

## PARTY CITY HOLDCO INC.

### COMPENSATION COMMITTEE CHARTER

The Board of Directors (the “Board”) of Party City Holdco Inc. (the “Company”) hereby sets forth the authority and responsibilities of the Compensation Committee (the “Committee”) as described below, subject to amendment by the Board from time to time:

#### Statement of Purpose

The purpose of the Committee is to: (i) oversee the Company’s compensation philosophy generally, (ii) seek to ensure that compensation decisions both represent sound fiscal policy as well as enable the Company to attract and motivate qualified personnel and (iii) advise the Board on, and facilitate the Board’s oversight of, the compensation of the Board, the Company’s Chief Executive Officer (“CEO”), and the other executive officers of the Company.

#### Organization

The Committee will be comprised of three or more directors as determined by the Board and each such committee member will satisfy the listing requirements of The New York Stock Exchange (the “NYSE”) (regardless of whether shares of the Company’s common stock are listed on that exchange). Unless otherwise permitted by applicable phase-in rules and exemptions, including the “controlled company” exemption, each member of the Committee shall satisfy the independence requirements of the NYSE. In determining the independence of any director who will serve on the Committee, the Board will consider, if required, all factors specifically relevant to determining whether a director has a relationship to the Company that is material to that director’s ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (A) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (B) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company. In addition, each member of the Committee should generally qualify as an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code and a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In the event the Board determines that a director who does not qualify as an “outside director” or a “non-employee” director should nevertheless serve on the Committee, appropriate arrangements may be made for a sub-committee of the Committee in accordance with Section 162(m) and Rule 16b-3, to the extent applicable, or for approval by the Board in accordance with Rule 16b-3, as applicable. An affirmative vote of the Board may remove members of the Committee from such Committee, with or without cause.

#### Operating Principles

In fulfilling its functions and responsibilities, the Committee should give due consideration to the following operating principles and processes:

1. Communication. Regular and meaningful contact throughout the year with the Chairman of the Board, other committee chairpersons, members of senior management and other key Committee advisors, as applicable, is viewed as important for strengthening the Committee’s knowledge of sound compensation and human resources policies.
2. Committee Expectations and Information Needs. The Committee should communicate to the CEO or his designee the expectations of the Committee, and the nature, timing and extent of any

specific information or other supporting materials requested by the Committee, for its meetings and deliberations.

3. Resources. The Committee shall be authorized to access, at the Company's expense, such internal and external resources, including retaining legal, financial and other advisors, as the Committee deems necessary or appropriate to fulfill its responsibilities. The Committee shall have the sole authority to approve fees, costs and other terms of engagement of outside resources such as compensation consultants.
4. Meeting Agendas. The Committee meeting agendas shall be the responsibility of the Committee chairperson with input from the Committee members and other members of the Board, with additional input from members of senior management and outside advisors to the extent deemed appropriate by the chairperson.
5. Committee Meeting Attendees. The Committee shall be authorized to request members of senior management, outside counsel and other advisors to participate in Committee meetings.
6. Reporting to the Board of Directors. The Committee shall maintain the minutes of meetings and, through the Committee chairperson, shall report all material activities of the Committee to the Board from time to time or whenever so requested by the Board. In addition, minutes from Committee meetings should be distributed to each Board member prior to the subsequent Board meeting.

### **Duties and Responsibilities**

The following are the duties and responsibilities of the Committee (in addition to any others that the board may from time to time delegate to the Committee):

1. Executive Officer Compensation. The Committee shall review and approve individual and corporate goals and objectives relevant to executive officer compensation and shall evaluate the performance of executive officers in light of those goals and objectives. Based on this evaluation, the Committee, shall approve or recommend for approval by the independent directors (as directed by the Board), the compensation levels, including salary, bonus and incentive compensation, deferred compensation, perquisites, equity compensation, benefits provided upon retirement, severance or other termination of employment, and any other forms of executive compensation of the chief financial officer of the Company and each other executive officer who is deemed to be an "officer" in accordance with Rule 16a-1(f) of the Exchange Act.
2. CEO Compensation. The Committee shall annually review and approve, or recommend for approval by the independent directors (as directed by the Board), the CEO's compensation based on the Committee's evaluation of the CEO's performance. The Committee will deliberate and vote on the CEO's compensation outside the presence of the CEO.
3. Senior Management Assessment. The Committee shall periodically review, discuss and assess the performance of senior management in light of the relevant corporate and individual performance goals and objectives, seeking input from the CEO, individual members of senior management, the full Board and others. The purpose of the review is to increase the effectiveness of senior management as a whole and on an individual basis.
4. Plan Recommendations and Approvals. The Committee shall make recommendations to the Board regarding the adoption of new incentive compensation plans and equity-based plans, and

administer the Company's existing incentive compensation plans, as they relate to executive officers, and equity-based plans, including reviewing and approving stock option and other equity award grants and outside valuations of the common stock of the Company underlying such grants.

