UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
RDA HOLDING CO., *et al.*,	:	**13-_____ (___)**
Debtors.	:	**(Jointly Administered)**

DECLARATION OF ROBERT E. GUTH
PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2

I, Robert E. Guth, make this declaration under 28 U.S.C. § 1746:

1. I am the President and Chief Executive Officer of RDA Holding Co. ("**RDA Holding**") and The Reader's Digest Association, Inc. ("**Reader's Digest**"). I also serve as a member of the board of directors for both RDA Holding and Reader's Digest. On February 17, 2013 (the "**Commencement Date**"), RDA Holding, Reader's Digest, and certain of their subsidiaries and affiliates (collectively, the "**Debtors**," and together with their non-Debtor subsidiaries, "**RDA**") each commenced a case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").

2. I am knowledgeable and familiar with the business and financial affairs of RDA. I became a director of RDA Holding and Reader's Digest in April 2011 and have served as the President and Chief Executive Officer of both those entities since September 2011. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon experience, knowledge, and information concerning the operations of RDA and the media and marketing industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

Unless otherwise indicated, the financial information contained herein, and in the schedules attached hereto, is unaudited and provided on a consolidated basis for RDA, which includes certain of its non-Debtor subsidiaries.

3. This Declaration is submitted pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the "**Local Rules**") for the purpose of apprising the Court and other parties in interest of the circumstances that compelled the commencement of these chapter 11 cases and in support of (a) the Debtors' chapter 11 petitions and (b) the motions and applications that the Debtors have filed with the Court, including, but not limited to, the "first-day motions" (the "**First-Day Pleadings**"). I am authorized to submit this Declaration on behalf of the Debtors.

Preliminary Statement

4. The Debtors appear before the Court with a prenegotiated restructuring that will enable the Debtors to right-size their debt, reduce their operational overhead, and complete an ongoing transformation of the Debtors and their core businesses. The Debtors have reached a consensual agreement on the terms of a financial restructuring with both their secured lender and their secured noteholders, and anticipate exiting chapter 11 with an 80% reduction of their indebtedness.

5. These filings mark the Debtors' second trip through chapter 11. Upon emerging from chapter 11 in early 2010, RDA continued to be buffeted by economic downturns, domestically and internationally, and the accelerated shift from traditional print media and marketing to digital media and marketing, severely hampering the Debtors' ability to thrive. Since the installation of the Debtors' new management team in 2011, the Debtors have embarked on an ambitious but necessary set of initiatives to transform the Debtors' core businesses around

their iconic brands, reduce overhead and structural complexity, and sell underperforming and non-core businesses. RDA now is a healthier, smaller company that is poised to generate significant cash flows, but its over-sized debt load is too burdensome.

6. In 2012, facing a near-term liquidity crisis, the Debtors and their professionals commenced negotiations with the Debtors' major stakeholders, including Wells Fargo Bank, N.A. (and, together with Wells Fargo Principal Lending, LLC, "**Wells Fargo**") and an ad hoc committee holding more than two-thirds of the Debtors' senior secured notes (the "**Ad Hoc Committee**"). These negotiations culminated in a prenegotiated chapter 11 restructuring agreement (the "**Restructuring Agreement**") that provides the Debtors with an approximately $105 million debtor-in-possession financing and adequate exit financing. A copy of the Restructuring Support Agreement evidencing the Ad Hoc Committee's and Wells Fargo's support of the Restructuring Agreement is attached hereto as **Exhibit "A"** (the "**Restructuring Support Agreement**"). The Restructuring Agreement also provides for the Debtors' prompt emergence from chapter 11. The Debtors will shortly file a chapter 11 reorganization plan with the hope that confirmation of such plan will occur within four months.

7. By commencing these chapter 11 cases, the Debtors are seeking to implement the proposed Restructuring Agreement that will substantially enhance their liquidity and maximize revenue growth potential. The Debtors believe that the contemplated consensual reorganization will enable the Debtors to restructure their capital structure and global operations in accordance with the current management's revised business plan.

8. This Declaration is intended to provide a summary overview of the business of RDA and the need for restructuring the business pursuant to chapter 11. Section I describes the nature of RDA's businesses. Section II describes the current capital structure of

RDA and the potential financial circumstances that will impact the administration of the chapter 11 cases. Section III describes the circumstances that compelled the commencement of the chapter 11 cases. Section IV provides a summary of the First Day Pleadings and factual bases for the relief requested therein. Section V identifies the attached schedules of information required by Local Bankruptcy Rule 1007-2.

I.

RDA's Businesses

9. RDA is a global media and direct marketing company that educates, entertains and connects consumers around the world with products and services from trusted brands. For more than 90 years, the flagship brand and the world's most read magazine, Reader's Digest, has simplified and enriched consumers' lives by discovering and expertly selecting the most interesting ideas, stories, experiences and products in health, home, family, food, finance and humor. Taste of Home is the largest circulation food publication and is the leading multi-platform producer of information on food, cooking and entertaining. Other brands include The Family Handyman, Birds & Blooms, Country, and many other enthusiast titles in the United States and internationally. The company provides content in print; online; via digital editions on iPad, Kindle, Kindle Fire, Nook, Sony Reader, Google Nexus, and Zinio; via mobile apps; in books; and via social media outlets such as Facebook and Twitter.

10. As more fully described below, RDA's principal operations consist of its multi-brand and multi-platform media content and its direct marketing business. RDA's media businesses generate revenue primarily from magazine-related products (e.g., subscription revenue, advertising revenue, and newsstand revenue), as well as from certain non-magazine products, including single and series book sales, music, and video products. RDA's media

products are offered in print and digital formats and are delivered through direct mail, retail, and digital channels.

11. RDA's direct marketing businesses generate revenue primarily through the sale of print and digital books, home entertainment, and non-published products and services (e.g., third-party vitamins and related health products, jewelry, merchandise, wine, mailing list rentals), along with magazine subscriptions and advertising. RDA's promotions to customers in its direct marketing businesses are focused on a customer-centric affinity-driven marketing model, which includes both sweepstakes and targeted promotions based on customers' interests.

12. RDA operates its media and direct marketing businesses in three reportable business segments: North America, Europe, and Asia Pacific and Latin America ("**APLA**"). As more fully described below, the North America segment primarily operates RDA's media and publishing businesses, while the Europe and APLA segments primarily operate RDA's direct marketing businesses.

RDA North America

13. The North America segment comprises RDA's businesses operations in the United States and Canada (collectively, "**RDA North America**"), which publish and market various print and digital magazines, books and home entertainment products. The RDA North America businesses utilize RDA's content creation, curation, and direct marketing expertise. RDA North America's resources are shared across the RDA brands with centralized consumer marketing and advertising sales efforts.

14. RDA North America consists of three business units, managed by New York, Milwaukee and Montreal divisions. The New York division manages operations for the

"Reader's Digest,"[1] brand across all platforms in the United States. The Milwaukee division manages operations for the other two largest RDA brands "Taste of Home" and "The Family Handyman," as well as RDA's enthusiast brands, "Birds and Blooms," "Country," "Country Woman," "Farm & Ranch Living," and "Reminisce," across all platforms. The Montreal division manages operations for all Canadian businesses and brands through its Canadian subsidiaries, with some corporate functions connected to the U.S. divisions. Each of the brands is more fully described below.

