

Exhibit C
ASSIGNMENT OF LOAN DOCUMENTS

KEYBANK NATIONAL ASSOCIATION, a national bank formerly known as Key Bank of Maine ("Assignor" or "KeyBank") hereto hereby absolutely sells, transfers, assigns, sets-over and conveys to **THERMO FIBERTEK, INC.**, a Delaware corporation with a mailing address of 81 Wyman Street, Waltham, Massachusetts 02254 ("Assignee" or "Thermo"), without recourse and without representations or warranties of any kind or nature, except as set forth in a certain Loan Sale Agreement between Assignor and Assignee dated as of May 27, 1998 (the "Loan Sale Agreement"):

I. All of Assignor's right, title and interest in and to a Three Million Three Hundred Thousand Dollar (\$3,300,000) Senior Term Note and a \$250,000 Senior Line of Credit Agreement both from Tree Free Fiber Co., Limited Liability Company, a Maine limited liability company ("Borrower") dated on or about July 28, 1997, which Senior Term Note was amended by Allonge dated September 10, 1997 (collectively the "KeyBank Notes"), and together with all instruments and documents securing such KeyBank Notes and all collateral (whether real or personal property) mortgaged or pledged in connection therewith, if any, including without limitation all of the Assignor's right, title and interest in and to the following documents, agreements and collateral:

- 1) Loan Agreement with Construction Appendix dated July 28, 1997;
- 2) Mortgage, Security Agreement and Financing Statement from Borrower to KeyBank dated July 28, 1997 and recorded in the Kennebec Registry of Deeds in Book 5411, Page 169;
- 3) Commercial Security Agreement from Borrower to KeyBank dated July 28, 1997
- 4) Collateral Assignment of Project Documents from Borrower to KeyBank dated July 28, 1997;
- 5) Trademark Collateral Assignment from Borrower to KeyBank dated July 28, 1997;
- 6) UCC financing statements filed with the Maine Secretary of State in File #1231163 and the New York Secretary of State in File #161163, and Maine motor vehicle certificates of title;
- 7) Trademark Collateral Assignment filings with the U.S. Patent and Trademark Office [see Exhibit A-1];

- 8) Junior Pledge and Security Agreement: Fabricas de Papel Potosi, S.A. de C.V. dated July 28, 1997;
- 9) Intercreditor Agreement among Borrower, Thermo, and KeyBank dated July 28, 1997 and recorded in said Registry of Deeds in Book 5411, Page 272 as amended by Amendment No.1 dated February 10, 1998;
- 10) Intercreditor Agreement among Borrower, Thermo, KeyBank U.S. Small Business Administration ("SBA"), as set forth in an Intercreditor Agreement dated July 28, 1997 and recorded in said Registry of Deeds in Book 5411, Page 242
- 11) Debt and Collateral Subordination Agreement among Borrower, Thermo, and KeyBank dated July 28, 1997 and recorded in said Registry of Deeds in Book 5411, Page 344;
- 12) Intercreditor Agreement with Milberg Factors, Inc. dated on or about July 28, 1997 as modified by Letter agreement dated as of March 31, 1998; and
- 13) Assignment of Life Insurance Policy as Collateral: Samuel Poster \$2,000,000 policy;
- 14) Indemnity Agreement regarding Hazardous Waste dated July 28, 1997;
- 15) Opinions from Pierce Atwood dated July 28, 1997;
- 16) Intercreditor Agreement with Milberg Factors, Inc. dated on or about July 28, 1997 as modified by Letter agreement dated as of March 31, 1998; and
- 17) all other rights of Seller with respect to the KeyBank Notes except those excluded items described in "(i)", "(ii)" and "(iii)" below

II. All principal, other proceeds of any kind with respect to the KeyBank Notes (including but not limited to proceeds derived from the conversion, voluntary or involuntary, of any of the KeyBank Notes into cash or other liquidated property, including, without limitation, insurance proceeds and condemnation awards), to and applied, regardless of whether timely paid and all interest received, which accrues after the date of this Assignment.

III. All rights and obligations of KeyBank as foreclosing mortgagee and secured party pursuant to the Notice of Public Sale dated February 24, 1998 as amended March 18, 1998 and the Additional Terms of Sale dated March 18, 1998, and the Supplemental Terms of Sale dated April 23, 1998 and the public announcement of the continuation of the sale on May 14, 1998 (the "Foreclosure") and under the

Receivership Order issued by the Cumberland County Superior Court Docket #CV 97-755, including without limitation KeyBank's right to any deficiency claim against the Borrower resulting from the Foreclosure.

(All of the foregoing, including without limitation the KeyBank Notes, are collectively referred to as the Purchased Rights.)

Notwithstanding the foregoing, the following items are excluded from the Purchased Rights:

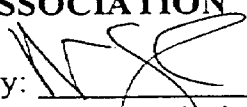
- i) the Pledge and Security Agreement and the \$500,000 of cash collateral pledged pursuant to the Pledge and Security Agreement, the balance of which shall be credited to the KeyBank Notes and which shall remain the exclusive property of KeyBank; and
- ii) The Insurance Contract between KeyBank and the Finance Authority of Maine dated as of July 28, 1998; and
- iii) all credit files and analysis, credit comments, correspondence and communications with Seller's legal counsel and FAME, and internal memorandums and correspondence of Seller.

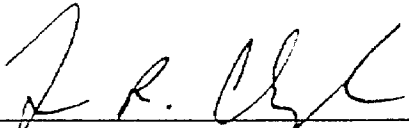
From and after the date of this Assignment, Thermo agrees to be bound by the terms of the Purchased Rights and shall assume all obligations of KeyBank thereunder arising after the date of this Assignment, including without limitation the obligations of KeyBank, if any, under the Foreclosure.

EXCEPT AS SET FORTH IN THE LOAN SALE AGREEMENT, THE PURCHASED RIGHTS ARE TRANSFERRED "AS IS", "WHERE IS" AND WITHOUT REPRESENTATIONS, EXPRESSED OR IMPLIED, OF ANY TYPE, KIND, CHARACTER OR NATURE, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OF ANY TYPE, KIND, CHARACTER OR NATURE AND WITHOUT RECOURSE, EXPRESS OR IMPLIED, OF ANY TYPE, KIND OR NATURE.

Transfer Date: May 21st, 1998

ASSIGNOR:
KEYBANK NATIONAL
ASSOCIATION

By: 
Michael Lugli, its Vice President


Witness

[Handwritten Signature]
Witness

Delivery Accepted by ASSIGNEE:
THERMO FIBERTEK, INC.

By: *[Handwritten Signature]*
Daniel Walsh, its Director of Business
Development

State of Maine
County of Cumberland, ss

~~July~~ ^{May} 27, 1998

Then personally appeared before me the above named Michael Lugli in his said capacity and acknowledged the foregoing to be his free act and deed and the free act and deed of said corporation.

Before me,

[Handwritten Signature]
Notary Public/Attorney at Law
Name: Lawrence R. Clough

ASSIGN.DOC
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