5. Director Compensation. The Committee shall review and recommend to the Board the compensation paid to non-employee Directors for their service on the Board and on its committees. In making its recommendations, the Committee shall give due consideration as to what is customary compensation for directors of comparable companies and any other factors it deems consistent with the policies and principles set forth in this Charter and the Company's Corporate Governance Guidelines.
6. Risk and Compensation. The Committee shall periodically review the potential risk to the Company from its compensation programs and policies, including any incentive plans, and whether such programs and policies incentivize unnecessary and excessive risk taking.
7. Shareholder Advisory Votes. The Committee shall oversee the Company's (i) submissions to shareowners on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and (ii) engagement with proxy advisory firms and other shareowner groups on executive compensation matters. The Committee also shall review the results of such advisory votes and consider any implications.
8. Filings. The Committee shall:
  - a. review and discuss with Company management the compensation discussion and analysis required to be included in the Company's filings with the Securities and Exchange Commission and, based on such review and discussion, in the case of compensation discussion and analysis proposed to be included in the Company's annual proxy statement or annual report on Form 10-K, recommend to the Board of Directors whether the compensation discussion and analysis should be included in such proxy statement or annual report, as the case may be; and
  - b. prepare an annual compensation committee report for inclusion in the Company's annual proxy statement.
9. Non-Executive Compensation and Benefits Plans. The Committee shall review and approve the general design and terms of any significant non-executive or board-based compensation and benefits plans including as relevant: incentive compensation, bonus programs, profit sharing goals and payouts and the introduction, approval or material modification of health, welfare and retirement plans or other material employee prerequisite plans.
10. Human Resources Policies. The Committee shall periodically review the Company's significant policies, practices and procedures concerning human resource related matters.
11. Generally. The Committee shall review such other matters as the Board or the Committee shall deem appropriate.

### **Procedures and Administration**

1. Meetings. The Committee shall hold regularly scheduled meetings, with a goal of holding four (4) regularly scheduled meetings per calendar year, and such special meetings as circumstances

dictate and, to the extent practicable, in conjunction with the regularly scheduled Board meetings. The Committee shall report regularly to the Board on its activities. The Committee shall fix its own rules of procedure.

2. Action. A majority of regular members then serving on the Committee shall constitute a quorum. Action may be taken by the Committee (or any subcommittee of the Committee) upon the affirmative vote of a majority of the members of the Committee (or subcommittee). Action may be taken by the Committee (or any subcommittee of the Committee) without a meeting if all of the members of the Committee (or subcommittee) indicate their approval thereof in writing.
3. Notice. Any member of the Committee may call a meeting of the Committee upon due notice to each other member at least twenty-four hours prior to the meeting (provided that participation in any meeting shall be deemed to constitute waiver of any deficiency in such notice).
4. Charter. The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. Authority and Resources of the Committee. The Committee has the authority, in its sole discretion, to appoint, retain or obtain the advice of a compensation consultant, legal counsel or other adviser, which includes the sole authority and direct responsibility to approve such compensation consultant's or other adviser's fees and other retention terms, to oversee the work of and to terminate such compensation consultant or other adviser, and the authority and responsibility to pay from funds of the Company reasonable compensation to such compensation consultant or other adviser retained by the Committee. Such funding will be provided by the Company and determined by the Committee. Before selecting or obtaining the advice of a compensation consultant, legal counsel or other adviser (other than in-house legal counsel), the Committee shall consider all factors relevant to the independence of such consultant, counsel or adviser from management, including the factors set forth in NYSE rules then in effect and any other applicable laws, rules or regulations.
6. Subcommittees. The Committee shall have the authority to delegate to subcommittees of the Committee any responsibilities of the full Committee or to other persons such tasks and responsibilities as it deems appropriate, not inconsistent with applicable law and stock exchange listing standards. To the extent permitted by applicable law, the Committee may also delegate to one or more executive officers of the Company the authority, within guidelines established by the Committee, to approve equity compensation awards under established equity compensation plans of the Company to employees and other service providers other than those subject to Section 16 of the Exchange Act and other officers of the Company. The Committee may also delegate any non-discretionary administrative authority under Company compensation and benefit plans consistent with any limitations specified in the applicable plans.
7. Expenses. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
8. Committee Self-evaluation. The Committee shall review its performance against the requirements of this Charter annually and shall report to the Board on the results of such evaluation. The Committee's performance evaluation shall be conducted in such manner as the Committee deems appropriate.