Reader's Digest

15. The Reader's Digest brand identifies and selects compelling ideas, stories, experiences, and products, and presents them in simple, objective, and optimistic ways across the areas of health, home, family, food, finance, and humor. Reader's Digest content is available in print, online, in books, and as music.

16. Reader's Digest print content encompasses the articles, book excerpts, and features included in *Reader's Digest* magazine, and covers a broad range of contemporary issues around the topics of health, family, money, work, food, and humor. *Reader's Digest* magazine is published in several editions in the United States, including the flagship English-language edition, *Reader's Digest Large Print for Easier Reading*, Braille, and recorded editions. As of December 31, 2012, total United States magazine paid circulation for *Reader's Digest* and *Reader's Digest Large Print for Easier Reading* was approximately 5.9 million. *Reader's Digest* is the second largest paid-subscription magazine in the United States.

17. Reader's Digest digital content is available through readersdigest.com, which is a leading general interest website that curates content by discovering and selecting compelling ideas, stories, experiences, and products on health, home, family, money, and humor.

[1] The term "Reader's Digest," as used in this section, refers only to the Reader's Digest brand.

The website presents such content in simple, objective, and optimistic ways. Readersdigest.com serves as a digital extension of *Reader's Digest* print and digital magazine editions, allowing readers to dive deeper into stories and topics that capture their interest, and engage directly with other Reader's Digest readers through interactive polls and discussion boards. Reader's Digest is consistently among the top downloads on the iPad, Kindle and Nook and has a strong social media presence with more than 1.2 million Facebook fans.

18. Reader's Digest Books and Home Entertainment publishes books for children and adults, including *Reader's Digest Select Editions*. For adults, it originates and sells books under the Reader's Digest imprint in many illustrated categories, such as health, home, gardening, cooking, humor, history, and reference, including The New York Times bestseller "The Digest Diet". These books are sold through traditional retail channels, the internet, catalogs, and book clubs. Books, games, and other products for children are sold under the Reader's Digest Children's Publishing imprint, many of them in partnership with brands such as Barbie, Disney, Nickelodeon, Sesame Street, Fisher-Price, Marvel Heroes, and Hasbro.

19. *Reader's Digest Select Editions* is one of America's longest running direct to consumer book programs. This program serves nearly 88,000 subscribers with a new volume six times a year, containing condensed versions of popular fiction books. The *Select Editions* business has been shrinking dramatically as a result of a declining readership and changing consumer appetites. While the Debtors have ceased marketing *Select Editions*, the Debtors continue to service their long-standing readers.

Taste of Home

20. *Taste of Home* is an established resource for tried and tested, user-generated information on food, cooking, and entertaining. *Taste of Home*, generally published

six times a year, caters to readers who are looking for simple everyday recipes that can be prepared with affordable, everyday ingredients. *Taste of Home* has a circulation of 3.2 million — the highest food and entertaining magazine circulation in the United States with a readership of approximately 11.1 million people. Taste of Home content is available in print editions, tablet and eReader editions, online at Tasteofhome.com, in books, and through social media outlets.

21. Taste of Home magazines, which includes *Simple & Delicious*, have an innovative editorial model that makes extensive use of user-generated content. Taste of Home receives approximately 50,000 reader recipes, stories and tips every year, of which 2,500 are tested in the Taste of Home test kitchen and 1,900 are published across Taste of Home print and digital platforms. Taste of Home draws on approximately 500 contributing field editors from across the United States and Canada. Total paid circulation for Taste of Home, including *Simple & Delicious* is approximately 3.7 million, as of December 31, 2012.

22. Taste of Home has a strong web presence at Tasteofhome.com. Tasteofhome.com provides user-generated, tried and tested recipes, video cooking tips, chat groups, and newsletters focused on preparing home-cooked meals for every day and holidays. The site consistently ranks among the top-20 food websites and Tasteofhome.com received on average 4.6 million unique visitors per month in 2012. Tasteofhome.com also distributes a broad portfolio of email newsletters to a combined circulation of over 7.2 million readers. More than 500,000 consumers interact with the Taste of Home brand via social media outlets. In addition, approximately 300 Taste of Home Cooking School events are held across the country each year, providing the brand an experiential connection with more than 300,000 consumers.

23. Additionally, RDA publishes books and special interest newsstand publications based on editorial content derived from material contributed by readers to the *Taste*

of Home magazines. The Taste of Home books and special interest newsstand publications are created to complement the magazines and to leverage the magazines' brand names, reader loyalty, and editorial capability, selling over one million books and 5 million special interest newsstand copies in 2012.

The Family Handyman

24. *The Family Handyman*, which gives consumers how-to solutions to create home and lifestyle projects, is the highest paid circulation U.S. do-it-yourself magazine, with paid circulation of approximately 1.1 million as of December 31, 2012. Approximately 4.7 million people read *The Family Handyman*, and there are approximately 1,100 contributing field editors that provide user-generated content. The Family Handyman content is available in print editions, tablet and eReader editions, online at FamilyHandyman.com, in books, and through social media outlets. The Family Handyman also publishes a line of special-interest premium magazines and books, which are sold through retail and direct mail.

25. Familyhandyman.com is a standalone branded website that received on average over 979,000 unique visitors per month in 2012, and more than 50,000 fans are engaged with The Family Handyman on social media sites. It is also a key component of RDA's digital strategy, as a leading national brand anchoring RDA's Haven Home Media network, a vertical advertising network that includes approximately seventy independent do-it-yourself, home improvement, and home design and décor websites that received an average of more than 11.3 million unique visitors per month in 2012.

Other Magazines

26. The enthusiast magazines, described below, include *Birds & Blooms*, *Country*, *Country Woman*, *Farm & Ranch Living*, and *Reminisce*.

- *Birds & Blooms* is the highest paid-circulation magazine for bird enthusiasts in the United States. Readers share ideas with fellow birding enthusiasts and gain easy-to-understand advice from resident bird and garden experts.

- *Country* celebrates the beauty, people, values, and rewarding lifestyle of the American countryside. *Country* exposes readers to impressive scenery, home-style cuisine, and heartwarming stories.

- *Country Woman* celebrates the diversity, strength and spirit of women who love the country. Country Woman content covers, among other things, recipes, decorating, casual entertaining, crafts, gardening, health, and nostalgia.

- *Farm & Ranch Living* features inspiring and entertaining articles and short stories, as well as a wide array of agricultural photos from readers sharing their own experiences with raising livestock, growing crops and gardens, putting up produce for winter consumption, and working to constantly improve their land. Farm and Ranch Living content is available in print and online at FarmandRanchLiving.com.

- *Reminisce* content focuses on the 1930s, '40s, '50s, '60s and early '70s. A variety of user-generated stories, vintage black and white photographs and early color slides span a unique array of generational topics that include, among others, automobiles, entertainment, and fashion.

