good standing in its

jurisdictions of incorporation and maintain its qualification in each

jurisdiction necessary to Borrower's business or operations.

 (B) Give Bank at least 10 days prior written notice of changes to its

name, organization, chief executive office or location of records.

 (C) Pay all its taxes including gross payroll, withholding and sales

taxes when due and will deliver satisfactory evidence of payment if requested.

 (D) Give Bank copies of all Forms 10-K, 10-Q and 8-K (or equivalents)

within 5 days of filing with the Securities and Exchange Commission, while any

Obligation is outstanding.

 (E) Execute any further instruments and take further action as Bank

requests to perfect or continue Bank's security interest in the Collateral or to

effect the purposes of this Agreement.

 (F) Provide Bank with a Compliance Certificate no later than 5 days

following each quarter end or as requested by Bank.

 (G) Provide Bank with, as soon as available, but no later than 30

days following each Reconciliation Period, a company prepared balance sheet and

income statement, prepared under GAAP,

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consistently applied, covering Borrower's operations during the period, an aged

listing of accounts receivable and accounts payable and a deferred revenue

listing.

 (H) Immediately notify, transfer and deliver to Bank all Collections

Borrower receives for Financed Receivables.

 (I) Borrower will allow Bank to audit Borrower's Collateral,

including but not limited to Borrower's Receivables and Borrower's Books, at

Borrower's expense, no later than 90 days after the execution of this Agreement

and annually thereafter. Bank may audit Borrower's Collateral, including but not

limited to Borrower's Receivables and Borrower's Books at Bank's sole discretion

and without notification and authorization from Borrower.

 (J) Borrower shall maintain at all times a Tangible Net Worth of no

less than $25,000,000.

6.3. Negative Covenants. Borrower will not do any of the following without

Bank's prior written consent:

 (A) Grant, or permit any lien or security interest in the Collateral,

other than Permitted Liens.

 (B) Convey, sell, lease, transfer or otherwise dispose of the

Collateral, except in the ordinary course of business.

 (C) Create, incur, assume, or be liable for any indebtedness, except

for Permitted Indebtedness.

 (D) Become an "investment company" or a company controlled by an

"investment company," under the Investment Company Act of 1940 or undertake as

one of its important activities extending credit to purchase or carry margin

stock, or use the proceeds of any Advance for that purpose; fail to meet the

minimum funding requirements of ERISA, permit a Reportable Event or Prohibited

Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair

Labor Standards Act or materially violate, in Bank's discretion, any other law

or regulation, or permit any of its subsidiaries to do so.

7. ADJUSTMENTS. If any Account Debtor asserts a claim for an Adjustment or

if Borrower breaches any of the representations, warranties or covenants set

forth in Section 6, Borrower will promptly advise Bank. Borrower will resell any

rejected, returned, returned, or recovered personal property, at Borrower's

expense, and pay proceeds to Bank.

8. SECURITY INTEREST. Borrower grants to Bank a continuing security

interest in all presently and later acquired Collateral to secure all

Obligations and the performance of each of Borrower's duties hereunder. Any

security interest will be a first priority security interest in the Collateral,

except as otherwise allowed herein with respect to Permitted Liens.

9. EVENTS OF DEFAULT. Any one or more of the following is an Event of

Default.

 (A) Borrower fails to satisfy or pay any Obligation to Bank when due;

 (B) Borrower files or has filed against it any Insolvency Proceedings

or any assignment for the benefit of creditors, or appointment of a receiver or

custodian for any of its assets;

 (C) Borrower becomes insolvent or is generally not paying its debts

as they become due or is left with unreasonably small capital;

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 (D) Any involuntary lien, garnishment, attachment attaches to the

Financed Receivables or any other Collateral;

 (E) Borrower breaches any covenant, agreement, warranty, or

representation;

 (F) Borrower is in default under any document, instrument or

agreement evidencing any debt, obligation or liability in favor of Bank its

affiliates or vendors regardless of whether the debt, obligation or liability is

direct or indirect, primary or secondary, or fixed or contingent;

