



Quality Assurance Manual

May 2005

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Chapter

1

Introduction

OBJECTIVE

Product testing supports the commitment of Party City to offer quality products to its customers. Party City has partnered with Bureau Veritas Consumer Products Services, Inc. (BVCPS) to establish a comprehensive testing program to monitor and ensure compliance with all applicable regulations as well as industry and corporate quality standards. As a part of this program, all products, in the form of final production samples must be tested prior to purchase.

This publication represents the Party City Quality Assurance Manual. It details the procedures and requirements for all Hardlines product testing as it relates to the Party City quality assurance program.

Party City's RESPONSIBILITIES

Party City's Responsibilities

Party City's Quality Assurance Manual:

- ♦ Provide access to electronic version.
- ♦ Update suppliers/vendors on test procedures and protocols, sample submission requirements and performance standards as changes are made.

Instruct Vendors When Testing is Required:

- ♦ Only product test reports issued by BVCPS will be accepted.
- ♦ Party City will instruct vendors when testing is required.

Report Follow-up:

- ♦ When Party City receives a test report from a BVCPS laboratory where the submission has been rated Fail or Corrective Action Required (CAR), Party City will ultimately be responsible for determining whether they will accept the products as is or require the vendor to retest or implement other corrective action.

Note: Party City reserves the right to require re-testing, sample collections 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, sample collections and inspections will be the responsibility of the Vendor.

VENDOR RESPONSIBILITIES

Vendor Responsibilities

Acknowledges receipt of the Party City Quality Assurance Manual:

- ♦ Read and abide by all the Party City compliance, performance and quality requirements.
- ♦ Submit Vendor Confirmation to Peter Balazs. (See attached

Sample Submission (Regular and Retest):

- ♦ **The vendor must supply a fully completed Party City Test Request Form at the time of sample submission or sample collection. BVCPS test laboratories will not accept samples if the test request form is missing or incomplete.**
- ♦ The vendor must reference and submit testing samples to the appropriate BVCPS Testing Lab location (as stated in this manual and on the Party City Test Request Form).
- ♦ The vendor must submit the required number of samples for testing as is stated in the appropriate Party City Test Protocol.
- ♦ Protocols are listed by category, not specific item.
- ♦ All packaging and product instructions must accompany all products as part of the testing process.
- ♦ For all vendors' testing with the laboratory for the first time, obtain a quote for test costs and forward prepayment with samples or prior to sample submission.
- ♦ Unless otherwise noted and approved, such as in the case of development samples, all products must be submitted to BVCPS in the same form as they will be sold to Party City including all packaging.
- ♦ **The vendor is responsible for ALL testing costs.** This includes all costs associated with re-testing and sample collections. A re-test sample would follow the same submission procedure as outlined above.
- ♦ Vendors are responsible for all shipping costs associated with the submission and return (by request only) of test samples. Neither Party City nor the laboratory is responsible for product damage incurred as a result of shipping.
- ♦ Regardless of whether or not a laboratory has tested a particular item, the vendor is solely responsible for ensuring that their products meet all regulatory standards and industry standards in the markets in which they are sold.

Sample Submission (When Sample Collection Required):

- ♦ For instances where a sample collection is requested by Party City, vendors or factories are NOT permitted to submit samples directly to the laboratory. A sample collection is required as follows:
 - ♦ The factory must contact BVCPS directly when product is 20% complete to go to the factory and pull samples from the Party City production run and deliver the samples to the nearest BVCPS location for testing.
- ♦ For sample collections, BVCPS will collect the required minimum number of samples for testing representing bulk production quantity, all styles, and/or colors purchased.

BVCPS' RESPONSIBILITIES

BVCPS' Responsibilities

Receipt Of Samples/ Samples On Hold

- ♦ When the test request form is incomplete, insufficient sample is submitted, or new vendor prepayment is not received, the laboratory notifies the submitter's office. Until proper information, number of samples, or prepayment is received, testing will be put "on hold." BVCPS will notify the vendor and/or Party City immediately if testing must be put on hold.
- ♦ Reporting of sample submission, test and/or sample status and test completion (ie: reason codes)

Testing Of Samples

- ♦ Conduct testing and evaluate products in accordance with all Party City quality standards.

Reporting Of Test Results

- ♦ At the conclusion of testing, complete a written report.

Approved BVCPS Laboratory Locations

BVCPS Contact Information

Party City Contact Information

Please see the list of approved BVCPS laboratory locations, BVCPS contact information and Party City contact information for the Party City Quality Assurance Program in the Forms section of this manual. Questions should be directed to appropriate BVCPS and Party City personnel as indicated in this document.

Product Evaluation

SAMPLE SUBMISSION

Vendors are to submit samples directly to BVCPS for testing along with a completed Party City Test Request Form. The required number of samples must be sent to BVCPS for testing. The required number of samples is indicated on the last page of each test protocol (varies by product type) or can be obtained by contacting the laboratory directly. If the laboratory does not receive the correct number of samples, testing will be put on hold or testing could require extended periods of time to complete.