27. Published generally six times a year, the enthusiast brands magazines have a circulation of more than 4.9 million people. The magazines also have a substantial online presence: their websites collectively receive an average of 400,000 unique visitors per month, and they have over 180,000 fans on social media sites, as of December 31, 2012.

RDA International

28. RDA's international segments, including Europe and APLA, (collectively, "**RDA International**") currently operate under a regional structure that includes six primary

international regions.[2] The European region is comprised of four sub-regions—the German, Western Europe, Central/Eastern Europe and Russia/Nordic regions—which collectively represent the majority of revenues generated by the international segments. The German region is comprised of Germany, Austria, and Switzerland. The Western Europe region is comprised of France, Belgium, and the Netherlands. The Central/Eastern Europe region is principally comprised of Czech Republic, Poland, Hungary, and Romania. The Russia/Nordic region is principally comprised of Russia, Finland, and Sweden. The APLA region includes Australia, New Zealand, Malaysia, Singapore, and Brazil. With the exception of Malaysia and Singapore, where all products are provided in English, all other products and services are provided in local languages.

29. RDA International offers its customers Reader's Digest-branded products as well as carefully selected non-branded published products, merchandise, and services that align with their personal interests and needs through direct marketing. The products and services address lifestyle needs across multiple communities including seniors, health, cooking, gardening, and travel. Its customer-centric business model is intended to enable RDA International to match products and promotions to approximately 47 million existing customers and to better serve new customers. Beyond the flagship Reader's Digest brand, RDA International has built a series of companion brands by adapting brands to local geography, customs and customer niches. RDA International also offers proprietary marketing services to third parties, such as digital marketing, list rental, promotion design, and database analytical services.

[2] RDA's international entities are not debtors in these chapter 11 cases.

The Debtors' Supply Chain

30. The Debtors' ability to retain and grow their businesses including growing their customer base (and attracting corresponding advertising dollars) depends on their ability to procure goods and services at competitive prices and fulfill, produce, and distribute their products timely and accurately. This, in turn, necessitates carefully-choreographed, highly-integrated stages of development, production, and delivery realized through a synchronization of the numerous third-party suppliers, vendors, and service providers within the Debtors' global supply chain network.

31. To achieve cost structure efficiencies, the Debtors outsource to unaffiliated third parties certain key business processes, including production, fulfillment, customer care, information technology, and distribution functions. Outsourcing enables the Debtors to capitalize on the relationships, resources, and technological strengths of high-volume vendors to achieve supply chain efficiencies without capital investment or budget increases. As a result, in many instances, the Debtors are able to create, produce, and deliver higher-service products at lower cost points relative to the marketplace, facilitating competitive operations that better position the Debtors to increase margins.

32. As described in further detail below, the Debtors' current management has analyzed RDA's organizational overhead and implemented cost reductions throughout the company, including with respect to the Debtors' distribution and other processes. Specifically, the Debtors have been developing and implementing various operational initiatives aimed at maximizing supply chain and production efficiencies by eliminating unused capacities and further consolidation of their supply base. Notwithstanding the benefits of certain of the Debtors' outsourcing arrangements, outsourcing inevitably limits the Debtors' ability to exercise

direct control over their outsourced operations, including their finished products, which increases the Debtors' exposure to supply chain interruptions and other external factors. Additionally, in some instances, outsourcing relationships historically have constrained the Debtors' ability to strategically shrink certain markets due to minimum requirements and other contractual limitations. This, combined with the inherent nature of the media and marketing industry—a dynamic and time-sensitive global marketplace driven largely by vacillating consumer preferences and influenced, sometimes significantly, by macroeconomic factors—requires the Debtors to secure the cooperation of their key vendors, service providers, and outsourcing partners to ensure a dependable, accountable yet flexible supply chain.

II.

Capital Structure

33. As of the Commencement Date, the Debtors had outstanding funded debt obligations in the aggregate amount of approximately $534 million, which amount consists of (a) approximately $59 million in secured borrowings under the 2012 Secured Credit Facility (as herein defined), (b) approximately $464 million in principal amount of Senior Secured Notes (as herein defined), and (c) approximately $10 million in principal amount of borrowing under the 2011 Unsecured Term Loan (as herein defined).

2012 Secured Credit Facility

34. On March 30, 2012, Reader's Digest entered into a credit and guarantee agreement with Wells Fargo, as administrative agent, the Guarantors (as therein defined), and Wells Fargo Principal Lending, LLC, providing Reader's Digest with a $50.0 million secured term loan (the "**2012 Secured Term Loan**") and an $11.0 million letter of credit facility (the

"**Letter of Credit Facility**" and together with the 2012 Secured Term Loan, the "**2012 Secured Credit Facility**").

35. The term loans under the 2012 Secured Term Loan bear interest at a variable rate per annum, based upon Reader's Digest's election of a prime rate or LIBOR (subject to a floor of 4.0% and 3.0%, respectively) plus 5.0% in the case of prime rate borrowings and 6.0% in the case of LIBOR borrowings. The drawn letters of credit under the Letter of Credit Facility bear an interest rate of 7.0% per annum and the Letter of Credit Facility includes a utilization fee of 1.0% per annum, which will accrue on the total undrawn amount of the Letter of Credit Facility. The 2012 Secured Credit Facility is fully and unconditionally guaranteed on a first priority secured basis, jointly and severally by Reader's Digest, RDA Holding, and by all the other Debtors.

36. As of December 31, 2012, there was approximately $49.8 million, in addition to letters of credit totaling approximately $9.5 million, outstanding under the 2012 Secured Credit Facility.

Senior Secured Notes

37. On February 11, 2010, RD Escrow Corporation entered into an Indenture (the "**Indenture**") with Reader's Digest, RDA Holding, and substantially all of their existing wholly-owned direct and indirect domestic subsidiaries, Wells Fargo, as trustee, and Wilmington Trust FSB, as collateral agent, pursuant to which RDA issued $525.0 million in principal amount of Floating Rate Senior Secured Notes due 2017 ("**Senior Secured Notes**") in a private offering under the Securities Act of 1933. The Senior Secured Notes mature on February 15, 2017. The Senior Secured Notes bear interest at a rate per annum equal to LIBOR (as defined, subject to a

three-month LIBOR floor of 3.0%) plus 6.5%. The LIBOR component of the interest rate is reset quarterly and commenced on May 15, 2010.

38. Consistent with the terms of the Senior Secured Notes, on June 15, 2012, the Company completed a cash tender offer to purchase up to $60.7 million of its Senior Secured Notes, using proceeds from the sale of its Allrecipes.com business, at a purchase price of 95% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase. RDA received tenders of approximately $509.0 million aggregate principal amount of Senior Secured Notes. Under the terms of the tender offer, holders who tendered Senior Secured Notes that were accepted for payment received approximately 95% principal amount of the Senior Secured Notes. Consistent with the terms of the Senior Secured Notes, on June 15, 2012, RDA accepted for purchase $60.6 million aggregate principal amount on a pro rata basis, pursuant to the tender offer, at a total cost of $58.1 million, including principal of $57.6 million, along with accrued and unpaid interest to the date of purchase.