 (G) An event of default occurs under any Guaranty of the Obligations

or any material provision of any Guaranty is not valid or enforceable or a

Guaranty is repudiated or terminated;

 (H) A material default or Event of Default occurs under any agreement

between Borrower and any creditor of Borrower that signed a Subordination

Agreement with Bank;

 (I) Any creditor that has signed a Subordination Agreement with Bank

breaches any terms of the Subordination Agreement; or

 (J) (i) A material impairment in the perfection or priority of

the Bank's security interest in the Collateral; (ii) a material adverse change

in the business, operations, or conditions (financial or otherwise) of the

Borrower occurs; or (iii) a material impairment of the prospect of repayment of

any portion of the Advances occurs.

10. REMEDIES.

10.1. Remedies Upon Default. When an Event of Default occurs, (1) Bank may

stop financing Receivables or extending credit to Borrower; (2) at Bank's option

and on demand, all or a portion of the Obligations or, for an Event of Default

described in Section 9(B), automatically and without demand, are due and payable

in full; (3) Bank may apply to the Obligations any (i) balances and deposits of

Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or

the account of Borrower; and (4) Bank may exercise all rights and remedies under

this Agreement and the law, including those of a secured party under the Code,

power of attorney rights in Section 5 for the Collateral, and the right to

collect, dispose of, sell, lease, use, and realize upon all Financed Receivables

and Collateral in any commercial manner. Borrower agrees that any notice of sale

required to be given to Borrower is deemed given if at least ten (10) days

before the sale may be held.

10.2. Demand Waiver. Borrower waives demand, notice of default or dishonor,

notice of payment and nonpayment, notice of any default, nonpayment at maturity,

release, compromise, settlement, extension, or renewal of accounts, documents,

instruments, chattel paper, and guaranties held by Bank on which Borrower is

liable.

10.3. Default Rate. If any Obligation is not paid when due, the amount of such

unpaid Obligation bears interest at the Applicable Rate plus five percent until

the earlier of (a) payment in good funds or (b) entry of a final judgment when

the principal amount of any money judgment will accrue interest at the highest

rate allowed by law.

11. FEES, COSTS AND EXPENSES. The Borrower will pay on demand all fees,

costs and expenses (including attorneys' and professionals' fees with costs and

expenses) that Bank incurs from: (a) preparing, negotiating, administering, and

enforcing this Agreement or any related agreement, including any amendments,

waivers or consents, (b) any litigation or dispute relating to the Financed

Receivables, the Collateral, this Agreement or any other agreement, (c)

enforcing any rights against Borrower or any guarantor, or any Account Debtor,

(d) protecting or enforcing its interest in the Financed Receivables or other

Collateral, (e) collecting the Financed Receivables and the Obligations, and (f)

any bankruptcy case

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or insolvency proceeding involving Borrower, any Financed Receivable, the

Collateral, any Account Debtor, or any Guarantor.

12. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER.

12.1. Choice of Law, Choice of Venue. This Agreement shall be governed by, and

construes in accordance with, the internal laws of the State of California,

without regard to principles of conflicts of law. Borrower accepts for itself

and in connection with its properties, unconditionally, the exclusive

jurisdiction of Santa Clara County, State of California in any action, suit, or

proceeding of any kind against it which arises out of or by reason of this

Agreement. Borrower acknowledges that this Agreement has been applied for and

accepted in the State of California. Additionally, Borrower acknowledges that

any and all Advances hereunder shall be made from the Bank's offices in

California and any and all payments to be made by Borrower hereunder shall be

delivered to Bank's offices in California.

 \_\_\_\_\_\_\_\_\_\_\_Borrower's Initials

12.2. JURY TRAIL WAIVER. BORROWER AND BANK EACH WAIVE THEIR RESPECTIVE RIGHTS

TO A JURY TRAIL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF ANY OF THIS

AGREEMENT OR ANY CONTEMPLATED TRANSACTIONS. EACH PARTY RECOGNIZES THAT THIS

WAIVER IS A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY

REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH COUNSEL AND THAT IT KNOWINGLY

AND VOLUNTARILY WAIVES IT JURY TRAIL RIGHTS.