TEST PROTOCOLS

All samples received by the laboratory are tested in accordance with an established Party City test protocol which Bureau Veritas can supply to the vendor for their specific product category. If at the time samples are received, and a Party City test protocol does not exist for that particular product, 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 standards requirements (i.e. tests) that the product must meet. Test Protocols will be issued by BVCPS and then approved for use by Party City.

Test Protocols serve two primary purposes:

1. Provide information regarding what tests will be performed so vendors understand the expectations of Party City 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 Party City products.

The current approved Party City Test Protocols can be found in the 'Test Protocols' section of this manual. Party City Test Protocols will be updated periodically to reflect changes in products, regulations, industry standards, and quality and performance standards.

While the extent of the laboratory tests will vary by product category and by specific item, consumer products will be subjected to numerous tests to verify conformance with required federal laws/regulations and industry safety criteria as well as additional Party City requirements. Common regulations to be observed are as follows:

United States (*partial list*)

- ♦ Flammable Fabric Act
- ♦ American Society for Test Methods (ASTM)
- ♦ Poison Prevention Packaging Act
- ♦ Child Safety Protection Act (CSPA)
- ♦ Textile Fiber Products Identification Act
- ♦ Federal Hazardous Substances Act (FHSA)
- ♦ Toy Safety Amendment to the Hazardous Substances Act
- ♦ California Safe Drinking and Toxic Enforcement Act (Prop. 65)
- ♦ Labeling of Hazardous Art Materials Act (LHAMA)
- ♦ Fair Packaging and Labeling Act (FPLA)
- ♦ Federal Wool Products Labeling Act
- ♦ Care Labeling Rule

Party City supports compliance with all government regulatory and labeling requirements. It is the vendor's responsibility to ensure that merchandise shipped to Party City complies with all applicable regulatory standards. Merchandise in violation of a regulation will not be accepted by Party City.

The types of tests conducted on items will differ depending on the intended use. In most cases, evaluation of the products will include:

Safety:

- ♦ Could the product cause illness or injury in normal use or in foreseeable abuse?

Instructions:

- ♦ Are they easy to understand and carry out? Are they accurate?

Packaging:

- ♦ Does it provide all necessary information? Does it comply with labeling regulations?

Actual Use:

- ♦ Will it accomplish satisfactorily the purpose for which it is intended by providing good performance characteristics and durability?

Standards:

- ♦ The government has issued regulations on many of the items that are tested. Where no government standards exist, the testing lab will research all reasonably available studies and market conditions in order to establish practical end-use standards.

Test protocols for new products are developed at the time samples are submitted for testing. Development of protocols for new items will require research to determine what regulations and industry standards are applicable for each individual product. The foundation of most test protocols (methods, procedures and requirements) are developed in reference to a standard(s) or other information from one or more of the following organizations:

| | | | |
|---------------------------------------|--------------------------------------------------------------|-------|------------------------------------------------------|
| Domestic <i>(partial list)</i> | | FCC | Federal Communication Commission |
| AATCC | American Association of Textile Chemists & Colorists | FDA | Federal Food and Drug Administration |
| AFMA | American Furniture Manufacturers Association | FED | Federal Specifications and Standards |
| ANSI | American National Standard Institute | FTC | Federal Trade Commission |
| ASME | American Society of Mechanical Engineers | IFAI | Industrial Fabrics Association International |
| ASQ | American Society for Quality | ISO | International Organization for Standardization |
| ASTM | American Society for Testing and Materials | ISTA | International Safe Transit Association |
| BHMA | Builders Hardware Manufacturers Association | MIL | Military Specifications and Standards |
| BIFMA | Business & Institutional Furniture Manufacturers Association | NAHM | National Association of Hosiery Manufacturers |
| CBHF | California Bureau of Home Furnishings | NFPA | National Fire Protection Association |
| CFR | Code of Federal Regulations | NIST | National Institute of Standards and Technology |
| CPAI | Industrial Fabrics Association International | TAPPI | Technical Association of the Pulp and Paper Industry |
| CPSC | Consumer Product Safety Commission | TMA | Toy Manufacturers Association |
| DOT | Federal Department of Transportation | UFAC | Upholstery Furniture Action Council |
| ETL | ETL Testing Laboratories, Inc. | UL | Underwriters Laboratories |
| | | USP | United States Pharmacopoeia |

TESTING

Under normal circumstances, products will be evaluated in accordance with the Test Protocols within five 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 days 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, BVCPS will provide an estimated completion time for the required tests.

Party City 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 BVCPS Test Reports issued under the Party City Quality Assurance Program will be issued to the designated Party City contacts via Email or BvcpNet.

Party City vendors will receive a copy of all test reports via regular mail, fax or email, depending on which method of distribution is indicated on the Party City Test Request Form.

Additional test report recipients may be indicated on the Party City Test Request Form.

Components:

The following are the identifiable sections to a BVCPS Hardlines test report:

1. Picture Page

The first page of a test report contains a digital image of the actual product received by BVCPS for testing.

2. 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 products failed properties (if any) and any comments and/or recommended courses of action.

3. 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 BVCPS during testing.

4. 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.

5. Chart(s)

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

6. Swatch Mounting Cards (if applicable)

Swatch mounting cards are only supplied when tested swatches of fabric must be presented as an exhibit. Since these cards are meant for the securing of actual test samples, it is not possible to include these in emails.

