

RECORD
TF

01-08-1999

ET

Tab settings = = =



100937847

original documents or copy thereof.

To the Honorable Commissioner of Patents a

1. Name of conveying party(ies):

Archibald Candy Corporation

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Amended and Restated Intellectual Property Security Agreement
- Merger
- Change of Name

Execution Date: December 7, 1998

2. Name and address of receiving party(ies)

Name: The Bank of New York

Internal Address:

Street Address: 101 Barclay Street - 21W

City: New York State: NY ZIP:

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State New York Banking Corp
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Laura Konrath

Internal Address: Winston & Strawn

33rd Floor

Street Address: 35 West Wacker Drive

City: Chicago State: IL ZIP: 60601

6. Total number of applications and registrations involved: 32

7. Total fee (37 CFR 3.41).....\$ 815.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

N/A

(Attach duplicate copy of this page if paying by deposit account)

01/07/1999 TTON11 0000062 2M0233

DO NOT USE THIS SPACE

01 FC:481
03 FC:482

40.00 OP
775.00 OP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Laura Konrath

Name of Person Signing

Signature

12/29/98

Date

Total number of pages including cover sheet, attachments, and document:

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments

TRADEMARK
REEL: 1837 FRAME: 0447

Continuation Item 1

Sweet Factory Group, Inc., a Delaware Corp.

Sweet Factory, Inc., a Delaware Corp.

SF Properties, Inc., a Delaware Corp.

SF Candy Company, a Delaware Corp.

Continuation
Item 4

EXHIBIT 1

United States Trademark and Service Mark Registrations

Archibald Candy Corporation

<u>Mark</u>	<u>Registration No. (Serial No.)</u>	<u>Registration Date (Filing Date)</u>
AMERICAN HOMESTEAD COLLECTION BY FANNIE FARMER	2,040,233	2/25/97
AN AMERICAN TRADITION	1,668,708	12/17/91
DEBUTANTES (stylized)	649,034	7/23/57
FANNY FARMER and Design (Cameo Silhouette)	904,804	12/22/70
Design (Hopping Easter Bunny)	1,483,724	4/5/88
FANNY FARMER (Script Style)	578,907	8/18/53
FANNY FARMER (Script Style)	126,844	10/7/19
FANNIE FARMER	1,770,031	5/11/93
FANNIE MAY KITCHEN FRESH CANDIES	1,407,863	9/2/86
FANNIE MAY	1,601,202 ¹	6/12/90
FANNY FARMER	1,393,461	5/13/86

¹ Abandoned but refiled as 75/231,420.

(Script Style)

FANNY FARMER (Script Style)	905,819	1/12/71
FANNY FARMER (Script Style) and New Cameo Design	1,392,552	5/6/86
FANNY FARMER	1,375,189	12/10/85
FF (stylized)	998,022	11/12/74
I CAN'T MAKE ALL THE CANDY IN THE WORLD, SO I JUST MAKE THE BEST OF IT! (stylized).	1,397,036	6/10/86
I LOVE MY HONEY BUT OH YOU FANNIE MAY!	1,468,535	12/8/87
LAFAYETTE	211,768	4/20/26
MAVRAKOS CANDIES (stylized)	1,652,532	7/30/91
PECAN DIXIES	1,758,566	3/16/93
PIXIES (stylized)	593,071	7/27/54
SWEET LOOK (stylized)	1,200,893	7/13/82
SWEET PERSUASION	1,816,447	1/11/94
TRINIDAD	1,607,576	7/24/90
TRINIDADS	1,400,579	7/8/86

1-2

14

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

EXTREME BEANS

2,097,391

9/16/98

SF Properties, Inc.

None

SF Candy Company

None

United States Trademark and Service Mark Applications

Archibald Candy Corporation

<u>Mark</u>	<u>Registration No. (Serial No.)</u>	<u>Registration Date (Filing Date)</u>
PIXIE	(73/829,267)	(9/29/89)
FANNIE MAY CANDIES CELEBRATED COLLECTION ²	(75-230,830)	(1/24/97)
FANNIE MAY (stylized)	(75-231,420)	(1/27/97)
FANNIE MAY CONFECTIONARY	(75-209,950)	(12/9/96)
FANNIE MAY CONFECTIONARY	(75-209,975)	(12/9/96)
MINIATURE CLASSICS FROM ³ THE AMERICAN CHOCOLATIER	(75-230,309)	(1/23/97)

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

None

SF Properties, Inc.

None

SF Candy Company

None

² Intent to use applications.

