

Section – 4a (Retail)

Quality Assurance

Introduction

Objective

Vendors shipping product directly to Party City, Party America, and the Paper Factory locations shall be required to have previously tested their products. All test results shall be made available upon request. It is expected all vendors to have testing information on file for their product and be compliant with respect to the terms and conditions outlined in the Vendor Standards Manual (section 8). In the event testing result are not available, Party City will require your product be sent to Bureau Veritas Consumer Products Services, Inc. for testing at your expense.

Continue on to section 4b to review the complete Amscan Quality Assurance section.

Quality Assurance

Introduction

OBJECTIVE

Product testing supports the commitment of Amscan to offer quality products to its retail affiliates (Party City and Party America) and retail customers. Amscan has partnered with Bureau Veritas Consumer Products Services, Inc. (BV) to establish a comprehensive testing program to monitor and ensure compliance with all applicable regulations as well as industry and federal quality standards. As a part of this program, all products, in the form of final production samples, must be tested prior to purchase. Under normal circumstances, no shipment will be authorized without a passed testing report from BV using Amscan's testing protocols.

This Amscan Quality Assurance manual details the procedures and requirements for all Amscan product testing as it relates to the Amscan quality assurance program.

RESPONSIBILITIES

Amscan's Responsibilities

- Update suppliers/vendors on test procedures and protocols, sample submission requirements and performance standards as changes are made.
- Amscan will instruct a vendor when testing is required. Amscan Asia sourcing division in HKO will coordinate the samples to send for testing.
- Amscan Technical /QA department in HKO will be responsible for subsequent review and determination of essential safety test before submission for BV testing.
- Testing results and subsequent test reports shall be distributed to vendors through emails by Amscan Asia Technical /QA department.
- When Amscan receives a test report from a BV laboratory where the submission has been rated Fail, Amscan will require the vendor to retest or implement other corrective action.

On Line Inspections

To ensure the quality consistencies during production, members of our Hong Kong Office will visit the manufacturer's factories to randomly pull samples from the production line. These samples will be sent to our testing lab and re-tested against the original set of protocols. The manufacturer will be advised of the test results and advised of next steps.

Note: Amscan reserves the right to require re-testing and/or product inspections when deemed necessary due to among other things, product non-conformities found during the quality assurance process, or during distribution or sale of the merchandise. All costs associated with re-testing will be the responsibility of the vendor.

Vendor Responsibilities

Sample submission procedure

- All Amscan vendors (inclusive domestic and orient vendors) are obliged to follow Amscan testing procedures to submit production samples for testing and where applicable, relevant ingredient, component list or MSDS (Material Safety Data Sheet) are required from vendor in aid for the completion of appropriate testing protocol. Accordingly, it is the vendor's responsibility to provide products which are compliant with all applicable voluntary and mandatory standards.
- All samples must be sent to the appropriate Amscan Asia Division in Hong Kong for the purpose of centralized handling. They will be checked, examined and logged upon arrival.
- Vendors may use a Bureau Veritas testing facility other than what is listed on the submission form. To find out the closest testing facility to your production facility visit the Bureau Veritas website, www.bureauveritas.com.
- All testing samples should be sent to the attention of appropriate division to the Amscan Asia Office with address below :

Amscan Hong Kong office (---Division)
Shop No. 60 LG/Floor
Houston Centre,
63 Mody Road
Tsim Sha Tsui East, Kowloon
Hong Kong

Sample Submission Form

Vendors are required to attach the submission form during submission of testing samples. Only the top section of the form concerning the Amscan item number and the name/description need to be filled in by vendors. (See sample submission form, last page of this section)

Quality Assurance Policy

Should vendors have protocols and or their own quality assurance manual in place, vendor shall provide to Amscan, upon request, the manual applicable for all products provided to Amscan. The manual shall include, but not be limited to the following: inspection protocols, quality assurance procedures and policies, and applicable certifications.

Sample accuracy

- Quantity - Vendors are required to submit production samples at the specific quantity pertaining to the relevant testing protocol. Insufficient samples for testing will result in delay or rejection of submission.
- Approved product specification - Vendors are obliged to submit samples in compliance with Amscan approved product specification. Any deviations to the approved standard will be rejected by the divisions and new production samples to meet approved standard will be demanded for re-submission.

