60-DAY NOTICE OF VIOLATION

SENT IN COMPLIANCE WITH CALIFORNIA HEALTH & SAFETY CODE §25249.7(d)

Date: July 30, 2004

To:: Nancy Perdot, Chief Executive Officer – Party City Corporation

California Attorney General's Office;
District Attorney's Office for 58 Counties;
City Attorneys for San Francisco, San Diego, San Jose, Sacramento and Los Angeles;

From: Dr. Whitney R. Leeman

I. INTRODUCTION

My name is Whitney R. Leeman. I hold a Doctor of Philosophy degree in Environmental Engineering. I am a citizen of California acting in the interest of the general public. I seek to promote awareness of exposures to toxic chemicals in products sold in California and, if possible, to improve human health by reducing hazardous substances contained in such items. This notice is provided to the parties listed above pursuant to California Health & Safety Code §25249.6 et seq. ("Proposition 65"). As noted above, notice is being provided to the violator, Party City Corporation (the "Violator"). The violations covered by this notice consist of the product exposures, routes of exposures and types of harm potentially resulting from such exposure to the following toxic chemical or chemicals ("listed chemicals" or "lead"):

Product Exposures:	See Section VI. Exhibit A
Listed Chemicals:	Lead and lead compounds
Routes of Exposure:	Ingestion, Dermal
Types of Harm:	Birth Defects and Other Reproductive Harm

II. NATURE OF ALLEGED VIOLATION (PRODUCT EXPOSURE)

The specific type or types of products (hereafter the "products") that are causing consumer and occupational exposures in violation of Proposition 65 (and that are covered by this notice) are listed on Exhibit A in section VI below. The Violator's sales of these tableware products have been occurring from July 30, 2001 to the present. As a result of the sales of these products, exposures to the listed chemicals have been occurring without clear and reasonable warnings as required by Proposition 65. Without proper warnings regarding the toxic effects of exposures to the listed chemicals produced by the products, California citizens lack the information necessary to make informed decisions on whether

and how to eliminate (or reduce) the risk of exposure to the toxic chemicals from reasonably foreseeable use of the products.

A. CONSUMER PRODUCT EXPOSURE

California consumers, through the act of buying, acquiring or utilizing the products, are exposed to the listed chemicals. By way of example but not limitation, exposures occur when California citizens use, display, clean, repair, pack, unpack, arrange, store or otherwise handle the products. These tasks cause consumers to be exposed through the routine touching of the parts or portions of the products containing readily available surface lead/lead compounds. Additionally, exposure can occur through the routine touching of other materials that are contaminated with the lead/lead compounds from the products as a result of these tasks. People likely to be exposed include both children and adults.

B. OCCUPATIONAL EXPOSURE

Similarly, men and women in California use the products as a part of their jobs and are, therefore, subject to occupational exposures to the listed chemicals. Employees are exposed at the California business locations of the apparent manufacturer, distributor and retailer (and their agents, assigns and divisions) as well as all other California locations where the products, or the component parts thereof that include the listed chemicals, are by way of example but not limitation, used, packed, unpacked, labeled, arranged, displayed, cleaned, stocked, stored, repaired or otherwise handled. These tasks cause employee exposure though the routine touching of the parts or portions of the products containing readily available surface lead/lead compounds. Additionally, exposure can occur through the routine touching of other materials that are contaminated with the lead/lead compounds from the products as a result of these tasks. These products are also used by sole proprietors and other persons in settings not covered by the OSH Act. This notice alleges the violation of Proposition 65 with respect to occupational exposure governed by the California State Plan for Occupational Safety and Health. The State Plan incorporates the provisions of Proposition 65, as approved by Federal OSHA on June 6, 1997. This approval specifically placed certain conditions with regard to occupational exposures on Proposition 65, including that it does not apply to the conduct of manufacturers occurring outside the State of California. The approval also provides that an employer may use the means of compliance in the general hazard communication requirement to comply with Proposition 65. It also requires that supplemental enforcement is subject to the supervision of the California Occupational Safety and Health Administration. Accordingly, any settlement, civil complaint, or substantive court orders in this matter must be submitted to the Attorney General.

III. CONTACT INFORMATION

Please direct all questions concerning this notice to my counsel at the following address:

Clifford A. Chanler, Esq.
Chanler Law Group
655 Redwood Highway, Suite 216
Mill Valley, California 94941
Telephone: (415) 380-9222
Facsimile: (415) 380-9223

IV. PROPOSITION 65 INFORMATION

For general information concerning the provisions of Proposition 65, please feel free to contact the Office of Environmental Health Hazard Assessment's Proposition 65 Implementation Office at (916) 445-6900. For the Violator's reference, I have attached a copy of "Proposition 65: A Summary" which has been prepared by OEHHA.