 \_\_\_\_\_\_\_\_\_\_\_\_ Borrower's Initials

12.3. Counter Signature. This Agreement shall become effective only when it

shall have been executed by Borrower and Bank (provided, however, in no event

shall this Agreement become effective until signed by an officer of Bank in

California).

13. NOTICES. Notices or demands by either party about this Agreement must be

in writing and personally delivered or sent by an overnight delivery service, by

certified mail postage prepaid return receipt requested, or by FAX to the

addresses listed at the beginning of this Agreement. A party may change notice

address by written notice to the other party.

14. GENERAL PROVISIONS.

14.1. Successors and Assigns. This Agreement binds and is for the benefit of

successors and permitted assigns of each party. Borrower may not assign this

Agreement or any rights under it without Bank's prior written consent which may

be granted or withheld in Bank's discretion. Bank may, without the consent of or

notice to Borrower, sell, transfer, or grant participation in any part of Bank's

obligations, rights or benefits under this Agreement.

14.2. Indemnification. Borrower will indemnify, defend and hold harmless Bank

and its officers, employees, and agents against: (a) obligations, demands,

claims, and liabilities asserted by any other party in connection with the

transactions contemplated by this Agreement; and (b) losses or expenses

incurred, or paid by Bank from or consequential to transactions between Bank and

Borrower (including reasonable attorneys fees and expenses), except for losses

caused by Bank's gross negligence or willful misconduct.

14.3. Time of Essence. Time is of the essence for performance of all

obligations in this Agreement.

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14.4. Severability of Provision. Each provision of this Agreement is severable

from every other provision in determining the enforceability of any provision.

14.5. Amendments in Writing, Integration. All amendments to this Agreement

must be in writing. This Agreement is the entire agreement about this subject

matter and supersedes prior negotiations or agreements.

14.6. Counterparts. This Agreement may be executed in any number of

counterparts and by different parties on separate counterparts and when executed

and delivered are one Agreement.

14.7. Survival. All covenants, representations and warranties made in this

Agreement continue in force while any Obligation remains outstanding. Borrower's

indemnification obligations survive until all statutes of limitations for

actions that may be brought against Bank have run.

14.8. Confidentiality. Bank will use the same degree of care handling

Borrower's confidential information that it uses for its own confidential

information, but may disclose information; (i) to its subsidiaries or affiliates

in connection with their business with Borrower, (ii) to prospective transferees

or purchasers of any interest in the Agreement, (iii) as required by law,

regulation, subpoena, or other order, (iv) as required in connection with an

examination or audit and (v) as it considers appropriate exercising the remedies

under this Agreement. Confidential information does not include information that

is either: (a) in the public domain or in Bank's possession when disclosed, or

becomes part of the public domain after disclosure to Bank; or (b) disclosed to

Bank by a third party, if Bank does not know that the third party is prohibited

from disclosing the information.

14.9. Other Agreements. This Agreement may not adversely affect Bank's rights

under any other document or agreement. If there is a conflict between this

Agreement and any agreement between Borrower and Bank, Bank may determine in its

sole discretion which provision applies. Borrower acknowledges that any security

agreements, liens and/or security interests securing payment of Borrower's

Obligations also secure Borrower's Obligations under this Agreement and are not

adversely affected by this Agreement. Additionally, (a) any Collateral under

other agreements or documents between Borrower and Bank secures Borrower's

Obligations under this Agreement and (b) a default by Borrower under this

Agreement is a default under agreements between Borrower and Bank.