Section - 4b (Wholesale)

- Approved retail packaging - Vendors are must submit in complete retail package approved by relevant division. Retail packaging includes, but is not limited to, header card, poly-bag, blister clamshell, backer-card, gift box, window box.

Sample integrity

Samples with retail package should be well protected to ensure the conditions of sample arrival during transit from vendors to Amscan Hong Kong office. Samples found to be damaged or broken will not be accepted for testing and new submission will be demanded right away.

Sample labeling arrangement

As Amscan HKO will handle testing for both US and UK divisions, vendors are required to put labeling outside the box as either US or UK for easy identification before sample dispatching.

Note: VENDORS MUST FOLLOW THE TESTING PROCEDURES AS OUTLINED IN THIS SECTION. FAILURE TO DO SO WILL RESULT IN VENDOR'S FULL ACCOUNTABILITY FOR THE DELAY OF TESTING SUBMISSION AND THUS SUBSEQUENT DELAY OF SHIPMENT.

Testing costs

- First time testing, vendors are not required to pay any testing charge for any samples sent.
- Vendors are responsible for free submission of samples with sufficient quantity for testing.
- Vendors are also responsible for all shipping costs associated with the submission and return of testing sample (sample returns will be by request only).
- Vendors are fully responsible to pay for any re-test charges should the first test fail due to proven vendors' mistakes including but not limited to the sample's inaccuracy, product non-conformity or defectiveness. Vendors are to follow the testing procedures as outlined in this section. Failure to do so will result in vendor's full accountability for the delay of testing submission and thus subsequent delay of shipment. Amscan reserves the right to penalize the vendors by air shipping the merchandise or charge back the vendors for the loss of sales or from losses resulting from product defects or product recalled due to non-compliance with applicable voluntary or mandatory standards.

BV Responsibilities

Receipt of Samples/ Samples On Hold

BV will notify Amscan Asia Technical/QA department with on hold status if insufficient samples are submitted and vendors will be contacted by sourcing division to make resubmission again.

Testing of Samples

Conduct testing and evaluate products in accordance with Amscan testing protocol.

Reporting of test results

BV will distribute the testing reports directly to Amscan Asia Technical/QA department. Vendors will be notified of the result via e-mail by either by Amscan QA department or sourcing division in HKO.

PRODUCT EVALUATION

Testing Protocol

All production samples received by the laboratory are tested in accordance with an established Amscan Test Protocol which BV can supply to the vendor for their specific product category. If at the time production samples are received, an Amscan Test Protocol does not exist, the laboratory will develop a Test Protocol within 2-3 working days. Additional time may be required for the development of Test Protocols under certain circumstances such as the research and ordering of standards.

Test Protocols are a compilation of various U.S. regulations and industry standard requirements (i.e. tests) the product must meet. Test Protocols will be issued by BV and then approved for use by Amscan.

In addition, test protocols serve two primary purposes:

1. Provide information regarding what tests will be performed so vendors understand the expectations of Amscan for their products prior to testing. As some items may be slightly different, Test Protocols are to be used as a guideline only and are subject to change. A product-specific Test Protocol will be developed at the sample submission stage if necessary.
2. Test Protocols ensure consistency between laboratories around the world by providing instructions to the approved testing laboratories on what tests are required for specific Amscan products.
 - All production samples are to be tested in compliance with Amscan's safety protocol (i.e. US Regulatory safety test) through submission to BV.
 - Amscan QA/Technical Department will review all submitted production samples and determine all the appropriate tests with onward submission to BV.
 - Should there be no appropriate test determined, BV will provide final evaluation on the samples for appropriate testing.
 - This final evaluation will be made based on product category, construction, material category, age grading, packaging and labeling review as well as product essential safety.
 - Vendors have the obligation to manufacture their products to meet various U.S. regulatory safety test requirements.
 - Although product regulatory safety and quality tests vary from product to product, general compliance to the following safety regulations is generally expected:
 - *Flammability*
 - *ASTM International*
 - *Poison Prevention Packaging Act*
 - *Child Safety Protection Act*
 - *Consumer Products Safety Commission (CPSC)*
 - *Textile Fiber Products Identification ACT*
 - *Federal Hazardous Substances ACT (FHSA)*
 - *Federal Food and Drug Administration (FDA)*
 - *Cosmetic Ingredient and banned substance (FDA)*
 - *California Prop 65*
 - *Fair Packaging and Labeling ACT*
 - *Underwriter Laboratories (UL)*
 - *Phthalate restrictions & bans – California Assembly Bill AB 1108*
 - *International Standards Organization (ISO)*
 - *American National Standards Institute (ANSI)*
 - *American Association of Textile Chemists & Colorists (AATCC)*