**AMENDED AND RESTATED
INTELLECTUAL PROPERTY
SECURITY AGREEMENT**

This AMENDED AND RESTATED INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, restated, modified or supplemental from time to time, the "Intellectual Property Security Agreement"), dated as of December 7, 1998, by and among Archibald Candy Corporation, an Illinois Corporation with offices at 1137 West Jackson Boulevard, Chicago, Illinois 60607 (the "Company"), Sweet Factory Group, Inc., a Delaware corporation with offices at 10343 Roselle Street, San Diego, California 92121, Sweet Factory, Inc., a Delaware corporation with offices at 10343 Roselle Street, San Diego, California 92121, SF Properties, Inc., a Delaware corporation with offices at 10343 Roselle Street, San Diego, California 92121 and SF Candy Company, a Delaware corporation with offices at 10343 Roselle Street, San Diego, California 92121 (collectively, the "Assignors"), and THE BANK OF NEW YORK, a New York banking corporation with offices at 101 Barclay Street-21W, New York, New York (the "Assignee"), as Trustee for the ratable benefit of the Holders as defined under that certain Indenture (as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Company and Assignee have entered into an Indenture, dated as of July 2, 1997 as amended by the Supplemental Indenture dated the date hereof, between the Company, the Restricted Subsidiaries (as defined in the Indenture) and the Assignee (together with all supplements, modifications and amendments thereto made from time to time in accordance with its terms, the "Indenture");

WHEREAS, the Company will issue and sell its 10 1/4% Senior Secured Notes, due 2004 (as amended, modified or supplemented from time to time in accordance with their terms, the "Notes") in accordance with the terms of the Indenture;

WHEREAS, the Company and Assignee entered into that certain Intellectual Property Security Agreement dated as of July 2, 1997 (the "Initial Intellectual Property Security Agreement") which contemplates that the Company and the Restricted Subsidiaries will, in order to secure their Obligations (as defined in the Indenture), grant to Assignee, for the ratable benefit of the Holders (as such term is defined in the Indenture), a security interest in and continuing lien upon the Intellectual Property and certain other assets relating to or connected therewith, as further set forth

herein, and the Assignors have been requested to enter into this Agreement to evidence such security interest;

WHEREAS, Assignors own all right, title and interest in and to, among other things, certain United States, state and foreign trademarks, service marks, patents, copyrights, trade names, trade dress, trade secrets, know-how and other proprietary information, and all registrations of and applications for any of the foregoing, including, but not limited to, those set forth on Exhibit 1 hereto, which are used in the business of the Assignors, along with the goodwill of the businesses symbolized thereby, any inventions disclosed therein and the Licenses (as hereinafter defined) (all of the above, collectively, the "Intellectual Property"); and

WHEREAS, the Company and the Assignee have agreed to amend and restate the Initial Intellectual Property Security Agreement in its entirety as set forth herein.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for valuable consideration received and to be received, as security for the full payment and performance of the Obligations, each of the Assignors and Assignee hereby agree as follows:

1. Amendment and Restatement. The Intellectual Property Security Agreement, dated as of July 2, 1997, between the Company and the Assignee, is hereby amended and restated in its entirety as set forth in this Amended and Restated Intellectual Property Security Agreement.

2. Grant of Security Interest. As collateral security for the due and punctual payment and performance of the Obligations, each of the Assignors hereby grants to Assignee a security interest in and continuing lien on each Assignors' right, title and interest in, to and under the following property of each of the Assignors:

- (a) the Intellectual Property;
- (b) all applications of and registrations for the Intellectual Property in the United States, any state of the United States and any foreign countries and localities;
- (c) all United States, state and foreign trademarks, service marks, patents, copyrights, trade names, trade dress, trade secrets, know-

how and other proprietary information, and all registrations of, applications for and licenses relating to any of the foregoing hereafter adopted or acquired and used by any of the Assignors or any Subsidiary in its business, including, but not limited to, those which are based upon or derived from the Intellectual Property or any variations thereof (the "Future Intellectual Property");

- (d) all extensions and renewals of all United States, state and foreign trademarks, service marks, trade names and copyrights, and any registrations thereof and applications therefor, contained within the Intellectual Property and Future Intellectual Property;
- (e) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any United States and foreign patents, and any applications therefor, contained within the Intellectual Property and Future Intellectual Property;
- (f) all rights to sue for past, present and future infringements of the Intellectual Property and the Future Intellectual Property, and all rights to sue under any licenses ("Licenses") relating to trademarks, service marks, patents, copyrights, trade names, trade dress, trade secrets, know-how and other proprietary information used in the business of any of the Assignors (other than any Licenses that, by their terms, are not assignable, and for which consents cannot be obtained under Section 6 hereof);
- (g) all of the Assignors' logos and trade dress including, containing or relating to the Intellectual Property, the Future Intellectual Property, and the trademarks, service marks and trade names covered by the Licenses, or a representation thereof, or any variation thereof;
- (h) all licenses and other agreements under which each of the Assignors is licensor or licensee (including without limitation, the Licenses (other than any licenses or other agreements that, by their terms, are not assignable, and for which consents cannot be obtained under Section 6 hereof)), and all fees, rents, royalties, proceeds or monies thereunder, relating to the Intellectual

Property, the Future Intellectual Property, or any other intellectual property or related rights;

- (i) all goodwill of each of the Assignors' business connected with, symbolized by or in any way related to any of the foregoing;
- (j) all of the Assignors' inventions disclosed in any of the foregoing;
- (k) all of the Assignors' books, records, computer software (to the extent assignable, subject to Section 6 hereof), computer print-outs, manuals and similar items which relate to any of the foregoing; and
- (l) all proceeds of any of the foregoing, including without limitation, license royalties, income, payments, claims, damages, insurance proceeds and proceeds of suit.