39. The Senior Secured Notes and the 2012 Secured Credit Facility are secured by a first priority security interest in substantially all the assets of Reader's Digest and the Guarantors in addition to holding a pledge of 65% of the equity of the Debtors' foreign affiliates. Under the terms of that certain Security Agreement, dated as of February 19, 2010, the 2012 Secured Credit Facility enjoys a first-out priority in respect of post-default dispositions and other realizations of the Debtors' assets. As of December 31, 2012, there was approximately $464.4 million outstanding in Senior Secured Notes.

2011 Unsecured Term Loan

40. On August 12, 2011, the Debtors entered into an unsecured term loan and guarantee agreement with Luxor Capital Group ("**Luxor**"), as administrative agent, the

Guarantors (as therein defined), and the other lenders thereunder, consisting of funds affiliated with Luxor and Point Lobos Capital ("**Point Lobos**"),[3] providing the Debtors with a $10.0 million unsecured term loan ("**2011 Unsecured Term Loan**"). The 2011 Unsecured Term Loan matures in May 2014 and bears interest at the rate of 11.0% per annum. As of December 31, 2012, there was $10.0 million outstanding under the 2011 Unsecured Term Loan.

41. In connection with the 2011 Unsecured Term Loan, the Debtors issued two tranches of warrants to the lenders thereunder. The estimated fair value of these warrants at December 31, 2012 and at the issuance date was zero and $2.9 million, respectively.

42. On August 12, 2011, the Debtors also entered into a term loan and guarantee agreement with Luxor and Point Lobos, providing the Company with a $45.0 million secured term loan (the "**2011 Secured Term Loan**"). The 2011 Secured Term Loan would have matured in November 2013 and bore interest at the rate of 7.0% per annum. On March 6, 2012, the Debtors repaid the 2011 Secured Term Loan using net proceeds from the sale of Allrecipes.com businesses. The repayment included $45.0 million to satisfy the principal debt, along with $5.0 million due under the early repayment provisions.

III.

The Need for Chapter 11 Relief and the Events Compelling the Commencement of These Chapter 11 Cases

43. While RDA emerged from bankruptcy protection in 2010 with substantially less debt, its business plan and financial forecasts did not adequately account for the steep declines that the media industry has suffered over the last few years—as evidenced by Houghton Mifflin Harcourt Publishing Company's recent return to chapter 11—nor did they adequately reflect the fragility of RDA's wide-reaching international footprint. RDA has

[3] Luxor and Point Lobos are also significant holders of RDA Holding's common stock,

struggled under the weight of its debt obligations and legacy overhead expenses. Moreover, the declining profitability of certain of RDA's international businesses together with decreasing subscription revenues have contributed to the Debtors' current liquidity crisis.

44. During the past eighteen months, RDA's current management has implemented multiple strategic initiatives to enable the Debtors to profitably operate in the near term. RDA is now substantially smaller and many of the most unpredictable and unprofitable businesses are gone. With this smaller, healthier footprint, the company is now poised to resize its capital structure and move forward with its transformation. However, as described below, in order for the Debtors' current management to fully transform the Debtors and revitalize their core businesses, the need for a deeper balance sheet and corporate restructuring remains.

2009 Restructuring

45. On August 24, 2009, RDA Holding, Reader's Digest, and substantially all of their direct and indirect domestic subsidiaries, filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "**2009 Restructuring**").[4] At that time, the principal factors that necessitated the commencement of the 2009 Restructuring included, among other things, burdensome debt obligations, reduced advertising and consumer spending, credit shortages, and increased postal and delivery costs. The goal of the 2009 Restructuring was to implement a prenegotiated plan of reorganization that provided for, among other things, a 75% reduction of RDA's debt burden while leaving the company's operations largely intact.

46. RDA emerged from chapter 11 in February 2010. In connection with the emergence, RDA's former management sought to right-size the company by minimizing

[4] The chapter 11 cases were jointly administered under the caption *In re: The Reader's Digest Association, Inc., et al.*, Case No. 09-23529 (RDD) (Bankr. S.D.N.Y.).

overhead expenses and reducing headcount. Despite these efforts, continued downward trends in the publishing and direct marketing industry undermined RDA's ability to stabilize. Although financial projections anticipated some decline in revenue, the actual declines occurred at rates higher than anticipated, and against factors that RDA was not able to predict, including continued challenging economic environments in the international business segments. For example, RDA's European segment's operating profit was approximately $53.9 million for the year ended December 31, 2010, and approximately $29.0 million for the year ended December 31, 2011, as restated for subsequent discontinued operations classification. Similarly, RDA International experienced negative revenue trends due to, among other things, a lower active customer base and softer response rates.

47. One of the sources of revenues during and immediately after the 2009 Restructuring was from sales of the Ab Circle Pro fitness product sold by Direct Entertainment Media Group, Inc. ("**DEMG**"), a subsidiary of Reader's Digest. On April 19, 2010, the Federal Trade Commission launched an investigation into DEMG's marketing of that product. In August 2012, DEMG agreed to a settlement of the allegations under which DEMG agreed to pay up to $23.8 million and Reader's Digest agreed to be a relief defendant responsible for amounts due. DEMG has no current operations.

Transforming RDA

48. In September 2011, several months after the replacement of all of the company's directors with a new slate including myself, Thomas Williams resigned as President and Chief Executive Officer of both RDA Holding and Reader's Digest. On September 12, 2011, I was appointed by the board of directors as President and Chief Executive Officer. Since my appointment, RDA's current management has sought to transform RDA. The transformation

is centered around three areas: (a) reducing corporate overhead and legacy expenses and complexity, (b) revitalizing the Debtors' core businesses, and (c) selling and/or licensing the international direct marketing businesses or pursuing alternate solutions.

Reduction of Corporate Overhead and Organizational Complexity

49. In the fall of 2011, RDA's current management began comprehensive cost reduction measures and organizational streamlining efforts. Specifically, current management has implemented significant cost-minimization initiatives, including, without limitation, workforce reductions, vendor evaluations, product rationalization, and business re-engineering. To date, these efforts have resulted in combined annualized savings of more than $50 million.

50. In addition, the Debtors' current management has sold underperforming and non-core businesses in order to develop a leaner, more-efficient organization. For example, on October 28, 2011, RDA completed the sale of *Every Day with Rachael Ray*, a publication within its North America reportable segment. In addition, during the first quarter of 2012, RDA sold its Weekly Reader and its Allrecipes.com businesses, for approximately $3.6 million and $175 million, respectively, and used the majority of those sale proceeds to retire certain of the company's then-existing debt, including, the $45.0 million 2011 Secured Term Loan and $57.6 million principal amount of the Senior Secured Notes. RDA used the remaining sale proceeds for certain capital expenditures as permitted under the Indenture. Similarly, on July 2, 2012, RDA sold its Lifestyle and Entertainment Direct division for approximately $1.1 million. Moreover, management recently implemented a plan to eliminate certain unprofitable components of the Debtors' book businesses including their series book business, and single sales and catalog business.