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 Party City 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 Party City nor the laboratory is responsible for product damage incurred as a result of shipping.

COSTS

The cost of testing in accordance with a particular Test Protocol is listed at the bottom of each protocol in the 'Pricing Information' box. Some test properties will require an additional charge. Additional charges (i.e. Lead Content test) are noted with an asterisk next to the test name in the test property column and on the bottom of the Test Protocol in the Pricing Information box under additional charges. Additional charges apply for Rush Testing Service as indicated below:

| | |
|-------------------------------------------------------------------|-------------------|
| Normal Service | Refer to Protocol |
| <small>(5-10 Working Days – Not Including Day Of Receipt)</small> | |
| 2 Item Comparison Testing | Refer to Protocol |
| <small>(10 Working Days – Not Including Day Of Receipt)</small> | |
| Rush Service | 40% Surcharge |
| <small>(At Least Verbal Results Within 3 Working Days)</small> | |
| Priority Service | 100% Surcharge |
| <small>(At Least Verbal Results Within 24 Hours)</small> | |
| Minimum Report Charge | \$75.00 |
| <small>(USA & Europe)</small> | |
| Minimum Report Charge | \$50.00 |
| <small>(Other BVCPS Divisions)</small> | |

All pricing, whether it be the costs assigned to the Test Protocols, sample collection, inspection fees, additional charges or any other predetermined price lists, can be changed at any time as deemed by the test laboratory to compensate for economic changes within the industry. All costs associated with Party City testing program are evaluated in January of each year. If there is to be a change to established costs during the yearly evaluation, BVCPS will notify Party City.

Pricing is in line with competitive industry standards. Exact costs/pricing are available from B/V. However, the protocols also contain the pricing standards.

HOLD NOTIFICATION

In some cases testing cannot proceed and samples are placed on hold. BVCPS will notify vendors and/or Party City when samples are placed on hold via a Hold Memo. Hold reasons for Party City testing program include the following:

- An insufficient number of samples are sent to BVCPS, preventing all required tests from being performed.
- A fully completed Party City Test Request Form has not been submitted with the test samples.

Upon receipt of the additional samples, required information and/or forms, samples will be released from hold and testing will proceed.

The vendor assumes responsibility to meet all dating issued on the P.O. Failure to meet the dates may/will result in a charge back as outlined in the Party City Corporate VSM, Section 7.

BILLING

Invoicing

Vendor Billing:

Party City QA Program is a vendor bill program. As such, pre-payment will be required of all vendors testing with BVCPS for the first time. Once credit has been established through the first test submission, BVCPS will invoice each vendor upon completion of testing. Each invoice will be sent by mail along with a copy of the final test report.

BVCPS will not test for vendors with past due invoices. This includes past due invoices through Party City QA program as well as invoices owed through the program of any other BVCPS client. If samples are received from a vendor with outstanding invoices, then the new samples will be placed on hold until both the outstanding invoices are paid in full and pre-payment is received for the new samples.

Note that shipments will not be accepted or paid for without corresponding testing certificate from BV or PCC written approval.

Direct-Billing to Program Client:

At times, Party City may request testing outside the standard QA Program and request that BVCPS bill Party City directly.

Overdue:

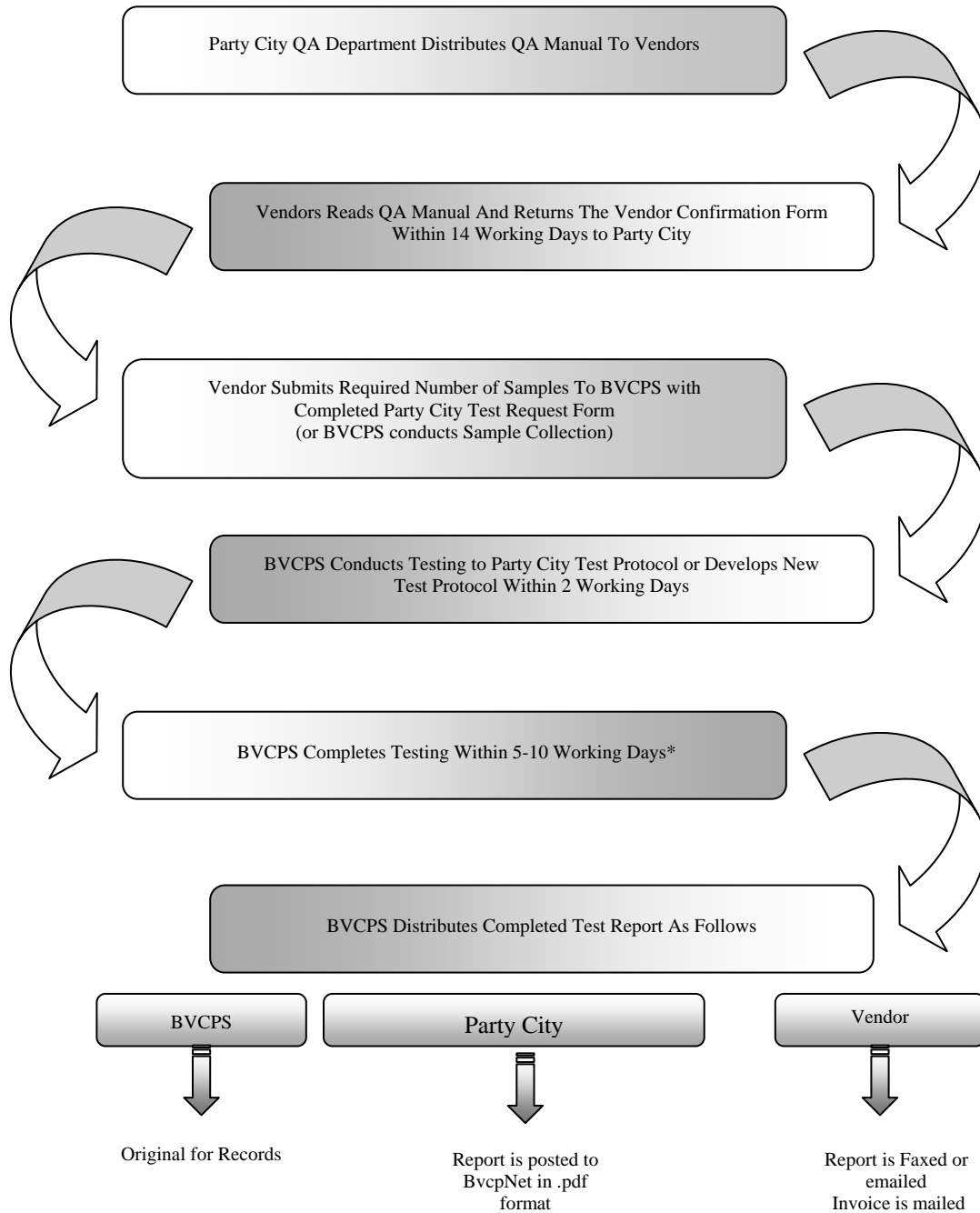
When the invoice sent to a vendor is not paid within 60 days after the invoice date, Party City will be contacted by BVCPS to assist with collection.

PRODUCT APPROVAL

Party City requires the following documentation in order for products to be approved for shipment:

- A Pass Test Report issued by BVCPS.

PRODUCT TESTING FLOWCHART



**The laboratory makes every effort to complete testing within established time frame. This time may increase based on the nature of a specific product, requests for extended testing or circumstances beyond the control of the laboratory. The number of working days to complete testing does not include the day the sample is first received by the laboratory.*

Forms

Party City Test Request Form

BVCPS Lab Locations & Party City Program Contacts

Party City Test Report Cover

Vendor Confirmation Letter (to be signed and returned to Party City)

| | | | | | |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  BUREAU VERITAS |  THE DISCOUNT PARTY SUPER STORE 25 Green Pond Road Suite 1 Rockaway, NJ 07866 Tel: (973) 453-8600 Fax: (973) 983-8217 Contact: Andrew Medrick Email: amedrick@partycity.com <h2>Test Request Form</h2> | Bureau Veritas Consumer Products Services, Inc. 350 Myles Standish Blvd, Taunton, MA 02780 USA Tel: (508) 844-2700 Fax: (508) 844-2869 Softlines Testing only | Bureau Veritas Consumer Products Services, Inc. 100 Northpointe Parkway Buffalo, New York 14228-1884 USA Tel: 716-505-3300 Fax: 716-505-3301 Comparison Testing Hardline and Electrical Toys/Children's Products Transit Testing | Bureau Veritas Consumer Products Services (HK) Ltd. Unit 403, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong Tel: 852-2418-1222 Fax: 852-2480-6666 Hardline Testing Transit Testing | Bureau Veritas Consumer Products Services (HK) Ltd. Pacific Trade Centre, 2 nd Floor 2 Kai Hing Road, Kowloon Bay Kowloon, Hong Kong Tel: 852-2331-0888 Fax: 852-2331-0889 Toys/Children's Products |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

BVCPS Contact:
 Please refer to The Client Approved Laboratory Locations for addresses, phone and fax numbers.

| | | | |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> Product Testing | <input type="checkbox"/> Transit Testing ISTA (Attach request form to outside of carton) | ◆ Inspection (Please Use Separate Inspection Request Form) | |
| <input type="checkbox"/> Initial Test | <input type="checkbox"/> Re-Test Previous Report Number(s): _____ | | |
| <input type="checkbox"/> Regular Service (5-10 Working Days) | <input type="checkbox"/> Rush Service (2-3 Working Days – 40% Surcharge) | <input type="checkbox"/> Priority Service (100% Next Day surcharge) | <input type="checkbox"/> Same Day* (150% surcharge) |

- Hardlines:**
- USA
 - Mexico
 - UK
 - Italy
 - France
 - Hong Kong
 - Taiwan
 - Singapore
 - Philippines
 - China
 - India
 - Indonesia
 - Thailand
 - Korea
(Hardline)

