

VIP AREA

Gerry Rittenberg

CEO, Amscan Inc.

AMSCAN®  
*The Party People*

## The executive behind the buy that's got everyone buzzing answers a few questions

By Phyllis Laorenza Linnehan  
Industry Correspondent

**A**mscan Inc., headquartered in Elmsford, N.Y., is a leading designer, manufacturer and distributor of decorative party goods in the U.S., and the largest manufacturer of metallic balloons in the world. I caught up with Amscan CEO Gerry Rittenberg to discuss the purchase of Party City by Amscan's parent company, AAH Holdings, Co. As CEO of Amscan for the past 18 years, Rittenberg is a veteran of the party goods industry and has a keen perspective on the implications for the industry.

**P&PR:** What impact will the acquisition of Party City have on the party goods industry? On retailers?

**GR:** We recognize that this deal has created the inevitable buzz in the industry and is fueling much speculation and many concerns. Let me assure everyone, Amscan has every intention of continuing to deliver the best quality products to our customers at the most competitive prices. We historically have served a broad range of customers — large and small, chain and independent — and we will continue to do so.

The acquisition of Party City by AAH Holdings ensures that Amscan will be able to showcase our design and distribution capabilities and maintain high volume levels. By maximizing our capabilities and scale, we can maintain current pricing and product access for all our customers. We believe this ultimately benefits the entire industry.

As with our previous acquisitions, our customers have not and should not be affected. We appreciate the opportunity to prove this important point. Amscan's primary goal remains the same — deliver top-quality, innovative, and competitively-priced products while serving the customer in a fair and ethical manner.

**P&PR:** Who is AAH Holdings and why did it buy Party City?

**GR:** AAH Holdings is a holding company that was formed in April 2004 by private equity firms Berkshire Partners and Weston Presidio to acquire Amscan. Berkshire and Weston Presidio purchased Amscan because the Company was well-positioned within the party goods industry, a large and growing market. They particularly liked Amscan's breadth of product, as well as our design and distribution capabilities.

AAH Holdings sees significant opportunities for the party goods industry as a whole. For nearly the past 10 years, we have been Party City's largest supplier, and they in turn our largest customer. During this period we have serviced the broad market as well with our large selection of products, offering diversity and competitive pricing. The advent of this transaction will not change this dynamic.

So why did AAH Holdings purchase Party City? If a competitor had acquired Party City, Amscan likely would have lost a large portion of sales, resulting in long-term negative consequences for our business and for all party retailers. It would have seriously impacted our ability to provide our customers with innovative products at competitive prices, for instance, and, subsequently, would have constrained retailers' product lines.

**P&PR:** What will the relationship be between Amscan and Party City?

**GR:** Both companies will continue to operate independently, as they do today. Party City will remain headquartered in Rockaway, N.J.; Amscan will stay in Elmsford, N.Y. The primary change is that the two entities will both be owned by Berkshire Partners and Weston Presidio through AAH Holdings.

As you may know, Party City currently does not have a President. Berkshire and Weston are presently looking both internally within Party City and externally for an executive to lead the organization.

**P&PR:** Why would independent party retailers want to continue purchasing merchandise from Amscan, which is owned by the same investment group buying Party City?

**GR:** Each of our customers is dynamic and important in their own way. It may be their distinctive location, unique product mix or simply a well-run business. We value these customers tremendously and welcome their continued business.

Amscan and independent party retailers have always enjoyed a mutually beneficial relationship based on the highest standards of business ethics. Very little should change in this relationship.

**P&PR:** This acquisition might beg the question from retailers, "How can I compete with Party City now that they have a direct pipeline to Amscan?"

**GR:** My answer to these retailers is, "The same as you always have." Nothing should change for our retail partners. We will continue to provide the largest and most exciting product line in the industry at the best value possible. Our line includes close to 38,000 SKUs of party goods for all occasions, paper and plastic tableware, accessories and novelties, metallic balloons, stationery and gift items. There's plenty of product for everyone.

Our new line for 2006 offers over 2500 new SKUs, which a

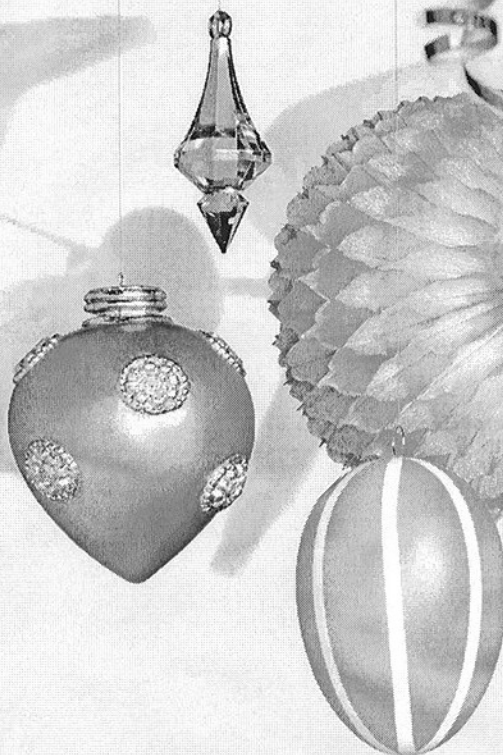
▷ GERRY continued on page 12

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## AREA

VIP



GERRY continued from page 10

number of our retail partners have already previewed. Many believe that this is our strongest and most innovative line ever. This is who we are, who we have been and who we will continue to be.

**P&PR:** Will you limit or stop selling to retailers in areas where Party City stores exist?

**GR:** Absolutely not. Amscan has served independent party stores for over 50 years and remains committed to working with a broad range of independent customers in each market. Our goal is to maximize our distribution opportunities, not reduce them.

**P&PR:** What are Amscan's growth plans? Are you interested in acquiring other companies? Merging with other producers/distributors?

**GR:** Amscan's primary business focus is to help the overall party goods industry expand. As this happens, Amscan can continue to grow. We can help spur industry progress by continuing to deliver innovative product to every one of our retail customers. Party superstores compete not only with each other, but also with other channels of distribution such as dollar stores, mass merchants, online retailers, catalogs and others. In this type of environment, the party superstore channel needs to have the best product at competitive prices – a real value proposition for the customer. If this is achieved, everyone should benefit from the industry's success.

**P&PR:** It seems safe to say that the party retail business is enduring and sustainable – in good and bad economic times. Everyone loves a party, right? So what do you see as the future for this industry?

**GR:** Your assessment is correct. The industry is very resilient. We have seen a number of retailers come and go, but the overall industry is strong. People will always gather to celebrate or commemorate, so parties are here to stay.

As an industry, we should remain attentive to the consumer and recognize that purchasing habits, especially where and how party goods are bought, will inevitably evolve and change. The retailer business can continue to grow, but everyone should focus on excellent store operations, innovation and best practices. Amscan, meanwhile, will offer customers the broadest product offerings at the best price.

**P&PR:** Any final thoughts?

**GR:** I just want to leave your readers with one simple thought. Most of you know me personally. I have been actively involved in the industry for almost 20 years, and since its founding in 1947, Amscan has contributed greatly to the growth of the party goods industry. My goal is to continue to support the growth and success of all our customers, through the creation of the most innovative products, and by offering the broadest and unparalleled selection of party goods to the entire industry.

I want to thank all of our retail partners for their support and friendship over the past 20 years and I look forward to the next 20 years together. ■