All of the foregoing items set forth in clauses (a) through (l) are hereinafter referred to collectively as the "Collateral".

3. **Defined Terms.** As used herein, capitalized terms defined in the Indenture and not otherwise defined herein are used herein as so defined. The following terms shall have the meanings set forth below:

Bank Lenders shall mean the lenders under the Bank Loan Documents.

Bank Loan Documents shall mean the Revolving Credit Facility.

Event of Default shall have the meaning set forth in the Indenture.

Financing Documents shall mean the Indenture, the Notes, the Security Agreement, this Agreement, and the other documents and agreements referred to herein or therein, or delivered in connection herewith or therewith, as same may from time to time be amended, modified, waived or supplemented in accordance with their respective terms.

Future Intellectual Property shall have the meaning set forth in Section 21(c) hereof.

Intellectual Property shall have the meaning set forth in the third Whereas clause hereof.

Licenses shall have the meaning set forth in Section 2(f) hereof.

Subsidiary shall have the meaning set forth in the Indenture.

4. Assignors' Obligations. Each of ~~the~~ Assignors agrees that, notwithstanding this Agreement, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral. Assignee shall have no obligation or liability in connection with the Collateral by reason of this Agreement or any payment received by Assignee relating to ~~the~~ Collateral and Assignee shall not be required to perform any covenant, duty or obligation of any of the Assignors arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral, except ~~and~~ only to the extent that Assignee has acquired, for the ratable benefit of the Holders, absolute ownership of the Collateral upon an exercise of remedies under Section 7 hereof.

5. Representations and Warranties. Each of the Assignors represents and warrants to Assignee that: (a) Exhibit I hereto sets forth a complete and accurate list of all of such Assignor's United States and state registrations of and applications for those trademarks, service marks, patents and copyrights material to the conduct of any Assignors' business, all Licenses material to the business of any of the Assignors, and all unregistered trademarks, service marks, trade names and copyrights used by any of the Assignors which are material to the business of any of ~~the~~ Assignors; (b) each of the Assignors is the sole, exclusive, beneficial and record owner of all right, title and interest in and to the Collateral material to the conduct of such Assignor's business, and no adverse claims have been made with respect to its title to or the validity of such Collateral; (c) the Intellectual Property and the trademarks, service marks, patents, copyrights, trade names, trade dress, trade secrets, know-how and other proprietary information covered by the Licenses constitute the only intellectual property, and registrations thereof and applications therefor, in which any of the Assignors has any right, title or interest; (d) none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge or encumbrance, other than as created hereby; (e) the registrations of those trademarks, service marks, patents and copyrights material to the conduct of any Assignors' business are subsisting, and, to the best of each of the Assignor's knowledge, valid, and none of the Collateral of such Assignor has been adjudged invalid or unenforceable, and each of the Assignors has performed all acts and has paid all renewal, maintenance and other fees and taxes required to maintain in full force and

effect each and every registration and application contained within the Collateral to the extent material to the conduct of such Assignors' business; (f) no claims have been made that the use of any of the Collateral material to the conduct of any Assignors' business violates the asserted rights of any third party and, to the best of each of the Assignors' knowledge, the conduct of such Assignors' business does not infringe in any material respect upon any intellectual property rights of any third party; (g) to the best of each of the Assignors' knowledge, no third party is infringing in any material respect upon any of the Collateral; (h) provided that this Agreement is filed in and recorded by the United States Patent and Trademark Office (the "PTO") within three (3) months of the date hereof and the United States Copyright Office ("Copyright Office") within one (1) month of the date hereof, and provided that UCC financing statements have been filed in the jurisdictions listed on Exhibit 3 hereto, this Agreement will create a legal, valid, perfected and continuing lien on and security interest in the Collateral so filed and recorded in favor of Assignee, enforceable against each of the Assignors and all third parties, subject to no other mortgage, assignment, pledge, lien, charge, encumbrance, or security or other interest except for a non-exclusive license granted to Bank Lenders in connection with inventory sales after an event of default under the Bank Loan Documents; and (i) none of Assignors' Subsidiaries owns any intellectual property of any nature whatsoever, other than their respective trade names, or conducts any business whatsoever.