- Softlines:**
- USA
 - Dominican Republic
 - UK
 - Italy
 - Czech Republic
 - Mexico
 - Poland
 - Slovak Republic
 - Turkey
 - Sri Lanka
 - India
 - Bangladesh
 - Singapore
 - Thailand
 - Hong Kong
 - China
 - Korea
 - Japan (Osaka)
 - Taiwan
 - Philippines
 - Indonesia

Please Type Or Print

Your Company Name: _____

Company Address: _____

Contact Person: _____

Additional Report Recipient: _____

Telephone: _____ Fax: _____ E-mail: _____

Invoicing Information If Different From Above

Company Name: _____

Company Address: _____

Contact: _____

Telephone: _____ Fax: _____ E-mail: _____

Sample Information

Development Production Customer Complaint (Representative Sample) Customer Complaint (Actual Customer Sample)

Sample Description: _____ Vendor: _____

Color/Style: _____ Vendor No.: _____

Country of Origin: _____ Manufacturer: _____

SKU No.: _____ Item No.: _____

Quantity: _____

Remarks/Special Instructions: _____

Instructions: Please complete all sections of the testing request form. Use a separate *Inspection Request Form* when requesting an inspection. Along the left-handed column, indicate the BVCPS division to which the sample(s) will be sent for testing. Include one completed test request form for each sample (style) being sent.

For Laboratory Use Only

Date Received: _____ LabNumber: _____ Quantity Received: _____

Date Due: _____ Client Number: _____ Receiver: _____

| | | | | | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>BUREAU VERITAS</p> |  <p>25 Green Pond Road Suite 1 Rockaway, NJ 07866 Tel: (973) 453-8600 Fax: (973) 983-8217 Contact: Andrew Medrick Email: amedrick@partycity.com</p> <h2>Test Request Form</h2> | <p>Bureau Veritas Consumer Products Services, Inc. 350 Myles Standish Blvd, Taunton, MA 02780 USA Tel: (508) 844-2700 Fax: (508) 844-2869 Softlines Testing only</p> | <p>Bureau Veritas Consumer Products Services, Inc. 100 Northpointe Parkway Buffalo, New York 14228-1884 USA Tel: 716-505-3300 Fax: 716-505-3301 Comparison Testing Hardline and Electrical Toys/Children's Products Transit Testing</p> | <p>Bureau Veritas Consumer Products Services (HK) Ltd. Unit 403, Vanta Industrial Centre, 21-33 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong Tel: 852-2418-1222 Fax: 852-2480-6666 Hardline Testing Transit Testing</p> | <p>Bureau Veritas Consumer Products Services (HK) Ltd. Pacific Trade Centre, 2nd Floor 2 Kai Hing Road, Kowloon Bay Kowloon, Hong Kong Tel: 852-2331-0888 Fax: 852-2331-0889 Toys/Children's Products</p> |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

TERMS AND CONDITIONS

Bureau Veritas Consumer Products Services, Inc. ("BVPCS"), a Massachusetts corporation, or a subsidiary or affiliate of it, as identified in a written report (the "Test Report") issued by BVPCS or such subsidiary or affiliate (BVPCS or such subsidiary or affiliate being referred to herein as the "Company"), will conduct at the request of the Submitter ("Client"), the required tests specified on the reverse side of this Test Request Form in accordance with, and subject to, the following terms and conditions:

1. All orders for tests are subject to acceptance by the Company, and no order will constitute a binding commitment of the Company unless and until such order is accepted by it, as evidenced by the issuance of a written report ("Test Report") by the Company. The Test Report is issued solely by the Company, is intended for the exclusive use of Client and shall not be published, used for advertising purposes, copied or replicated for distribution to any other person or entity or otherwise publicly disclosed without the prior written consent of the Company. The Company shall not be liable for any loss or damage whatsoever resulting from the failure of the Company to provide its services within any time period for completion estimated by the Company. If Client anticipates using the Test Report in any legal proceeding, arbitration, dispute resolution forum or other proceeding, it shall so notify the Company prior to submitting the sample for testing.
2. The names, service marks, trademarks and copyrights of the Company and its affiliates, including the names "BUREAU VERITAS," "BUREAU VERITAS CONSUMER PRODUCTS SERVICES," "VERITAS" and "BVPCS", (collectively, the "Marks") are and shall remain the sole property of the Company or its affiliates and shall not be used by Client except solely to the extent that Client obtains the prior written approval of the Company and then only in the manner prescribed by the Company. Client shall not contest the validity of the Marks or take any action that might impair the value or goodwill associated with the Marks or the image or reputation of the Company or its affiliates.
3. The Test Report will set forth the findings of the Company solely with respect to the test samples identified therein and, unless specifically and expressly indicated in the Test Report, the results set forth in such Test Report will not be indicative or representative of the quality or characteristics of the lot from which a test sample will be taken. The Test Report will reflect the findings of the Company at the time of testing only, and the Company shall have no obligation to update the Test Report after its issuance. The Test Report will set forth the results of the tests performed by the Company based upon the written information provided to the Company as set forth in, or attached to, this Test Request Form. The Test Report will represent the entire understanding of the parties hereto with respect to the subject matter of the Test Report and no modification, variance, extrapolation or conclusion with respect thereto shall be permitted without the prior written consent of the Company.
4. The Company may, in its sole discretion, destroy samples which have been furnished to the Company for testing and which have not been destroyed in the course of testing. The Company may delegate the performance of all or a portion of the services contemplated hereunder to an affiliate, agent or subcontractor of the Company, and Client consents to such delegation.
5. Unless a shorter period is provided for on the reverse side of this Test Request Form, payment in full shall be due 30 days after the date of invoice. Client shall pay interest on any overdue amount from the due date until paid at an interest rate of 1.5% per month or, if less, the maximum rate permitted by law. The Company reserves the right, at any time and from time to time, to revoke any credit extended to Client. Client shall reimburse the Company for any costs it incurs in collecting past due amounts, including court costs and fees and expenses of attorneys and collection agencies. The Test Report may not be used or relied upon by Client if and for so long as Client fails to pay when due any invoice issued by the Company or any affiliate of it to Client or any affiliate or subsidiary of Client together with interest and penalties, if any, accrued thereon.
6. The Company may, from time to time, permit Client to access this Test Request Form, the Test Report and other communications by means of e-mail transmissions with the Company. Client acknowledges that any such transmission will not be encrypted and, hence, will not be confidential, that such transmissions may be read and intercepted by third parties and that the electronic version of a Test Request Form, Test Report or other communication could be modified inadvertently. The Company disclaims any and all responsibility or liability arising out of or in connection with e-mail transmissions of such information.
7. The Company represents and warrants solely to Client that the Test Report will be free of any material error or omission caused by the negligence of the Company. If Client desires to assert a claim for breach of the foregoing warranty, it must submit a claim to the Company within 60 days after the date of issuance of the Test Report to Client in a writing that sets forth with particularity the basis for such claim. If the Company determines that the claim is timely and that a breach of the foregoing warranty has occurred, then the Company, at its option, may either (a) re-perform the deficient test, without charge to Client, or (b) refund to Client, without interest, the fee paid to the Company for such Test Report. Client waives any and all claims for breach of the foregoing warranty, including, without limitation, claims that the Test Report is inaccurate, incomplete or misleading or that additional or different testing is required, unless and then only to the extent that Client submits a written claim to the Company within such 60-day period.
8. The Company shall, to the extent of the limitation of liability set forth in Section 9, indemnify Client against third party claims asserting a loss arising exclusively from the negligence of the Company, but only if Client (a) notifies the Company of the assertion of such claim immediately upon its being notified and (b) provides to the Company the option to assume the defense of such claim or participate in such defense.
9. EXCEPT TO THE EXTENT OF THE LIMITED WARRANTY SET FORTH IN SECTION 7 OR AS MAY OTHERWISE BE AGREED TO IN WRITING BY THE COMPANY AND NOTWITHSTANDING ANY PROVISION TO THE CONTRARY CONTAINED HEREIN OR IN ANY TEST REPORT, NO WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, IS MADE. IN NO EVENT WHATSOEVER SHALL THE COMPANY BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SERVICES PROVIDED BY THE COMPANY HEREUNDER, INCLUDING WITHOUT LIMITATION LOSS OF OR DAMAGE TO PROPERTY, LOSS OF INCOME, PROFIT OR USE, OR CLAIMS OR DEMANDS MADE AGAINST CLIENT OR ANY OTHER PERSON BY ANY THIRD PARTY IN CONNECTION WITH OR ARISING OUT OF THE SERVICES PROVIDED BY THE COMPANY HEREUNDER. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY CONTAINED HEREIN, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE LIABILITY OF THE COMPANY IN RESPECT OF ANY CLAIM FOR LOSS, DAMAGE OR EXPENSE, OF WHATEVER NATURE OR MAGNITUDE, AND HOWEVER ARISING, EXCEED AN AMOUNT EQUAL TO THE AMOUNT OF THE FEES PAID TO THE COMPANY FOR THE SPECIFIC SERVICES WHICH GAVE RISE TO SUCH CLAIM.
10. The Company shall not be liable for any loss or damage resulting from any delay or failure in performance of its obligations hereunder resulting directly or indirectly from any cause that is beyond the control of the Company, including, but not limited to, fire, flood, tornado, hurricane or other acts of God, war, casualty, accident, embargo, governmental actions, orders of courts or tribunals, non-performance of third parties, strike, lock-out, or other difficulties with employees, inability timely to obtain labor, material, equipment or services through the Company's usual sources or delays of carriers. If any such event occurs, the Company may immediately cancel or suspend its performance hereunder without incurring any liability whatsoever to Client.
11. These Conditions of Testing shall be governed by, and construed in accordance with, the local laws of the country where the Company performs the tests or, in the case of tests performed in the United States of America, the laws of the Commonwealth of Massachusetts. Client waives the right to interpose any counterclaim or setoffs of any nature in any litigation arising hereunder. Any proceeding related to the subject matter hereof shall be brought, if at all, in the courts of the country where the Company performs the tests or, in the case of tests performed in the United States of America, in the courts of the Commonwealth of Massachusetts.
12. These Conditions of Testing are available at the website <http://www.cps.bureauveritas.com>. If there is a discrepancy between the terms and conditions set forth in these Conditions of Testing and the terms and conditions set forth (a) at such website; (b) in the Test Report, (c) on the reverse side of this Test Request Form or (d) in any other writing other than a master agreement which expressly (i) provides that its terms and conditions shall take precedence over these Conditions of Testing and (ii) cross-references this Section 12 or the equivalent section at such website, the Conditions of Testing set forth at such website shall govern and any inconsistent provision of this Test Request Form or other writing, as applicable, shall be disregarded. If no Conditions of Testing are set forth at such website, then the Conditions of Testing set forth herein shall govern.