BORROWER: TRANSGENOMIC, INC., a Delaware corporation

By /s/ Mitchell L. Murphy

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Title VP, Secretary & Treasurer

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BANK: SILICON VALLEY BANK

By /s/ Illegible

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Title Vice President

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Effective Date: 6-17-2003

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 EXHIBIT A

 The Collateral consists of all of Borrower's right, title and interest

in and to the following:

 All goods and equipment now owned or hereafter acquired, including,

without limitation, all machinery, fixtures, vehicles (including motor vehicles

and trailers), and any interest in any of the foregoing, and all attachments,

accessories, accessions, replacements, substitutions, additions, and

improvements to any of the foregoing, wherever located;

 All inventory, now owned or hereafter acquired, including, without

limitation, all merchandise, raw materials, parts, supplies, packing and

shipping materials, work in process and finished products including such

inventory as is temporarily out of Borrower's custody or possession or in

transit and including any returns upon any accounts or other proceeds, including

insurance proceeds, resulting from the sale or disposition of any of the

foregoing and any documents of title representing any of the above;

 All contract rights and general intangibles (as such definitions may be

amended from time to time according to the Code), now owned or hereafter

acquired, including, without limitation, goodwill, trademarks, servicemarks,

trade styles, trade names, patents, patent applications, leases, license

agreements, franchise agreements, blueprints, drawings, purchase orders,

customer lists, route lists, infringements, claims, computer programs, computer

discs, computer tapes, literature, reports, catalogs, design rights, income tax

refunds, payments of insurance and rights to payment of any kind;

 All now existing and hereafter arising accounts, contract rights,

royalties, license rights and all other forms of obligations owing to Borrower

arising out of the sale or lease of goods, the licensing of technology or the

rendering of services by Borrower (as such definitions may be amended from time

to time according to the Code) whether or not earned by performance, and any and

all credit insurance, insurance (including refund) claims and proceeds,

guaranties, and other security therefor, as well as all merchandise returned to

or reclaimed by Borrower;

 All documents, cash, deposit accounts, securities, securities

entitlements, securities accounts, investment property, financial assets,

letters of credit, letter of credit rights, certificates of deposit, instruments

and chattel paper and electronic chattel paper now owned or hereafter acquired

and Borrower's Books relating to the foregoing;

 All copyright rights, copyright applications, copyright registrations

and like protections in each work of authorship and derivative work thereof,

whether published or unpublished, now owned or hereafter acquired; all trade

secret rights, including all rights to unpatented inventions, know-how,

operating manuals, license rights and agreements and confidential information,

now owned or hereafter acquired; all mask work or similar rights available for

the protection of semiconductor chips, now owned or hereafter acquired; all

claims for damages by way of any past, present and future infringement of any of

the foregoing; and

 All Borrower's Books relating to the foregoing and any and all claims,

rights and interests in any of the above and all substitutions for, additions

and accessions to and proceeds thereof.

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 EXHIBIT "B"

 SILICON VALLEY BANK

 SPECIALTY FINANCE DIVISION

 COMPLIANCE CERTIFICATE

I, as authorized officer of Transgenomic, Inc. ("Borrower") certify under the

Accounts Receivable Financing Agreement (the "Agreement") between Borrower and

Silicon Valley Bank ("Bank") as follows.

BORROWER REPRESENTS AND WARRANTS FOR EACH FINANCED RECEIVABLE:

 Borrower is the owner of the Financed Receivable with legal right to

sell, transfer and assign such Financed Receivable;

 The correct amount of the Financed Receivable is shown on the Invoice

Transmittal relating thereto and is not disputed;

 Payment of any Financed Receivable is not contingent on any unperformed

obligation or contract and Borrower has fulfilled all obligations necessary to

its right to receive payment as of the Invoice Transmittal date;

 Such Financed Receivable is based on an actual sale and delivery of

goods and/or services rendered, is due to Borrower, is not past due or in

default, has not been previously sold, assigned, transferred, or pledged and is

free of any liens, security interests and encumbrances, other than those created

by the Agreement;

 There are no defenses, offsets, counterclaims or agreements for which

the Account Debtor may claim any deduction or discount;

 Borrower reasonably believes that the Account Debtor is solvent and not

subject to any Insolvency Proceedings;

 Bank has the right to endorse and/ or require Borrower to endorse all

payments received on Financed Receivables and all proceeds of other Collateral.

 Additionally, Borrower represents and warrants as follows:

 Borrower is duly existing and in good standing in its state of formation

and qualified and licensed to do business in, and in good standing in, any state

in which the conduct of its business or its ownership of property requires that

it be qualified. The execution, delivery and performance of the Agreement has

been duly authorized, and does not conflict with Borrower's formations

documents, nor constitute an Event of Default under any material agreement by

which Borrower is bound. Borrower is not in default under any agreement to which

or by which it is bound.