6. Covenants. Each of the Assignors will maintain and renew all items of Collateral of such Assignor, and any U.S. applications therefor and U.S. registrations thereof, necessary or economically desirable for the conduct of its business and will defend the Collateral against the claims of all persons. Each of the Assignors will, promptly following the creation or acquisition of any copyrightable work which is necessary or economically desirable for the conduct of its business, apply to register the copyright in the Copyright Office. Each of the Assignors will maintain, and will cause each licensee which uses any of the Collateral to maintain, the same standards of quality for the goods and services in connection with which the Collateral is used as each of the Assignors maintained for such goods and services prior to the date of this Agreement. Assignee shall have the right to enter upon any of the Assignors' premises at all reasonable times to monitor such quality standards. Each of the Assignors shall promptly notify Assignee if it knows or has received written notice that any of the Collateral material to the conduct of any Assignors' business may lapse, expire, become dedicated to the public, terminate, be abandoned, or become subject to any adverse determination or development (including the institution of proceedings) in any action or proceeding before the PTO, the Copyright Office, any state registry, any foreign counterpart of the foregoing, or any court. In the event that any material portion of the

Collateral is infringed or diluted by a third party, promptly after any of the Assignors becomes aware of such infringement or dilution, such Assignors shall take all reasonable actions to stop such infringement or dilution and protect its exclusive rights in such Collateral. Without limiting the generality of the foregoing, none of the Assignors shall permit the lapse, expiration, dedication to the public, termination or abandonment of any Intellectual Property, Future Intellectual Property or License material to the conduct of its business without the prior written consent of Assignee. If, before the Obligations have been satisfied in full, any of the Assignors shall obtain rights to, become licensed to use, or become entitled to the benefit of any new trademarks, service marks, patents, copyrights, trade names, trade dress, trade secrets, know-how or other proprietary information (or any applications therefor or registrations thereof) not identified on Exhibit 1 hereto, the provisions of this Agreement (including, without limitation, all requirements for filings, recordings, registrations and the like) shall automatically apply thereto, and same shall thereupon constitute part of the Collateral. Each of the Assignors shall give Assignee prompt notice thereof in writing, and shall take all actions necessary to create, perfect and preserve the Assignee's security interest therein (to the extent capable of being created, perfected or preserved under the laws of the United States or any state thereof) in connection therewith. Except with the prior written consent of Assignee, or as permitted by the Indenture, none of the Assignors shall sell, assign, transfer or dispose of (other than in the ordinary course of such Assignors' business), or create or allow to exist any lien, claim or encumbrance upon or with respect to any of the Collateral, except for the security interest and continuing lien created hereunder and other Permitted Liens. If any of the Assignors forms or acquires any Restricted Subsidiary (as defined in the Indenture), or any Subsidiary existing as of the date hereof hereafter engages in any business, then the Assignors covenant and agree that they shall cause each such Restricted Subsidiary to enter into a security agreement with Assignee, in substantially the form of this Agreement, covering all such Restricted Subsidiary's intellectual property and related rights. Each of the Assignors will use reasonable commercial efforts to obtain any third-party consents required in connection with the grant of a security interest in any Collateral.

7. Remedies Upon Default. Whenever any Event of Default shall occur and be continuing, Assignee shall have all the rights and remedies granted to it in such event by the Security Agreement and the other Financing Agreements, which rights and remedies are specifically incorporated herein by reference and made a part hereof, with the same force and effect as if set forth herein in their entirety. Assignee in such event may collect directly any payments due to any of the Assignors in respect of the Collateral and, subject to any limitations imposed under any license agreements constituting part of the Collateral, may sell, license, lease, assign, or otherwise dispose of the

Collateral in any manner set forth in the Security Agreement. Each of the Assignors agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge, and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Intellectual Property, the Future Intellectual Property, and the Licenses. Each of the Assignors hereby irrevocably appoints Assignee as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on each Assignors' behalf. Notwithstanding any provision hereof to the contrary, during the continuance of an Event of Default, the Bank Lenders may have, under the Bank Loan Documents, a non-exclusive license to sell inventory bearing any trademarks, service marks, trade names and trade dress included within the Intellectual Property or the Future Intellectual Property, or covered by the Licenses.

8. Power of Attorney. Concurrently with the execution and delivery hereof, each of the Assignors shall execute and delivery to the Assignee, in the form of Exhibit 2 hereto, five (5) originals of a Special Power of Attorney for the implementation of the assignment, sale, license, lease or other disposition of the Intellectual Property, Future Intellectual Property, and Licenses pursuant to Section 7. Each of the Assignors hereby fully and unconditionally releases Assignee from any and all future claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by Assignee in accordance with Section 7 under the powers of attorney granted therein, other than actions taken or omitted to be taken through the willful misconduct or gross negligence of Assignee.

9. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by law. The security interest granted hereby is granted in conjunction with the security interest granted to Assignee under the Security Agreement. The rights and remedies of Assignee with respect to the security interest granted hereby are in addition to those set forth in the Security Agreement and those which are now or hereafter available to Assignee as a matter of law or equity. The exercise by Assignee of any one or more of the rights, powers or remedies provided for in this Agreement or the Security Agreement, or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by any person, including Assignee, of any or all other rights, powers or remedies. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Security Agreement.

10. Amendments and Waivers. This Agreement may not be modified, supplemented, or amended, or any of its provisions waived without the prior written consent of Assignee and each of the Assignors. Each of the Assignors hereby authorizes Assignee to modify this Agreement by amending Exhibit 1 hereto to include any Future Intellectual Property or additional licenses in which any of the Assignors acquires rights.