CONDITIONS OF TESTING - HARDLINES AND ELECTRONIC PRODUCTS

Bureau Veritas Consumer Products Services, Inc. ("BVCPS") will conduct at the request of the Submitter ("Client"), the required tests subject to the following conditions:

GENERAL INFORMATION

1. In order to expedite testing and avoid delays, the client is requested to complete and sign a "Test Request Form" for each sample submitted to BVCPS.
2. Official working hours are from 8:15 a.m. to 5:00 p.m. (EST) Monday through Friday (Except Holidays). Saturdays, Sundays and Public Holidays are not considered as business days.
3. BVCPS offers five levels of testing service: Regular (10 business days) at list price, Next five Business Days at list price plus a surcharge of 25%, Next three Business Days at list price plus a surcharge of 50%, Next Two Business Days at list price plus a surcharge of 75%, Next Business Day at list price plus a surcharge of 100%, and Same Business Day (result by 5:00 p.m.) at list price plus a surcharge of 175%. The rush surcharge is calculated on the list price of the test and is not subject to discounts. Verbal results for rush testing are given on due date with report following via U.S. mail. Special requests or unique testing may require additional time.

For Same Business Day Service, samples must be received at the laboratory before 10:30 a.m. For all other Rush Services, samples must be received at the laboratory before 12:00 p.m. For Regular Service samples received at BVCPS after 3:00 p.m. will be taken as a submission received on the next working day.

A Cancellation Fee will be assessed for those tests initiated prior to a client canceling their request for testing services.

4. After testing BVCPS will store the test samples for a period of 30 days. Upon request at the time of sample submission, samples may be returned at the client's expense.
5. BVCPS will generate a written Report intended for the client's exclusive use. Any copying or replication of the Report to or for any other person or entity, or use of our name or trademark, is permitted only with our written permission. Our report is limited to the test samples identified therein. The results set forth in the Report are not necessarily indicative or representative of the statistical quality or characteristics of the lot from which a test sample was taken or any similar or identical product unless specifically and expressly noted. Our report includes all of the tests requested by the client and the results thereof. The client shall have thirty days from receipt of the report to request additional testing of the samples or to notify us of any errors or omissions relating to our report; provided, however, such notice shall be in writing and shall specifically address the issue the client wishes to raise. A failure to raise such issue within the prescribed time shall constitute the client's unqualified acceptance of the completeness of the report, the tests conducted and the correctness of the report contents.
6. Clients who anticipate using a BVCPS Report in any legal proceeding are required to inform BVCPS prior to submitting the sample for testing.

PAYMENT TERMS AND CONDITIONS

1. It is the intent of Bureau Veritas Consumer Products Services, Inc., and Affiliates ("BVCPS") to extend credit to a prospective or existing client only after an application for credit is received, reviewed and approved.
2. The client understands and agrees that the client is responsible for remitting payment to BVCPS for services ordered by them or by all buyers on their behalf.
3. Payment for services BVCPS provides to the client must be made by the due date shown on the invoice for the services. Invoices will be generated based on the current list price at the time of testing. There will be a minimum charge of \$75 per report issued.
4. If an invoice is not fully paid by the due date, the client agrees to pay a late charge of 1-1/2% per month of the amount past due until it is paid.
5. The client agrees to reimburse BVCPS for any costs it incurs in attempting to collect past due amounts, including, but not limited to, the fees and expenses of attorneys, court costs and collection agencies.
6. The client will pay BVCPS at least a \$75 charge plus bank fees for each check returned unpaid.
7. BVCPS reserves the right to review the client's credit worthiness at anytime.
8. The client understands that any credit BVCPS extends to the client is solely for business purposes and not for any personal, family or household purpose.
9. The client agrees that any disputes arising out of this agreement of goods or services ordered or delivered pursuant hereto will be governed and settled under the applicable principles of New York Law, under jurisdiction of New York Courts and that venue in any such action shall be in the County of Erie.
10. Any client or report recipient who requests BVCPS to invoice another party other than themselves is requested to supply BVCPS with written consent from the third party indicating their willingness and approval to accept and pay for such invoices issued to them by BVCPS in accordance with the terms of payment indicated above. If such written consent cannot be produced, or the third party does not remit payment in accordance with the terms of payment, BVCPS reserves the right to invoice the client or report recipient for all charges due.