Lead Testing

Amscan has purchased an x-ray gun which can detect the level of lead and other heavy metals in objects. The x-ray gun test will be performed on all items prior to them being sent to the testing lab for testing.

Items identified to have acceptable or lower levels of lead and/or heavy metals will be considered as "PASS" and will be sent to the BV lab for testing.

Items identified as having higher levels of lead and/or heavy metals than is acceptable will be considered "FAIL" and will not be sent for testing. A new set of samples will be requested and the test will be performed again to determine if the lead levels are acceptable. If an item fails the x-ray test, the manufacturer will be charged back \$500 for each set of samples that fail.

Testing will be conducted on all items from each purchase order received at our warehouse. Should an item be found to have lead and/or heavy metal levels above the acceptable limit, the entire quantity of the specified product from that purchase order will be destroyed. The vendor will be charged back the cost of the product, all costs associated with the shipment and delivery of the product to our warehouse, and the cost to safely destroy the product. The vendor will be required to send Amscan replacement product that meets all acceptable levels of lead and/or heavy metals. If the product is needed immediately and cannot be shipped via water, the vendor will be responsible for the air freight expense to expedite the delivery of the product.

Testing Lead Time

Under normal circumstances, products will be evaluated in accordance with the Test Protocols within seven to ten working days based on the product type and testing required.

Under certain circumstances it may not be possible to complete testing on an item within the established timeframe due to conditions inherent to specific test requests or due to the product itself (i.e. UL verification on an electrical product, or candles that have a claimed burn time of 200 hours). In such cases, BV will provide an estimated completion time for the required tests.

Amscan Testing Protocols vary by each individual product and can vary by each style. Test Protocols are subject to change if the product varies from the initial product for which the Test Protocol was developed. Upon receipt of actual samples, it is at the laboratory's discretion to determine which, if any, additional tests are necessary. Each test property as well as the overall rating of the final report will be based on the following The Client established rating system:

Ratings

Pass

The product meets all The Client requirements as outlined in their protocols and provides good overall consumer serviceability with no improvement required.

Fail

The product does not meet all The Client requirements as outlined in their protocols.

Test Reports

Report Recipients:

All BV Test Reports issued under the Amscan Quality Assurance Program will be issued to the designated Amscan contacts via Email or Bvcp.Net.

Components:

The following are the identifiable sections to a BV test report:

Report Cover/ Executive Summary

The Report Cover gives an overview of the testing by showing the overall product rating (Pass or Fail) with a brief executive summary. The report then goes on to describe in detail each of the product's failed properties (if any) and any comments and/or recommended courses of action.

Protocol

The Test Protocol utilized for testing is attached with the reports. The Test Protocol provides detailed information regarding the tests performed and the actual data recorded by BV during testing.

Exhibit Page(s)

Exhibit pages are typically included with a report to show a failure. For example, if a dining table failed the concentrated top-loading test, then an exhibit page (picture) might be included in the report showing the section of the table that cracked. Exhibit pictures are also taken as a means of documentation such as to show the exact wording and format of a product label.

Chart(s)

When appropriate, charts and/or graphs are included to show data in test reports.