Revitalizing the Debtors' Core Businesses

51. In addition to cost reductions, the Debtors' current management is aggressively pursuing increased profitability and refinement of the Debtors' core businesses in North America. Management has implemented an array of initiatives to maximize the profitability of their portfolio of brands. Over the past eighteen months, management also has implemented certain revenue-enhancing initiatives, including, without limitation, certain strategic partnership and digital initiatives.

52. The Debtors are pursuing growth opportunities by creating new revenue streams through innovative partnership agreements, such as its partnership with a global property-casualty and general insurance organization. RDA and this partner have a long-standing relationship—over the past eleven years, the companies have worked cooperatively to market insurance solutions in Europe, Asia and Latin America. In 2012, this relationship was extended to include new insurance solutions and new distributions around the world.

53. In addition, the Debtors have executed a comprehensive digital strategy to make their products available across the spectrum of digital formats. The Debtors have recently achieved substantial growth in the tablet and eReader digital space through strategic partnerships with Amazon.com, Inc. and Apple Inc. The Debtors' websites contribute significantly in the areas of advertisement sales, consumer marketing, and general brand awareness. The Debtors are in the process of developing methods for taking full advantage of traffic on their websites. Similarly, the Debtors also intend to release certain mobile apps that are in various stages of development.

54. Notably, while the company has pursued and in fact achieved growth in advertising revenue, the corresponding adherence to a rate-base structure has put pressure on its

once-highly profitable consumer revenue streams.[5] The Debtors are now seeking to achieve a better balance between these revenue sources.

International Strategies

55. In addition to the foregoing efforts, RDA's management has commenced a comprehensive review of its international operations. RDA International's direct marketing operations have experienced long-term declines attributable to, among other things, a fundamental shift in international consumers' purchasing habits, high cost structure, and continued economic challenges in Europe. While RDA International's businesses have generated declining revenues, management believes that certain local or regional strategic third parties may be better positioned to extract value from the RDA International assets.

56. The international businesses and related markets provide growth opportunities for local and regional buyers. Local or regional purchasers can launch new publishing and merchandise affinities that have close linkage and synergy with the Reader's Digest brand and utilize the very large existing customer databases of these businesses. In addition, purchasers may be uniquely positioned to expand the breadth of direct marketing partnerships into new geographies and categories where RDA has been unable to in the past.

57. At least as significantly, the number and declining size of the international businesses has resulted in organizational and infrastructure complexity and expense, including many legacy systems and processes, and the strategy for selling and licensing those businesses will very importantly allow for simplification and significant cost savings.

[5] In the ordinary course of securing advertising revenues, the Debtors typically agree to ensure that their products attain a base level of general circulation ("**Rate Base Commitments**"). In the event the Debtors fail to meet the Rate Base Commitments, the Debtors refund or rebate a portion of their advertising revenues to compensate the advertiser for any shortfall in product circulation.

58. In 2012, RDA engaged FTI Capital Advisors, LLC ("**FTI**") to act as financial advisor for the sale of the assets or stock of one or more of the RDA International entities. RDA further contemplated that the buyers of such assets would also enter into long-term licensing agreement with RDA for use of the RDA brands and other intellectual property. Since its engagement, FTI has commenced a global marketing process to sell/license the regional components of RDA International, or the businesses as a whole. RDA received preliminary proposals for most regions, which proposals reflect a mix of upfront cash and royalty income.

59. On July 31, 2012, RDA sold the Reader's Digest Spain and Portugal businesses. Concurrent with the sale agreement, RDA entered into a license agreement with the purchaser to publish the Spain and Portugal editions of *Reader's Digest* magazine and sell other products under the Reader's Digest brand.

60. RDA currently is in negotiations for the sale and licensing of certain international markets, and is considering other alternative dispositions for certain international markets.

The Debtors' Restructuring Plan

61. During 2012, in the midst of the transformative efforts described above, the Debtors faced a potential covenant default under the terms of the 2012 Secured Credit Facility. The Debtors began active discussions with their professionals regarding a potential restructuring of their funded debt obligations. After extensive negotiations with Wells Fargo, the administrative agent under the 2012 Secured Credit Facility, the Debtors were able to negotiate and obtain an amendment of certain covenant defaults under the 2012 Secured Credit Facility relating to the third quarter of 2012. Despite obtaining the amendment, the Debtors soon faced liquidity constraints.

62. Beginning in December 2012, the Debtors and their major stakeholders engaged in extensive prepetition negotiations. Following such negotiations, the Debtors, Wells Fargo and the Ad Hoc Committee, and their respective restructuring professionals, reached a consensual agreement, which is set forth in the Restructuring Support Agreement. The specific restructuring terms are set forth in a term sheet annexed as Exhibit "A" to the Restructuring Support Agreement (the "**Term Sheet**" and, together with all term sheets annexed thereto, the "**Term Sheets**").

63. The salient terms of the proposed restructuring are set forth below.[6]

- To facilitate liquidity both during the Cases and after emergence, the Consenting Secured Parties will provide the Debtors with approximately $105 million in consensual, priming, debtor in possession financing (the "**DIP Facility**") that will consist of: (i) $45 million in new money loans (the "**New Money Loans**") provided by certain Consenting Secured Noteholders; and (ii) a refinancing of all commitments and amounts outstanding (including any and all principal, letters of credit, reimbursement obligations in respect of outstanding letters of credit (assuming drawn), fees, commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Cases, including to the issuing lender) under the Credit Agreement (the "**Refinancing Loans**"); all of (i) and (ii) to be paid in full in cash or convert to exit financing facilities on the effective date of the Acceptable Plan (the "**Effective Date**") in accordance with the Restructuring Support Agreement and the Term Sheets.

- Subject to and in accordance with the terms and conditions set forth in the Restructuring Support Agreement and the Term Sheets, the Refinancing Loans and any obligations arising thereunder will be amended and restated as a first out first priority exit term loan, *pari passu* with the Second Out Exit Term Loan (the "**First Out Exit Term Loan**").

- Subject to and in accordance with the terms and conditions of the DIP Facility, the New Money Loans and any claims arising thereunder will convert to a second out, first priority exit term loan of $45 million, with

[6] The following is a summary of the Term Sheet. The Term Sheet is incorporated by reference as if fully set forth herein. In the event of any inconsistency between this summary and the Term Sheet, the Term Sheet controls. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Term Sheet or Restructuring Agreement, as applicable.

terms and conditions (set forth on Exhibit C annexed to the Term Sheet) (the "**Second Out Exit Term Loan**").

- In accordance with the terms and conditions set forth in the Term Sheets, the DIP Facility shall, on the Effective Date, convert to the (i) First Out Exit Term Loan and (ii) Second Out Exit Term Loan, or in each case be paid in full in cash if the terms and conditions required for conversion are not satisfied; *provided, however*, that the obligations under the First Out Exit Term Loan will always be paid in full in cash by the Debtors.

- Reorganized Holding shall have no more than $106 million in funded debt immediately following the effective date of the Plan.

