

PARTY CITY CORP
 Form 4
 November 04, 2005

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 TENNENBAUM MICHAEL E

(Last) (First) (Middle)

C/O PARTY CITY CORPORATION, 400 COMMONS WAY

(Street)

ROCKAWAY, NJ 07866

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 PARTY CITY CORP [PCTY]

3. Date of Earliest Transaction
 (Month/Day/Year)
 11/02/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman of Executive Comte

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
common stock	11/02/2005		X	2,332,952 (1) A	\$ 5,595,872 (2) 1.07	I	see footnotes (3) (4)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
warrants (right to buy)	\$ 1.07	11/02/2005		X	2,496,000	08/16/1999 08/16/2006	common stock 2,496,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TENNENBAUM MICHAEL E C/O PARTY CITY CORPORATION 400 COMMONS WAY ROCKAWAY, NJ 07866	X	X	Chairman of Executive Comte	

Signatures

/s/ Joseph J. Zepf, Esq., attorney-in-fact for Michael E. Tennenbaum 11/04/2005

Signature Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Pursuant to the surrender/net exercise of the Warrant representing the right to purchase 2,496,000 shares of common stock of Party City Corporation, there was a net issuance of 2,332,952 shares. The surrendered shares had a market value of \$16.38, which was the closing trading price on Nasdaq on November 1, 2005.
- (2) The Reporting Person disclaims beneficial ownership of these securities except to the extent of his pecubiary interest therein, and the inclusion of these shares in this report shall not be deemed an admission of beneficial ownership of all the reported shares for purposes of Section 16 or for any other purpose.
- (3) 2,332,952 shares of common stock are owned of record by Special Value Bond Fund, LLC ("SVBF"); 2,813,420 shares of common stock are owned of record by Special Value Absolute Return Fund, LLC ("SVAR"); 318,000 shares of common stock are owned of record by Special Value Bond Fund II, LLC ("SVBF II"); 25,000 shares of common stock are owned of record by a separate account managed by Tennenbaum Capital Partners, LLC ("TCP", formerly known as Special Value Investment Management, LLC); and 48,500 shares of common stock are owned of record by Tennenbaum & Co., LLC ("TCO"). The managing member of SVBF is SVIM/MSM, LLC ("SVIM/MSM") and the managing member of SVBF II is SVIM/MSM II, LLC ("SVIM/MSM II"). The managing member of both SVIM/MSM and SVIM/MSM II is TCO. The managing member of SVAR is SVAR/MM, LLC ("SVAR/MM"), and the managing member of SVAR/MM is TCP. The managing member of TCP is TCO. The managing member of TCO is Michael E. Tennenbaum.
- (4) (Continuation of Footnote 3) In addition to managing the separate account, TCP is the investment advisor to SVBF, SVBF II and SVAR and the separate account. TCP, SVIM/MSM, TCO and Mr. Tennenbaum share voting and dispositive power for the 2,332,952 shares. TCP, SVIM/MSM II, TCO and Mr. Tennenbaum share voting and dispositive power for the 318,000 shares. TCP, SVAR/MM, TCO and Mr. Tennenbaum share voting and dispositive power for the 2,813,420 shares. TCP, TCO and Mr. Tennenbaum share voting and dispositive power for the 25,000 shares. TCO and Mr. Tennenbaum have sole voting and dispositive power for the 48,500 shares. On October 6, 2005, Tennenbaum & Co, LLC donated and transferred 65,581 shares of Party City common stock to a charitable organization. Mr. Tennenbaum also owns 58,000 shares of common stock subject to outstanding options which are exercisable within 60

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days of the record date.

(5) Not applicable

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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