Picture Page(s)

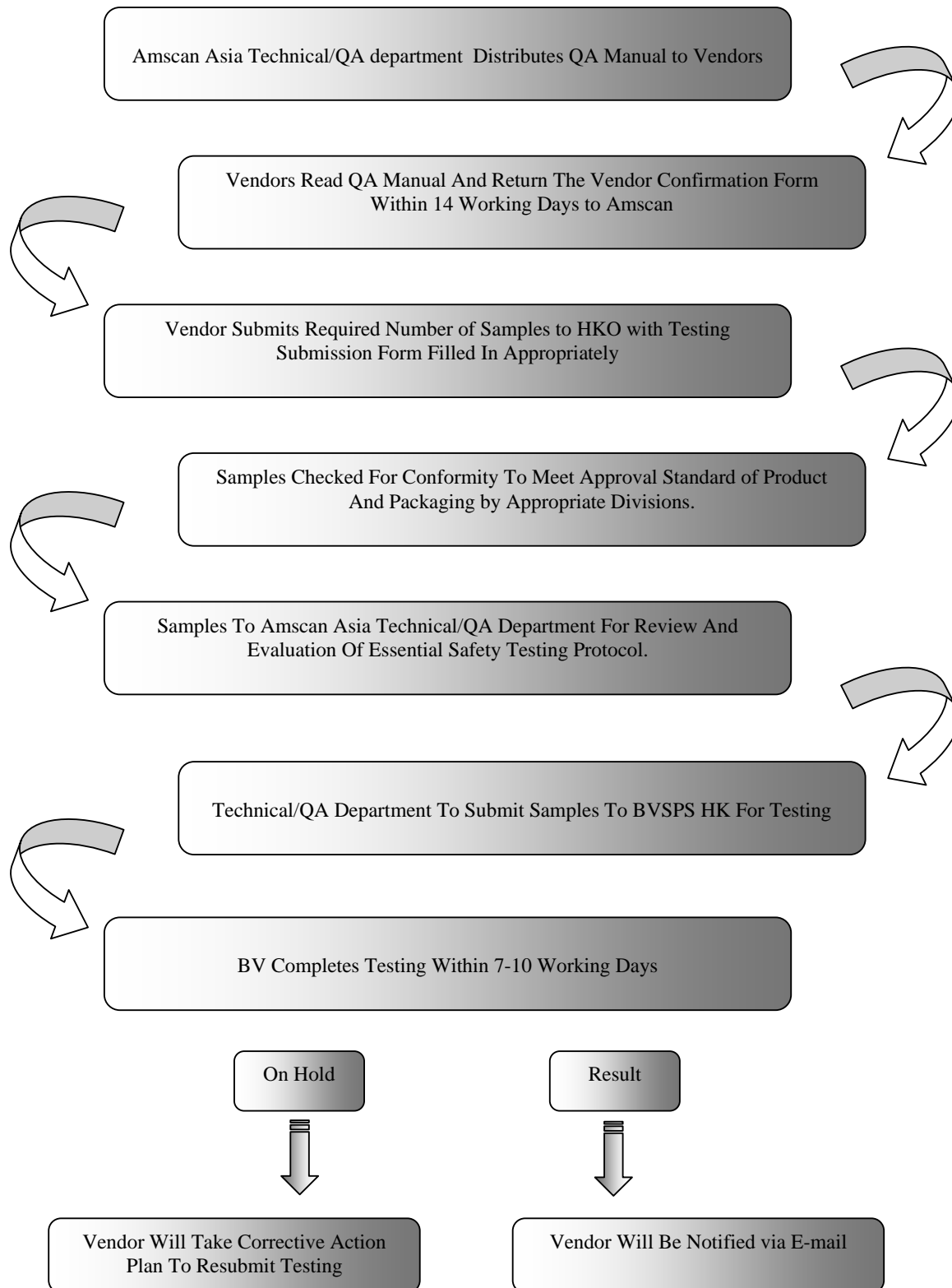
The last page of a test report contains a product image of tested item.

Sample Disposal/Return

Product testing is fully destructive. All samples are retained by the test laboratory for three months in the U.S./ one month in Hong Kong from the date of submission. Vendors can have samples returned to them provided they accept all costs for re-packaging and shipping and indicate return instructions on the Amscan Test Request Form at the time samples are submitted.

Vendors are responsible for all shipping costs associated with the submission and return (by request only) of test samples. Neither Amscan nor the laboratory is responsible for product damage incurred as a result of shipping.

