

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 & CO LLC

(Last) (First) (Middle)
2951 28TH STREET, SUITE 1000
(Street)

SANTA BARBARA, CA 90405

(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 ___X___ 10% Owner
___ Officer (give title below) ___ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
X 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 Ownership (Instr. 4)
Common stock	11/02/2005		X	2,332,952 (1)	\$ 5,537,872 (2)	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 Derivatives 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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TENNENBAUM & CO LLC 2951 28TH STREET SUITE 1000 SANTA BARBARA, CA 90405		X		
SVIM MSM LLC 2951 28TH STREET SUITE 1000 SANTA MONICA, CA 90405		X		
TENNENBAUM CAPITAL PARTNERS LLC 2951 28TH STREET SUITE 1000 SANTA MONICA, CA 90405		X		

Signatures

/s/ Joseph J/Zepf, Esq., attorney-in-fact for Michael E. Tennenbaum, in his capacity as Managing Member of Tennenbaum & Co., LLC.	11/04/2005
__Signature of Reporting Person	Date
/s/ Joseph J. Zepf, Esq., attorney-in-fact for Michael E. Tennenbaum, in his capacity as Managing Member of Tennenbaum & Co, LLC, in its capacity as Managing Member of SVIM/MSM, LLC	11/04/2005
__Signature of Reporting Person	Date
/s/ Joseph J. Zepf, Esq., attorney-in-fact for Michael E. Tennenbaum, in his capacity as Managing Member of Tennenbaum & Co., LLC, in its capacity as Managing Member of Tennenbaum Capital Partners, LLC.	11/04/2005
__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).

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- 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.
- (1)

- The Reporting Person disclaims beneficial ownership of these securities except to the extent of his pecuniary 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.
- (2)

- 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").
- (3)

- (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, TCO donated and transferred 65,581 shares of Party City common stock to a charitable organization.
- (4)

- (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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