BVCPS LAB LOCATIONS & SAMPLE SUBMISSION CONTACTS:

The following BVCPS lab locations are approved for testing for the Party City Quality Assurance Hardlines Program. These contacts can assist vendors with sample submissions and questions.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>BVCPS-Buffalo 100 Northpointe Parkway Buffalo, NY 14228 Phone: 716-505-3300, 1-800-277-3300 Fax: 716-505-3301</p> <p>TEST LAB CAPABILITIES: Toys & Children's Products Food Contact items (including lead testing for glassware and ceramicware) Hardlines (non-toy) Electrical</p> | <p>Lori Trock, Domestic Account Specialist Phone: 716-505-3511 Email: lori.trock@us.bureauveritas.com</p> <p>*Contact for all Buffalo Lab sample submissions.</p> |
| <p>BVCPS-Massachusetts 350 Myles Standish Blvd. Taunton, MA 02780 Phone: 508-844-2700 Fax: 508-844-2869</p> <p>TEST LAB CAPABILITIES: Softlines (apparel, textiles)</p> | <p>Contact not assigned until first sample is received.</p> |
| <p>BVCPS-Hong Kong Unit 19, 13/F, Vanta Industrial Centre 21-33 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong Phone: 852-2418-1222 Fax: 852-2485-1125</p> <p>TEST LAB CAPABILITIES: Softlines (apparel, textiles) Food Contact Items (including lead testing for glassware and ceramicware) Hardlines (non-toy)</p> | <p>Winnie Leung – General Inquiries Phone: 852-2494-1415 Email: Winnie.leung@hk.bureauveritas.com</p> |
| <p>BVCPS – Hong Kong Pacific Trade Centre, 1st Floor 2 Kai Hing Road, Kowloon Bay, Kowloon Hong Kong Phone: 852-2331-0888 Fax: 852-2331-0889</p> <p>TEST LAB CAPABILITIES: Toys and Children's Products</p> | <p>Contact not assigned until first sample is received.</p> |

Party City Contacts

25 Green Pond Road Suite 1
Rockaway, NJ 07866

The following Party City contacts are in reference to the Quality Assurance Program only.

| <u>Contact:</u> | <u>For:</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Testing Coordinator Ph: 973-453-8799 Fax: 973-983-4948 Email: qualityassurance@partycity.com | Questions on test report results or other Party City Quality Assurance Program issues. Liaison between BV and merchants. |
| Andrew Medrick Director of Logistics Ph: 973-453-8613 Fax: 973-983-4915 Email: amedrick@partycity.com | Questions on test report results or other Party City Quality Assurance Program issues. |
| Peter Balazs Vendor Relations Specialist Ph: 973-453-8806 Fax: 973-983-4915 Email: pbalazs@partycity.com | Submittal of Vendor Confirmation Letter. |



MTL-ACTS



TEST REPORT

PARTY CITY
25 GREEN POND ROAD SUITE 1
ROCKAWAY, NEW JERSEY 07866

ATTN:

CC:

BVCPS LAB NO.:

DATE IN:

DATE OUT:

MOD. LOG IN:

WORKING DAYS:

ADDENDUM DATE:

REQUESTER COMPANY NAME

REQUESTER COMPANY STREET
REQUESTER COMPANY CITY, STATE ZIP

CC: REQUESTER (SEE TEST REQUEST)

OVERALL RATING

PASS _____
CORRECTIVE ACTION REQUIRED _____
FAIL _____

TESTING FOR
TITLE OF TEST PROTOCOL HERE
PROTOCOL PREFIX-####-SUFFIX HERE

DEVELOPMENT

PRODUCTION

OTHER

| | | |
|--------------------------|---------------------------------------------------------------------|-----------|
| Companion Report: | Records indicate that the past Lab report | was rated |
| | Records indicate that there is no companion report for this sample. | |

| | | | | |
|---------------------------------------|--------------------------------|------------|-------------|-----------------|
| Sample Description: | | | | |
| Manufacturer: | Country of Origin: | | | |
| SKU/Style No.: | Color: Dept No.: | | | |
| Item No.: | Vendor: | | | |
| Re-test: | Vendor No: | | | |
| Yes: | No: | | | |
| Previous Report No.: | | | | |
| Addendum Report: | Yes: No: | | | |
| Reason For Addendum: | | | | |
| Email Information: | | | | |
| TEST PROPERTY | PASS | CAR | FAIL | COMMENTS |
| Labeling – Packaging (if App.) | | | | |
| Labeling – Product (if App.) | | | | |
| Physical Characteristics | | | | |
| Material Qualities | | | | |
| Performance | | | | |
| Analytical | | | | |
| Other | | | | |

ECUTIVE SUMMARY: RECOMMENDATION FOR IMPROVEMENT:

EX

Vendor Confirmation

_____(Company Name) acknowledges receipt of Party City Hardlines Quality Assurance Manual.

_____(Company Name) has read and understands the importance of the policies and procedures set forth in this document and agrees to comply with them.

Please Type Or Print



_____ Date

_____ Company Name

_____ Company Address

_____ Telephone Number

_____ Fax Number

_____ Email

_____ Name Of Company Officer

Signature Of Company Officer

Your comments are welcomed and may be provided on a separate sheet.

Please sign this form and return it to the contact listed below.

Party City
Peter Balazs
25 Green Pond Road Suite 1
Rockaway, NJ 07866
Tel: 973-453-8806
Fax: 973-983-4915
Email: pbalazs@partycity.com