- On the Effective Date, the Debtors will issue 100% of the new common stock of the reorganized RDA Holding to the holders of Senior Secured Notes on a pro rata basis based on their holdings under the Indenture (subject to certain dilution), which issuance will be exempt from registration with the Securities and Exchange Commission under section 1145 of the Bankruptcy Code; *provided, however*, that no dividends, recoveries, securities, distributions or other form of payments shall be made on account of or in connection with the new common stock distributed to the Secured Noteholders until all amounts owing in connection with the First Out Exit Term Loan have been paid in full in cash and all commitments thereunder have been terminated.

- The Debtors will file the Plan and a related disclosure statement within 25 days of the Commencement Date and will meet the following additional deadlines:

    - Disclosure Statement approved within 75 days of Commencement Date;

    - Bar Date established within 60 days of Commencement Date;

    - Plan confirmed by July 15, 2013; and

    - exit by July 31, 2013.

64. The Debtors believe that the restructuring contemplated by the Restructuring Support Agreement is in the best interests of their estates and creditors. The restructuring not only provides for the Debtors' prompt emergence from chapter 11, but also will facilitate the ongoing transformation of the Debtors' businesses.

IV.

First-Day Pleadings

65. The Debtors have filed their First Day Pleadings contemporaneously herewith to ensure that the Debtors' businesses continue to function during these chapter 11 cases.[7] For the reasons set forth below, I submit that (a) the relief requested in the First Day Pleadings is necessary to enable the Debtors to operate with minimal disruption during the pendency of their chapter 11 cases, (b) approval of the First Day Pleadings is warranted.

Motion of Debtors for Entry of Order Pursuant to Fed. R. Bankr. P. 1015(b) Directing Joint Administration of Chapter 11 Cases

66. The Debtors request entry of an order directing joint administration of these chapter 11 cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one file and one docket for all of the chapter 11 cases under the lead case, RDA Holding. Further, the Debtors request that an entry be made on the docket of each of the chapter 11 cases of the Debtors other than RDA Holding to indicate the joint administration of the chapter 11 cases.

67. Given the integrated nature of the Debtors' businesses, joint administration of the chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders that will be filed in the chapter 11 cases will almost certainly affect each of the Debtors. The entry of an order directing joint administration of the chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections and will allow the United States

[7] Capitalized terms used in this Part of this Declaration and not defined herein shall have the meanings ascribed to them in the relevant First Day Pleading.

Trustee for the Southern District of New York (the "**U.S. Trustee**") and all parties in interest to monitor the chapter 11 cases with greater ease and efficiency.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 521, Fed. R. Bankr. P. 1007(c) and 9006(b), and Local Bankruptcy Rule 1007-1, 2015.3, and 9006(b) Extending Time to File Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs

68. The Debtors request entry of an order granting additional time to file their schedules and statements of financial affairs (collectively, the "**Schedules and Statements**") for an additional thirty (30) days. The Debtors estimate that they have more than 10,000 creditors and other parties in interest on a consolidated basis. The breadth of the Debtors' business operations requires the Debtors to maintain voluminous books and records and complex accounting systems. Given the size, complexity, and geographic diversity of their business operations, and the number of creditors, I submit that the large amount of information that must be assembled to prepare the Schedules and Statements and the hundreds of employee and advisor hours required to complete the Schedules and Statements would be unnecessarily burdensome to the Debtors during the period of time following the Commencement Date. Additionally, for many of the reasons previously stated, the Debtors are also requesting an extension of the time to file their initial reports of financial information in respect of entities in which their chapter 11 estates hold a controlling or substantial interest until thirty (30) days after the meeting of creditors to be held pursuant to section 341 of the Bankruptcy Code or to file a motion with the Court seeking a modification of such reporting requirement for cause.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a), 342(a), and 521(a)(1), Fed. R. Bankr. P. 1007(a), and 2002(a), (d), (f), and (l), and Local Bankruptcy Rule 1007-1 (I) Waiving Requirement to File List of Creditors, and (II) Granting Debtors Authority to Establish Procedures for Notifying Creditors and Equity Holders of Commencement of Debtors' Chapter 11 Cases

69. The Debtors seek entry of an order waiving the requirements to file a list of creditors on the Commencement Date. In lieu of filing the list of creditors, the Debtors propose to provide a notice and claims agent with a consolidated list of creditors and a list of equity security holders. The Debtors propose that the notice and claims agent undertake all mailings directed by the Court, the U.S. Trustee or as required by the Bankruptcy Code, including, without limitation, the notice of commencement of these chapter 11 cases. In addition, the Debtors propose to publish the notice of commencement in the global edition of the *Wall Street Journal* and the national edition of *The New York Times*, as well as on the website to be established by the Debtors' notice and claims agent. Given the large number of creditors and equity security holders, I submit that the notice and claims agent's assistance with mailing and preparation of creditor lists and notices will ease administrative burdens that would otherwise fall upon the Court and the U.S. Trustee, while at the same time ensuring that actual notice is provided to all of the Debtors' creditors and equity interest holders in an efficient and cost-effective manner.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures

70. By this motion (the "**Case Management Motion**"), the Debtors seek to establish certain notice, case management and administrative procedures in these chapter 11 cases. The Debtors believe that the proposed procedures will streamline the administration of their chapter 11 cases and, consequently, preserve value that ultimately will inure to the benefit

of the Debtors and their estates. Accordingly, the Debtors believe, and I agree, that it is in the best interest of the Debtors, their estates and creditors, and other all parties in interest in these chapter 11 cases that the Court grant the relief requested in the Case Management Motion.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b) (I) Authorizing (a) Payment of Prepetition Wages, Salaries, and Other Compensation and Benefits, (b) Maintenance of Employee Benefits Programs and Payment of Related Administrative Obligations, and (C) Applicable Banks and Other Financial Institutions to Receive, Process, Honor, And Pay All Checks Presented for Payment and to Honor All Fund Transfer Requests, and (II) Modifying the Automatic Stay with Respect to Workers' Compensation Claims

71. The Debtors request the entry of interim and final orders (i) authorizing, but not requiring, the Debtors to pay, in their sole discretion, all payments required under or related to Wage Obligations, Withholding Obligations, Employee Bonus Obligations, Spot Award Obligations, Severance Obligations, Outplacement Service Obligations, Temporary Employee Obligations, Independent Contractor Obligations, Reimbursable Expenses, Relocation Expenses, Expatriate Employee Expenses, Health Care Plan Obligations, Eligible Retiree Benefit Obligations, Flexible Benefit Plan Obligations, Health Savings Account Obligations, Vacation Obligations, 401(k) Plan Obligations, Reader's Digest Retirement Plan Obligations, Employee Insurance Obligations, Other Employee Benefit Obligations, and Employee Pay-All Benefit Obligations (each as herein defined, and collectively, the "**Prepetition Employee Obligations**"), as well as any administrative costs or related expenses; (ii) authorizing, but not requiring, the Debtors to continue their practices, programs and policies for their Employees (as herein defined), as those practices, programs, and policies were in effect as of the Commencement Date and as such practices, programs, and policies may be modified, amended, or supplemented from time to time in the ordinary course of the Debtors' businesses, and to pay any related administrative costs and obligations arising thereunder; (iii) authorizing applicable banks and

other financial institutions to receive, process, and pay any and all checks drawn on the Debtors' payroll and general disbursement accounts, and automatic payroll transfers to the extent that those checks or transfers relate to any of the foregoing, and (iv) modifying the automatic stay under section 362 of the Bankruptcy Code to allow the Debtors' Employees to proceed with their Workers' Compensation Claims.