Product Testing Flowchart





AMSCAN TEST REQUEST FORM



Quotation required before testing (testing only starts upon signed quotation received at BVHK with complete information and samples)

Your Company Name
Address
Contact Person Tel No. (Ext) Fax No.
e-mail address:

Report and invoice will state the above company name & contact person: If not, please advise
Report To: Company Contact Person Tel No.
Address Fax No.
Invoice To: Company Contact Person Tel No.
Address Fax No.

Sample Description
No. of samples submitted Buyer
Style/Item No. Assortment No.
P.O. No. SKU/SKN No.
Vendor Manufacturer
If this is a retest, please state previous test report No.

TEST REQUESTED
Retailer Programs Preview: (Please tick where appropriate)
ABC Distributing, Inc. Longs Drug Stores K B Toys LTD Commodities, LLC CVS
Shopko Stores, Inc (US) TRU Canada TRU Int'l-

At the request: State Age Grade used for testing:

US
ASTM F963-03 Mechanical hazards
16 CFR 1500.44 Flammability (solids)
16 CFR 1610 Flammability (clothing textiles)
16 CFR 1611 Flammability (vinyl plastic film)
ASTM F963 Soluble heavy metals content
16 CFR 1303 Lead content
16 CFR 1500 Mechanical hazards
16 CFR 1303 Lead content
CPSC Extractable lead from crayons & art supplies
CPSC Children's metal jewelry
CONEG (Packaging Material Regulation)
US PL 104-142 Mercury in batteries
USP <51> Preservative effectiveness
USP <61> Microbial limit test
ASTM F963 Total plate count & total coliform
16 CFR 1505 Electrically operated toys
ASTM F963-03 B/O ride-on toys
21 CFR 700.13 Mercury in cosmetics
ASTM F963 DEHP Content
PA Stuffed Toy Law (47.317) Tolerance
Australian
AS / NZS ISO 8124.1 Mechanical hazards
AS / NZS ISO 8124.2 Flammability
AS / NZS ISO 8124.3 Heavy metals content
Canada
CHPA Mechanical hazards
CHPA Flammability
CHPA Heavy metals content
Canada Guidelines for lead-art materials
Canada Total lead in children jewelry and Canada Migration lead in children jewelry
Europe
EN 71 Pt.1 1998 Mechanical hazards
EN 71 Pt.2 Flammability
EN 71 Pt.3 Heavy metals content
EN 71 Pt.9 Organic chemical compounds
EC Directive 91/338/EEC Cadmium content
EC Directive 2002/61/EC Amines (azodyes) content
EN 1811 Nickel release (94/27/EC)
EN 50088 Safety of electric toys
EN 60825-1 Class 1 LED
EC Directive 89/336/EEC EMC
RoHS Compliance test (XRF + wet chem)
EN 50419 Marking of WEEE 2002/96/EC - without rub
EC Directive 94/62/EC Heavy metals
EC Directive 2005/84/EC BBP/DBP/DEHP content
EC Directive 2005/84/EC DNOP/DINP/DIDP content
Others
MC6572 California Proposition 65

Service Required:
Regular Next Two Day (40% surcharge) Next Day (100% surcharge) Same Day (150% surcharge)
Express (100% surcharge for some selected tests with longer testing times)

Return Sample:
No Self Collect Failed Samples Self Collect Tested Samples
Return Failed Samples (HK\$150 in HK, at cost for overseas - please provide courier Account No.)

Sample Pick up Hotline: 2331-0333 (Monday to Saturday) Customer Service Hotline: 2331-0222 (Monday to Friday)
THIS TEST REQUEST IS SUBJECT TO THE CONDITIONS OF TESTING SET FORTH ON THE REVERSE SIDE HEREOF.

Date Authorized Signature and Company Chop

FOR LABORATORY INTERNAL USE ONLY
Date Received Received By Sample No

Bureau Veritas Hong Kong Limited
Kowloon Bay Office
1/F, Pacific Trade Centre, 2 Kai Hing Road, Kowloon Bay, Kowloon
Tel: 2331-0888 Fax: 2331-0889 Website: www.cps.bureauveritas.com
PLEASE SUBMIT YOUR SAMPLES TO
2/F, Pacific Trade Centre
07/19/06