V. ADDITIONAL NOTICE INFORMATION

THIS INFORMATION IS NOT REQUIRED TO BE PROVIDED UNDER CAL. CODE REGS., TITLE 22 § 12903(b)(4).

Identified below are specific examples of the type of offending products recently purchased and witnessed being available for purchase or use in California. Based on publicly available information, the retailers, distributors and/or manufacturers of the products at issue are also provided below. Leeman believes and alleges that the sale of the offending products has also occurred without the requisite warning at other locations including, but not limited to, transactions made over-the-counter, between business-to-business, through the internet and/or via a catalogue by the Violator and other distributors and retailers of the manufacturer.

Products	*Retailer(s)*	*Manufacturer(s)/Distributors*
Estr 12 oz Taper Mug (Item #77082; #0 12495 72004 2)	Party City Corporation San Bernardino County, Southern California	

VI. EXHIBIT A

Products	*Such As**	*Toxins*
Mugs and Other Tableware with Colored Artwork or Designs (containing lead) on the Exterior	Estr 12 oz Taper Mug (Item #77082; #0 12495 72004 2)	Lead and lead compounds

*The specifically identified example of the type of products subject to this Notice are for the recipient's benefit to assist in its investigation of, among other things, the magnitude of potential exposure to the listed chemicals from other items within the product category listed in Exhibit A. It is important to note that this example is not meant to be an exhaustive or comprehensive identification of each specific offending product.

PROOF OF SERVICE

I, the undersigned, declare under penalty of perjury:

I am a citizen of the United States, over the age of 18 years, and not a party to the within action; my business address is 11501 Dublin Blvd., Suite 200, Dublin, CA 94568.

On July 30, 2004, I served the following document:

60-DAY NOTICE OF VIOLATION SENT IN COMPLIANCE WITH HEALTH & SAFETY CODE §25249.7(d);

CERTIFICATE OF MERIT; AND

CERTIFICATE OF MERIT ATTACHMENTS (SERVED ONLY ON THE ATTORNEY GENERAL)

served on the Violator listed below via 2nd Day Air Service by placing a true and correct copy in each sealed envelope, addressed to the Violator and placing such envelope in a Federal Express Drop-Off Box:

Nancy Perdot, Chief Executive
Officer
Party City Corporation
400 Commons Way
Rockaway, NJ 07866
Tel. (973) 983-0888

as well as providing copies of the notice to the public enforcers by placing a true and correct copy in a sealed envelope, addressed to each party listed below, and served as follows:

Via 2nd Day Air Service by placing such envelope in a Federal Express Drop-Off Box:	The Attorney General of the State of California;
By placing each envelope in a United States Postal Service mailbox, first class postage prepaid:	The District Attorney for Each of the 58 counties in California; and The City Attorney for Los Angeles, San Diego, San Jose, San Francisco and Sacramento;

A list of addresses for each of these recipients is attached.

Executed on July 30, 2004, at Dublin, California.

CERTIFICATE OF MERIT

Health and Safety Code Section 25249.7(d)

I, Clifford A. Chanler, hereby declare:

1. This Certificate of Merit accompanies the attached sixty-day notice in which it is alleged the party identified in the notice has violated Health and Safety Code section 25249.6 by failing to provide clear and reasonable warnings.

2. I am the attorney for the noticing party.

3. I have consulted with one or more persons with relevant and appropriate experience or expertise who has reviewed facts, studies, or other data regarding the ***alleged*** exposure to the listed chemicals that are the subject of this action.

4. Based on the information obtained through those consultations, and on all other information in my possession, I believe there is a reasonable and meritorious case for the private action. I understand that "reasonable and meritorious case for the private action" means that the information provides a credible basis that all elements of the plaintiffs' case can be established and the information did not prove that the alleged violator will be able to establish any of the affirmative defenses set forth in the statute.

5. The copy of this Certificate of Merit served on the Attorney General attaches to it factual information sufficient to establish the basis for this certificate, including information identified in Health and Safety Code §25249.7(h)(2) (i.e., (1) the identity of the persons consulted with and relied on by the certifier, and (2) the facts, studies, or other data reviewed by those persons.)

Dated: 07/30/04