72. As of the Commencement Date, the Debtors employ approximately 500 employees (the "**Employees**"), including (i) approximately 485 full-time Employees, regularly scheduled to work a minimum of thirty-five (35) to forty (40) hours per week, depending on location, on a continuing basis; and (ii) approximately thirteen (13) part-time Employees.[8] None of the Employees are unionized and none of the Debtors are a party to any collective bargaining agreement.

73. In addition to their full-time and part-time Employees, the Debtors annually supplement their workforce by utilizing (i) temporary employees, who are either hired directly by the Debtors or provided to the Debtors through temporary staffing agencies, and (ii) independent contractors, including, without limitation, writers, photographers, artists, researchers, and editors.

74. The Employees are essential for the continued operation of the Debtors' business and to their successful reorganization. Any delay in paying Prepetition Employee Obligations will adversely impact the Debtors' relationship with their Employees and could irreparably impair the Employees' morale, dedication, confidence, and cooperation. Because many of the Employees interact with the Debtors' customers, on whose continued support and

[8] Because all of the Debtors are organized under the laws of various states in the United States, and because none of their foreign affiliates are parties to these chapter 11 cases, unless otherwise noted herein, the description of the Debtors' work force and benefits programs is limited to the Debtors' domestic operations. For background purposes, the Debtors' non-Debtor affiliates employ approximately 1,021 individuals.

loyalty the Debtors rely, the Employees' support for the Debtors' reorganization efforts is critical to the success of those efforts. At this early stage, the Debtors simply cannot risk the substantial damage to their businesses that would inevitably attend any decline in their Employees' morale attributable to the Debtors' failure to pay wages, salaries, benefits and other similar items.

75. Absent an order granting the relief requested, the Employees also will suffer undue hardship and, in many instances, serious financial difficulties, as the amounts in question are needed to enable certain of the Employees to meet their own personal financial obligations. Without the requested relief, the stability of the Debtors will be undermined, perhaps irreparably, by the possibility that otherwise loyal Employees will seek other employment alternatives.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a), 345(b), 363(b), 363(c), and 364(a) and Fed. R. Bankr. P. 6003 and 6004 (I) Authorizing Debtors to (A) Continue Using Existing Cash Management System, (B) Honor Certain Prepetition Obligations Related to the Use Thereof, and (C) Maintain Existing Bank Accounts and Business Forms, and (II) Waiving the Requirements of 11 U.S.C. § 345(b)

76. By this Motion (the "**Cash Management Motion**"), pursuant to sections 105(a), 345(b), 363(b), 363(c), and 364(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, the Debtors request entry of an order: (a) authorizing them to (i) continue to operate their existing cash management system (the "**Cash Management System**"), as described therein, including the continued maintenance of existing bank accounts (the "**Bank Accounts**") at the existing banks (the "**Banks**") and continue transferring funds among the Debtors and their non-Debtor affiliates in the ordinary course of business, consistent with their prepetition practices, (ii) honor certain prepetition obligations related to the Cash Management System, and (iii) maintain existing business forms; and (b) waiving the requirements of

section 345(b) of the Bankruptcy Code to the extent they apply to any of the Debtors' Bank Accounts.

77. Prior to the Commencement Date, in the ordinary course of their businesses, the Debtors used the Cash Management System to fund their operations, as well as the operations of certain of their non-Debtor affiliates. The Debtors use of the Cash Management System enables them to collect, concentrate, and disburse the funds generated by the Debtors' global multi-brand media and direct marketing operations. The Cash Management System allows the Debtors to efficiently collect and transfer the cash generated by their businesses and pay their financial obligations. Further, the Cash Management System enables the Debtors to facilitate their cash forecasting and reporting, monitor the global collection and disbursement of funds, and maintain control over the administration of the Debtors' Bank Accounts.

78. The Cash Management System is overseen primarily by the personnel in the Debtors' treasury department (the "**Treasury Department**") and is comprised of approximately thirty-six (36) Bank Accounts maintained at various Banks throughout the United States, Canada, and the Netherlands. Although much of the Cash Management System is automated, the Debtors' Treasury Department personnel monitor the system and manage the proper collection and disbursement of funds. It is my understanding that, although not all, a vast majority of the Debtors' Bank Accounts are located in banks designated as authorized depositories ("**Authorized Depositories**") by the U.S. Trustee, pursuant to the U.S. Trustee's Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees (the "**U.S. Trustee Guidelines**"). The various features and accounts that make up the Cash Management System are described in greater detail below.

79. Cash Collection. The Debtors collect and deposit the funds generated from their operations in a variety of deposit accounts and lockboxes. The method employed to collect the cash generated by these sources varies depending on the source of the revenue. The Debtors maintain fourMaster Operating Accounts (the "**Master Operating Accounts**") with JP Morgan Chase Bank ("**JPM**") associated with each of the Debtors' different domestic business divisions. This allows the Debtors to limit the number of accounts from which payments are made and, in conjunction with the Concentration Account (as herein defined), to consolidate cash from their operations, and assist in reporting cash receipts and disbursements.

80. The Debtors also maintain approximately three (3) zero-balance collection accounts and a number of lockbox accounts (the "**Collection Accounts**") with JPM that, together with the Master Operating Accounts, serve to collect the majority of the Debtors' receipts related to their various business divisions. At the close of each business day, the net position of these accounts is zeroed out through a direct or indirect sweep to the Concentration Account. The Debtors also maintain accounts at a number of other banking institutions to facilitate collection of customer receipts and to assist in processing credit card orders.

81. Cash Concentration. To manage their businesses and coordinate the payment of their outstanding obligations, the Debtors regularly draw cash assets together into a central account. Each business day, the Debtors sweep all of the available funds in their deposit and lockbox accounts into one main concentration account (the "**Concentration Account**") with JPM. Funds flow out from the Concentration Account either to fund the JPM Master Operating Accounts or for expedited disbursements related to certain items that cannot be processed through the accounts payable system due to timing or other issues. The Debtors have also historically used the Concentration Account to fund and receive intercompany transfers to and

from their non-Debtor foreign affiliates, and to draw down or repay their secured credit facility. There are no automatic sweeps from the Concentration Account to any other accounts. Excess cash remains with JPM where the Debtors receive earnings credits that are applied towards the Debtors' monthly bank fees.

82. Disbursements. The Debtors transfer the cash required to satisfy their financial obligations from the Concentration Account. Disbursements are calibrated by the personnel in their Treasury Department such that only the needed amount of cash is transferred out of the Concentration Account to pay the Debtors' obligations. The Debtors pay accounts payable, expenses, and other disbursements primarily from several controlled disbursement accounts maintained at JPM (the "**Controlled Disbursement Accounts**"), each of which is associated with one of the Debtors' various business divisions. The Controlled Disbursement Accounts are each automatically funded (i.e., zero balance accounts) by the appropriate Master Operating Account as needed. Disbursements are made in the form of checks, automated clearinghouse payments, and wire transfers both foreign and domestic. The Debtors also maintain a sweepstakes cash collateral account at JPM to hold cash deposits pledged as collateral for registering sweepstakes with the State of New York. Actual payments for sweepstakes campaigns, however, are paid from the Controlled Disbursement Accounts. In addition, the Debtors maintain accounts with a number of financial institutions to assist in disbursements relating to customer refunds.