11. Actions by Trustee. Whenever any provision of this Agreement requires action or waiver, by, or the consent of, the Assignee, Assignee shall only be required to take or refrain from taking such action or grant or withhold any waiver or consent when 25% in outstanding principal amount of the Notes shall have instructed the Trustee in writing.

12. Waiver of Rights. No course of dealing between the parties to this Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights and remedies of such party or any other party, and no single or partial exercise of any rights or remedies by one party hereunder shall operate as a waiver or preclude the exercise of any other rights and remedies of such party or any other party. No waiver by Assignee of any breach or default by any of the Assignors shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

13. Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no right, obligation, duty or interest herein or in or to the Collateral may be assigned, transferred or disposed of by any of the Assignors without the prior written consent of Assignee, except as permitted by Section 6 hereof.

14. Further Acts. Each of the Assignors shall have the duty to prosecute diligently any application for the Intellectual Property and Future Intellectual Property material to the conduct of its or any Subsidiary's business pending as of the date of this Agreement or thereafter, until the Obligations shall have been paid in full, and to make applications on material unregistered but registrable trademarks, service marks, copyrights and patents material to the conduct of its or any Subsidiary's business in any location in the United States where the Assignors or such Subsidiary does business using such Intellectual Property and to preserve and maintain all rights in and to the Collateral material to the conduct of its or any Subsidiary's business. Any expenses incurred in connection with such applications shall be borne jointly by the Assignors.

15. Enforcement. While an Event of Default shall be continuing, Assignee shall have the right, if any of the Assignors has failed to do so but shall in no way be obligated to, bring suit in its own name to enforce any rights in and to the Collateral, in which event the Assignors shall do any and all lawful acts and execute any and all proper documents in aid of such enforcement including, but not limited to, joining as a plaintiff in any such enforcement action and the Assignors shall promptly, upon demand, reimburse and indemnify Assignee for all costs and expenses (including fees and expenses of its agents and counsel) incurred by Assignee in the exercise of its rights under this Section 15.

16. Release and Re-Assignment. As provided for in the Indenture, or at such time as all of the Obligations have been satisfied, and the Indenture has been terminated, Assignee will execute and deliver to the Assignors all deeds, assignments and other instruments as may be necessary or proper to release Assignee's lien in the Collateral and reassign to the Assignors any and all rights of Assignee therein which were granted to Assignee hereunder, subject to any dispositions thereof which may have been made by Assignee pursuant hereto.

17. Severability. If any clause or provision of this Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect any other clause or provision in any other jurisdiction.

18. Notices. All notices, requests and demands to or upon any of the Assignors or Assignee under this Agreement shall be given in the manner prescribed by the Security Agreement.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

20. Notes Equally and Ratably Secured. Each Note will be equally and ratably secured with each other Note hereunder, regardless of the date of issuance of such Note.

21. Release of Guarantor. If in accordance with the terms and provisions of the Indenture, any Guarantor (as defined in the Indenture) is designated by the Company to be an Unrestricted Subsidiary (as defined in the Indenture), then

such Guarantor will be released and discharged from all of its obligations under its Guaranty (as defined in the Indenture) of the Notes and the Indenture.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into
this Intellectual Property Security Agreement as of the date first above written.

ASSIGNORS

ARCHIBALD CANDY CORPORATION

By: Ted A. Shepherd
Name: Ted A. Shepherd
Title: President and Chief Operating Officer

SWEET FACTORY GROUP, INC.

By: Ted A. Shepherd
Name: Ted A. Shepherd
Title: President and Chief Operating
Officer

SWEET FACTORY, INC.

By: Ted A. Shepherd
Name: Ted A. Shepherd
Title: President and Chief Operating
Officer

SF PROPERTIES, INC.

By: Ted A. Shepherd
Name: Ted A. Shepherd
Title: President and Chief Operating
Officer

SF CANDY COMPANY

By: Ted A. Shepherd
Name: Ted A. Shepherd
Title: President and Chief Operating
Officer

STATE OF ILLINOIS

)

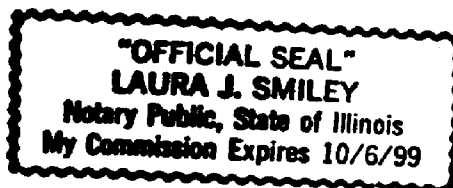
) ss:

COUNTY OF COOK

)

On the 7th day of December 1998 before me personally came Ted Shepherd, to me known, who being by me duly sworn, did depose and say that he/she is the President of Archibald Candy Corporation, the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Laura J. Smiley
Notary Public



STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On the 7th day of December 1998 before me personally came Ted Shepherd, to me known, who being by me duly sworn, did depose and say that he/she is the President of Sweet Factory Group, Inc., the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

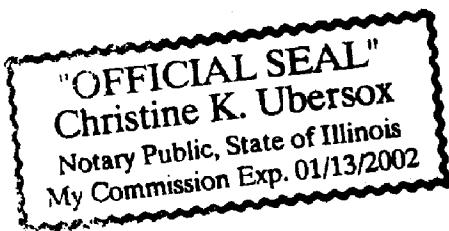
Laura J. Smiley
Notary Public



STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On the 7th day of December 1998 before me personally came Ted Shepherd, to me known, who being by me duly sworn, did depose and say that he/she is the President of Sweet Factory, Inc., the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Christine K. Ubersox
Notary Public



