

TENNENBAUM MICHAEL E
 Form 4
 December 28, 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)
 12/23/2005

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 Exec. Committee

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 or Disposed of (A) (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)
				(A) or (D) Price			
Common Stock	12/23/2005		D	5,537,872	D 0	I	See Footnotes (2) (3)

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)	8. Price or Value of Underlying Securities (Instr. 3 and 4)
Stock Options	\$ 14.4844	12/23/2005		D	10,000	(4) (4)	Common Stock 10,000	\$
Stock Options	\$ 13.6563	12/23/2005		D	10,000	(4) (4)	Common Stock 10,000	\$
Stock Options	\$ 13.62	12/23/2005		D	10,000	(4) (4)	Common Stock 10,000	\$
Stock Options	\$ 12.36	12/23/2005		D	2,000	(4) (4)	Common Stock 2,000	\$
Stock Options	\$ 6.55	12/23/2005		D	3,000	(4) (4)	Common Stock 3,000	\$
Stock Options	\$ 4.3	12/23/2005		D	20,000	(4) (4)	Common Stock 20,000	\$
Stock Options	\$ 3.4	12/23/2005		D	3,000	(4) (4)	Common Stock 3,000	\$

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 Exec. Committee	

Signatures

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

12/28/2005

__Signature of Reporting Person

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) Converted into the right to receive \$17.50 per share pursuant to the Agreement and Plan of Merger, dated as of September 26, 2005, as amended, by and among Amscan Holdings, Inc., BWP Acquisition, Inc. and Party City Corporation.

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(2) The shares of common stock are owned by Tennenbaum Capital Partners, LLC ("TCP", formerly known as Special Value Investment Management, LLC) and Tennenbaum & Co., LLC ("TCO") as follows: 2,332,952 shares 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 TCP; and 48,500 shares of common stock are owned of record by TCO. For purposes of the table above, we have attributed the 48,500 shares of common stock owned by TCO to be beneficially owned by TCP.

(3) 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. See Amendment No. 8 to Schedule 13D, filed with the SEC on September 28, 2005, for a description of each entity's voting and investment power. Following the date of such Amendment No. 8 to Schedule 13D, (i) SVBF exercised its warrant pursuant to the net exercise provisions, resulting in the issuance of 2,332,952 shares rather than 2,496,000 shares and (ii) Tennenbaum & Co., LLC disposed of 65,561 shares. The principal business address for TCP and TCO is 2951 28th St., Suite 1000, Santa Monica, CA 90405. As the managing member of TCO, Mr. Tennenbaum shares voting and investment power for all of the shares of common stock owned of record by the TCP and TCO.

(4) Fully vested and cashed out at the spread between the merger price of \$17.50 per share and the exercise price, pursuant to the Agreement and Plan of Merger, dated as of September 26, 2005, as amended, by and among Amscan Holdings, Inc., BWP Acquisition, Inc. and Party City Corporation.

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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