

PARTY CITY CORP
Form 8-K
July 19, 2005

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) **July 15, 2005**

PARTY CITY CORPORATION

(Exact Name of Registrant as Specified in Chapter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-27826
(Commission File Number)

22-3033692
(IRS Employer
Identification No.)

400 Commons Way, Rockaway, NJ
(Address of Principal Executive Offices)

07866
(Zip Code)

Registrant's telephone number, including area code: **(973) 983-0888**

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement.

On July 15, 2005, Party City Corporation (the Company) entered into a third amendment (the Third Amendment) to its Loan and Security Agreement (the Loan and Security Agreement), dated January 9, 2003, as amended, by and between the Company and Wells Fargo Retail Finance, LLC, as arranger, collateral agent and administrative agent, and Fleet Retail Finance, Inc. as documentation agent. The purpose of the Third Amendment is to amend the Loan and Security Agreement principally to: (i) reduce the LIBO interest rate margin payable by the Company for its borrowings; (ii) reduce the fee structure applicable to unused or outstanding borrowings; (iii) recalculate the borrowing base applicable to borrowings including the reduction in the availability block from \$10 million to \$5 million; (iv) permit the Company to elect to increase the maximum revolver amount and revolver commitments to an aggregate amount not to exceed \$80 million; and (v) extend the maturity date of the Loan and Security Agreement until June 30, 2009. Certain other definitions and provisions of the Loan and Security Agreement were also amended. The foregoing description of the Third Amendment is qualified in its entirety by reference to the Third Amendment filed as Exhibit 10.1 to this Current Report on Form 8-K.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

A description of the Third Amendment to the Loan and Security Agreement is incorporated herein by reference to Item 1.01 Entry into a Material Definitive Agreement of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(c) *Exhibits.*

A list of exhibits is set forth in the Exhibit Index which immediately precedes such Exhibits and is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 19, 2005

PARTY CITY CORPORATION

By: /s/ Gregg A. Melnick

Name: Gregg A. Melnick

Title: Chief Financial Officer

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EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|--|
| 10.1 | Third Amendment to the Loan and Security Agreement, dated July 15, 2005, by and between the Company and Wells Fargo Retail Finance, LLC, as arranger, collateral agent and administrative agent, and Fleet Retail Finance, Inc., as documentation agent. |