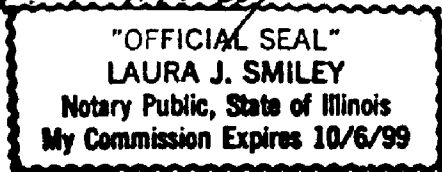
STATE OF ILLINOIS)

) ss:

COUNTY OF COOK)

On the 7th day of December 1998 before me personally came Ted Shepherd, to me known, who being by me duly sworn, did depose and say that he/she is the President of SF Properties, Inc., the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Laura J. Smiley
Notary Public



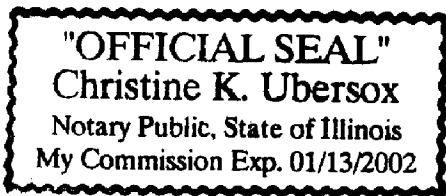
STATE OF ILLINOIS)

) ss:

COUNTY OF COOK)

On the 7th day of December 1998 before me personally came Ted Shepherd to me known, who being by me duly sworn, did depose and say that he/she is the President of SF Candy Company, the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Christine K. Ubersox
Notary Public



THE BANK OF NEW YORK, for the ratable
benefit of the Holders, as Assignee


By:  _____

Name: MARY LA GUMINA

Title: ASSISTANT VICE PRESIDENT

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On the 4th day of December 1998 before me personally came Nancy Labovitz ~~to me~~ known, who being by me duly sworn, did depose and say that he/she is a Asst. Vice Pres of THE BANK OF NEW YORK, a New York banking corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said banking corporation.



Notary Public

ROBERT SCHNECK
Notary Public, State of New York
No. 4746935
Qualified in Nassau County
Certificate filed in New York County
Commission Expires May 31, 1999

EXHIBIT 1

United States Trademark and Service Mark Registrations

Archibald Candy Corporation

<u>Mark</u>	<u>Registration No. (Serial No.)</u>	<u>Registration Date (Filing Date)</u>
AMERICAN HOMESTEAD COLLECTION BY FANNIE FARMER	2,040,233	2/25/97
AN AMERICAN TRADITION	1,668,708	12/17/91
DEBUTANTES (stylized)	649,034	7/23/57
FANNY FARMER and Design (Cameo Silhouette)	904,804	12/22/70
Design (Hopping Easter Bunny)	1,483,724	4/5/88
FANNY FARMER (Script Style)	578,907	8/18/53
FANNY FARMER (Script Style)	126,844	10/7/19
FANNIE FARMER	1,770,031	5/11/93
FANNIE MAY KITCHEN FRESH CANDIES	1,407,863	9/2/86
FANNIE MAY	1,601,202 ¹	6/12/90
FANNY FARMER	1,393,461	5/13/86

¹ Abandoned but refiled as 75/231,420.

(Script Style)

FANNY FARMER (Script Style)	905,819	1/12/71
FANNY FARMER (Script Style) and New Cameo Design	1,392,552	5/6/86
FANNY FARMER	1,375,189	12/10/85
FF (stylized)	998,022	11/12/74
I CAN'T MAKE ALL THE CANDY IN THE WORLD, SO I JUST MAKE THE BEST OF IT! (stylized).	1,397,036	6/10/86
I LOVE MY HONEY BUT OH YOU FANNIE MAY!	1,468,535	12/8/87
LAFAYETTE	211,768	4/20/26
MAVRAKOS CANDIES (stylized)	1,652,532	7/30/91
PECAN DIXIES	1,758,566	3/16/93
PIXIES (stylized)	593,071	7/27/54
SWEET LOOK (stylized)	1,200,893	7/13/82
SWEET PERSUASION	1,816,447	1/11/94
TRINIDAD	1,607,576	7/24/90
TRINIDADS	1,400,579	7/8/86

1-2

14

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

EXTREME BEANS

2,097,391

9/16/98

SF Properties, Inc.

None

SF Candy Company

None

United States Trademark and Service Mark Applications

Archibald Candy Corporation

<u>Mark</u>	<u>Registration No. (Serial No.)</u>	<u>Registration Date (Filing Date)</u>
PIXIE	(73/829,267)	(9/29/89)
FANNIE MAY CANDIES CELEBRATED COLLECTION ²	(75-230,830)	(1/24/97)
FANNIE MAY (stylized)	(75-231,420)	(1/27/97)
FANNIE MAY CONFECTIONARY	(75-209,950)	(12/9/96)
FANNIE MAY CONFECTIONARY	(75-209,975)	(12/9/96)
MINIATURE CLASSICS FROM ³ THE AMERICAN CHOCOLATIER	(75-230,309)	(1/23/97)

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

None

SF Properties, Inc.