 Borrower has good title to the Collateral. All inventory is in all

material respects of good and marketable quality, free from material defects.

 Borrower is not an "investment company" or a company "controlled" by an

"investment company" under the Investment Company Act. Borrower is not engaged

as one of its important activities in extending credit for margin stock (under

Regulations G, T and U of the Federal Reserve Board of Governors). Borrower has

complied with the Federal Fair Labor Standards Act. Borrower has not materially

violated, in Bank's discretion, any laws, ordinances or rules. None of

Borrower's properties or assets has been used by Borrower, to the best of

Borrower's knowledge, by previous persons, in disposing, producing, storing,

treating, or transporting any hazardous substance other than legally.

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 Borrower has timely filed all required tax returns and paid, or made

adequate provision to pay, all taxes.

 Borrower has obtained all consents, approvals and authorizations of,

made all declarations or filings with, and given all notices to, all government

authorities that are necessary to continue its business as currently conducted.

 Borrower has not filed or had filed against it Insolvency Proceedings

and does not anticipate any filing;

 No representation, warranty or other statement of Borrower in any

certificate or written statement given to Bank contains any untrue statement of

a material fact or omits to state a material fact necessary to make the

statement contained in the certificates or statement not misleading.

 All representations and warranties in the Agreement are true and correct

in all material respects on this date.

Sincerely,

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TITLE:

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DATE:

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 EXHIBIT "C"

 FORM OF LANDLORD'S CONSENT

RECORDING REQUESTED BY

AND WHEN RECORDED RETURN TO:

SILICON VALLEY BANK

3003 Tasman Drive

Santa Clara, CA 95054

Attn: Loan Services

 CONSENT TO REMOVAL OF PERSONAL PROPERTY

KNOW ALL PERSONS BY THESE PRESENTS:

(a) The undersigned has an interest as owner and landlord in the following

described real property (the "Real Property"): SEE ATTACHMENT 1 ATTACHED HERETO

FOR FULL LEGAL DESCRIPTION, commonly known as:

(b) Transgenomic, Inc., a Delaware corporation, ("Borrower"), has entered

into or will enter into an Accounts Receivable Financing Agreement with Silicon

Valley Bank ("Bank") dated as of the Effective Date (as defined therein) (as

amended and supplemented from time to time, the "Financing Agreement"). As a

condition to entering into the Financing Agreement, Bank requires that the

undersigned consent to the removal by Bank of the equipment and other assets

covered by the Financing Agreement (hereinafter called "Equipment") from the

Real Property.

NOW, THEREFORE, the undersigned consents to the placing of the Equipment on the

Real Property, and agrees with Bank as follows:

 1. The undersigned waives and releases each and every right which

undersigned now has, under applicable law or by virtue of the lease for the Real

Property now in effect, to levy or distrain upon for rent, in arrears, in

advance or both, or to claim or assert title to the Equipment that is already on

said Real Property, or may hereafter be delivered or installed thereon.

 2. The Equipment shall be considered to be personal property and

shall not be considered part of the Real Property regardless of whether or by

what means it is or may become attached or affixed to the Real Property.

 3. The undersigned will permit Bank, or its agent or representative,

to enter upon the Real Property for the purpose of exercising any right they may

have under the terms of the Financing Agreement or otherwise, including, without

limitation, the right to remove the Equipment; provided, however, that if Bank,

in removing the Equipment damages any improvements of the undersigned on the

Real Property, Bank will, at its expense, cause same to be repaired.

 4. This agreement shall be binding upon the heirs, successors and

assigns of the undersigned and shall inure to the benefit of each Bank and its

respective successors and assigns.

IN WITNESS WHEREOF, the undersigned has executed this instrument at \_\_\_\_\_\_\_\_\_,

this day of \_\_\_\_\_\_\_\_\_\_\_, 200\_\_.

By:

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Title:

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