None

SF Candy Company

None

² Intent to use applications.

State Trademark Registrations

Archibald Candy Corporation

<u>Mark</u>	<u>Registration No. (Serial No.)</u>	<u>Registration Date (Filing Date)</u>
	Illinois	
PIXIES	29,397	8/29/52
	Missouri	
FANNIE MAY CANDIES (stylized)	9,241	9/23/86
	New York	
FANNY FARMER	R-134	11/15/54
FANNY FARMER (stylized)	R-27,824	12/15/94

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

None

SF Properties, Inc.

None

SF Candy Company

None

United States Copyright Registrations

Archibald Candy Corporation

<u>Title</u>	<u>Registration No. (Renewal Number)</u>	<u>Registration Date (Renewal Date)</u>
"The New Fannie Farmer Boston Cooking School Cook Book" (1951 Edition)	A 58906 (RE 47-403)	9/11/51 (12/28/79)
"The Fannie Farmer Junior Cook Book" (Revised Edition)	A 310806 (RE 269-246/7)	11/13/57 (12/17/85)
"The All New Fannie Farmer Boston Cooking School Cook Book"	A 409841 (RE 351-952)	10/6/59 (10/22/87)
"The Fannie Farmer Cook Book" (Eleventh Edition)	A 785881 (RE 47-403)	9/23/65 (12/28/79)
"Candies" (Print or Label)	KK 232513	8/17/73
"Miss Dog's Christmas Treat" (Book)	A 557906	9/9/73
"The Fannie Farmer Cook Book" (Twelfth Edition)	TX 338-846	9/17/79
"The Fannie Farmer Baking Book"	TX 1-547-681	2/22/85
"The Fannie Farmer Cook Book" (Thirteenth Edition)	TX 3-280-034	3/16/92

20

"Fannie May Chocolate Filled Bunnies" (Poster)	VA 226 329	5/12/86	
"Fannie May Candies Easter Parade" (Poster) (photograph and lithograph reproduction)	VA 299 153	2/29/88	10
"Fannie May Candies Easter Parade" (Catalogue 1987 edition)	VA 258 898	3/26/87	
"Fannie May Candies Easter Parade" (Catalogue 1988 edition)	VA 295 869	2/29/88	
Fannie May Candies Easter Parade" (Catalogue 1989 edition)	VA 339 469	2/23/89	
"Fannie May Kitchen Fresh Candies" (Easter 1992 Gift Selection -- photographic catalogue)	VA 213 682	10/1/91	
"The Chocolate Idea Book" - (Catalogue)	TX 1,712,172	1/2/86	
"The Chocolate Idea Book" - (Catalogue 1986 - 1987 edition)	VA 248 077	12/5/86	
"Chocolate Delights"- (Catalogue 1986-1987 edition)	VA 242 556	10/21/86	
"Fannie May Quantity Order Discount Program 1991-1992" (photographic	VA 474 042	10/1/91	

catalogue)

"Fannie May Mail Order and Quantity Order Catalogue 1987-1988"	VA 278 699	9/14/87	
"Fannie May Mail Order and Quantity Order Catalogue 1988-1989"	VA 321 549	9/12/88	10
"Fannie May Kitchen Fresh Candies 1991-1992 Mail Order Gift Selections" (photographic catalogue)	VA 474 044	10/1/91	
"Quantity Order Discount Program Fannie May Candies" (photographic brochure)	VA 474 043	10/1/91	
"Fannie May Quantity Order Discount Program 1991-1992" (photographic catalogue)	VA 474 042	10/1/91	
"The Victorian Valentine" (design)	TX 1,851 807	2/18/86	
"Fannie May Kitchen Fresh Candies Valentine's 1992 Gift Selection" (photographic catalogue)	VA 213 681	10/1/91	
"Fannie May Valentine Brochure - 1987 Edition"	VA 253 083	1/22/87	
"Fannie May Valentine Brochure - 1988 Edition"	VA 291 146	1/19/88	

"Fannie May Valentine Brochure - 1989 Edition"	VA 337 851	2/6/89	
"Fannie May Candies Happy Holidays Flyer 1987" (Catalogue)	VA 284 161	11/4/87	
"Fannie May Candies Happy Holidays Flyer 1988" (Catalogue)	VA 327 611	11/7/88	10
"Fannie May Kitchen Fresh Candies Christmas 1991 Gift Selections" (Photographic Catalogue)	VA 213 680	10/1/91	
"Chicago Skylines" (packaging -- print based upon original painting)	VA 206 338	5/7/91	
"Water Tower/Horse and Carriage" (print based on original painting)	VA 228 669	11/1/91	
"Floral Heart"	VA 815 722	10/22/96	
"Christmas Personal Consumption"	VA 814 976	10/22/96	
"Valentine's Day Personal Consumption"	VA 814 977	10/22/96	
"Halloween Personal Consumption"	VA 814 978	10/22/96	
"Easter Personal Consumption"	VA 814 979	10/22/96	
"'96 Halloween Pop"	VA 814 980	10/22/96	

"Easter Bunny Crate"	VA 814 981	10/22/96	10
"Easter Bunny Die Cut Box"	VA 814 982	10/22/96	
"Marshmallow Hearts"	VA 814 983	10/22/96	
"Carrot-Rabbit Boxes"	VA 820 242	10/22/96	
"Easter Cream Egg Boxes"	VA 824 758	10/22/96	
"97 Whimsical 2 oz. Heart"	VA 824 762	10/22/96	
"12 oz. Jelly Bird Egg"	VA 824 763	10/22/96	
"Christmas Tree Die Cut Box"	VA 824 764	10/22/96	
"1 oz. Santa Pop"	VA 824 765	10/22/96	
"Twelve Days of Christmas"	VA 824 766	10/22/96	

Sweet Factory Group, Inc.

None

Sweet Factory, Inc.

Architectural drawings for candy rack displays	VAU 279 768	7/15/93	10
---	-------------	---------	----

SF Properties, Inc.

None

SF Candy Company

None

[None]

1-11

Licenses

1. Trademark Agreement dated as of May 15, 1987 with Alfred Knopf for use of the "FANNIE FARMER" trademark in conjunction with publication rights to "The Fannie Farmer Cookbook" (13th Edition).
2. Trademark Agreement dated as of March 17, 1983 with Alfred Knopf for use of the "FANNIE FARMER" trademark in conjunction with publication rights to "The Fannie Farmer Baking Book."
3. Non-exclusive licenses of "Fannie May", "Fannie Farmer", and "Fanny Farmer", trademarks pursuant to distributorship agreements and agreements for advertising and promotion, and merchandising of non-food products (including, without limitation, non-exclusive licenses for the use of such trademarks for publications for third parties) entered into in the ordinary course of business and consistent with past practice.
4. License Agreement, dated July 12, 1991, between The Sweet Factory (UK) Limited, a company incorporated under the laws of England (the "Original Licensor"), and Sweet Factory California Partners, Inc., a California corporation (the "Original Licensee"); as assigned by the Original Licensee to Sweet Factory, Inc., a Delaware corporation ("SFI") pursuant to an Assignment and Assumption Agreement, dated July 12, 1991; as assigned by SFI to Sweet Factory Group, Inc., a Delaware corporation (the "Licensee"), pursuant to an Assignment and Assumption of License, dated October 4, 1997; as assigned by the Original Licensor to United Sweet Factory Limited, a company incorporated under the laws of Cyprus (the "Licensor"), pursuant to an Assignment and Assumption Agreement, dated March 31, 1993; and as amended by the Amendment to License Agreement, dated April 7, 1993 between the Licensor and Licensee.

Material Unregistered Intellectual Property

Trade Names

Fannie May Candies
Fanny Farmer Candies

EXHIBIT 2

SPECIAL POWER OF ATTORNEY

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

KNOW ALL MEN BY THESE PRESENTS, THAT _____,
a _____ corporation with offices at _____ (hereinafter called
"Assignor"), hereby appoints and constitutes THE BANK OF NEW YORK, for the
ratable benefit of the Holders under that certain Indenture dated as of July 2, 1997, a
New York banking corporation, with offices at 101 Barclay Street - 21 W., New York,
New York (hereinafter called "Assignee"), its true and lawful attorney, with full power
of substitution, and with full power and authority to perform the following acts on
behalf of Assignor:

1. For the purpose of assigning, selling, licensing or otherwise disposing
of all right, title and interest of Assignor in and to any United States, state and foreign
trademarks, service marks, copyrights, patents, trade names, trade dress, trade secrets,
know-how and other proprietary information, and all applications, registrations, record-
ings, renewals, extensions, reissues, divisions, continuations, continuations-in-part and
re-examinations, and all licenses relating thereto, and for the purpose of the recording,
registering and filing of, or accomplishing any other formality with respect to, the
foregoing, to execute and deliver any and all agreements, documents, instruments of
assignment or other papers necessary or advisable to effect such purpose; and

2. To execute any and all documents, statements, certificates or other
papers as are necessary or advisable in order to obtain the purposes described above

This power of attorney is made pursuant to that certain Amended and
Restated Intellectual Property Security Agreement dated as of December ____, 1998,
between Assignor and Assignee for the benefit of the Trustee and the ratable benefit of
the Holders (the "Amended and Restated Intellectual Property Security Agreement") and
takes effect solely for the purposes of Section 7 thereof ("Remedies Upon Default") and

is subject to the conditions thereof and may not be revoked until the payment in full of all Obligations (as defined by reference in the Intellectual Property Security Agreement).

Dated: _____, 1998

By: _____

Name:

Title:

STATE OF ILLINOIS)
)ss:
COUNTY OF COOK)

On the ___ day of _____, 1998, before me personally came _____, to me known, who being by me duly sworn, did depose and say that he/she is the _____ of _____, the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said Corporation.

Notary Public

EXHIBIT 3

JURISDICTIONS FOR FILING UCC FINANCING STATEMENTS

Illinois Secretary of State

California Secretary of State
San Diego County, California