83. Other Accounts. The Debtors also maintain a number of other accounts at a variety of banking institutions to serve specific purposes, including without limitation, the following: (a) approximately eleven (11) accounts with the Royal Bank of Scotland ("**RBS**") to effectuate intercompany transfers pursuant to the Debtors' Netting Program (as herein defined);

(b) one (1) operating account with JPM in Canada (though the Royal Bank of Canada) for the purpose of collecting receipts and making disbursements in Canadian currency on behalf of U.S. entities; (c) approximately two (2) electronic deposit accounts with the United States Copyright Office and the United States Trademark and Patent Office that such offices draw contemporaneously against upon a transaction to cover filing fees incurred by the Debtors; and (d) certain other foreign exchange and escrow accounts.

84. Intercompany Transfers. In the ordinary course of business, the Debtors maintain business relationships with their Debtor and non-Debtor affiliates, including foreign affiliates, which result in intercompany receivables and payables (the "**Intercompany Claims**") arising from the following types of transactions (the "**Intercompany Transactions**"):

- *Intercompany Sales*. In the ordinary course of business, the Debtors sell and purchase goods from various Debtor and non-Debtor foreign affiliates. The Debtors' records of Intercompany Transactions reflect the net position of both sales and purchases made between their affiliates.

- *Expense Allocations*. In the ordinary course of business, Reader's Digest, its Debtor affiliates, and certain non-Debtor foreign affiliates incur centrally-billed expenses, including insurance premiums, workers' compensation obligations, payroll and benefit costs, IT costs, and editorial costs. The Debtors and certain non-Debtor foreign affiliates often pay these expenses and then allocate them to the appropriate affiliates.

- *Royalties*. Royalties are charged to certain non-Debtors for the use of the Debtors' intellectual property.

- *Dividends*. Certain Debtor and non-Debtor foreign affiliates periodically pay dividends out of their accumulated retained earnings to their parent companies.

- *Intercompany Loans*. The Debtors also maintain a complex and well documented system of intercompany loans and capital contributions to

facilitate the flow of cash (a) between each of the Debtors, and (b) between Reader's Digest and its foreign subsidiaries.[9]

85. Domestically, as funds are disbursed throughout the Cash Management System, at any given time there may be Intercompany Claims owing by one Debtor to another Debtor (the "**Inter-Debtor Transactions**"). As I understand it, more often than not, these Inter-Debtor Transactions are settled by book entry rather than by an actual transfer of cash. The Debtors track all Inter-Debtor Transactions electronically in their accounting system and can ascertain, trace and account for them as needed. If the Inter-Debtor Transactions were to be discontinued, the Cash Management System and related administrative controls would be disrupted to the Debtors' detriment.

86. Additionally, certain Intercompany Transactions involving the Debtors and non-Debtor foreign affiliates (the "**Netting Participants**") are subject to a Debtor-administered payable driven netting program (the "**Netting Program**"). It is my understanding that, on or about the end of each month, for the prior period covering the prior month, each Netting Participant submits a report of the amounts owed to the other Netting Participants into the netting system administered by RBS, with each amount denominated in the currency in which the corresponding obligation is due. RBS then calculates the net amount owed to, or due from, each Netting Participant. Each Netting Participant that owes funds on a net basis transfers such payment, denominated in the Netting Participant's local currency, to the assigned account

[9] Historically, the non-Debtor foreign affiliates have been self-sustaining and cash generating, with funds generally flowing up to the U.S. parent through dividends and/or royalties. From time to time, funds have flowed out of the U.S. cash management system to the foreign subsidiaries in the form of intercompany loan and/or capital contributions to address statutory requirements or liquidity needs. As of the Commencement Date, however, the Debtors do not intend to transfer funds in the form of loans or capital contributions to their non-Debtor foreign subsidiaries, who will otherwise continue to fund their own operations. Furthermore, any transfers of fund to the Debtors' foreign subsidiaries are subject to the terms of the Debtors' proposed senior secured debtor-in-possession credit facility.

held at RBS. Similarly, each Netting Participant that is owed funds on a net basis receives payment from the appropriate RBS account in its local currency.

87. In administering the Netting Program, RBS conducts monthly foreign exchange transactions on the Debtors' behalf to sell or acquire currency as necessary to make payments due to Netting Participants. The Netting Program reduces the number of Intercompany Transactions and foreign exchange transactions required to be entered into by the Netting Participants, as well as the associated costs for such transactions. For this reason, the Netting Program is an essential component of the Debtors' cash management practices. Finally, the Cash Management System and associated accounting processes permit the Debtors to monitor and trace all Intercompany Transactions between entities and, therefore, to ensure all transactions subject to netting are appropriately accounted for by Netting Participants for reporting and other purposes.

88. Service Charges. The Debtors incur periodic service charges and other fees to the Banks in connection with the maintenance of the Cash Management System (the "**Service Charges**"), including, without limitation, in connection with the Netting Program, which average approximately $70,000 per month for domestic Banks. Payment of the prepetition Service Charges is in the best interests of the Debtors and all parties in interest in these chapter 11 cases, as it will prevent any disruption to the Cash Management System.

89. Existing Business Forms. In the ordinary course of business, the Debtors use a multitude of check types. Additionally, the Debtors use a variety of correspondence and business forms, including, but not limited to, purchase orders, checks, and other business forms (collectively, the "**Business Forms**"). To minimize the expense to the Debtors' estates associated with developing and, or, purchasing entirely new forms, the delay in conducting

business prior to obtaining such forms and the confusion of suppliers and other vendors, the Debtors seek authority to continue to use their Business Forms as such forms existed immediately prior to the Commencement Date, without reference therein to the Debtors' status as debtors in possession. The Debtors will use their reasonable best efforts to mark "debtor in possession" on their Business Forms as soon as reasonably practicable following the Commencement Date.

90. Strict enforcement of the U.S. Trustee Guidelines in these chapter 11 cases would severely disrupt the ordinary financial operations of the Debtors by reducing efficiencies and creating unnecessary expenses. Absent the relief requested in the Cash Management Motion, the Debtors would be unable to effectively and efficiently maintain their financial operations, which would cause significant harm to the Debtors and their estates and creditors. By avoiding the disruption and delay to the Debtors' payroll, disbursement, and collection activities that would result from closing the Bank Accounts and opening new accounts, and preserving business continuity, all parties in interest, including employees, vendors, customers, and creditors, will be best served by the relief requested in the Cash Management Motion. Granting the relief requested will provide the Debtors, their business operations, and all parties in interest, with considerable benefits.

Motion of Debtors for an Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, and 364 and Fed. R. Bankr. P. 2002, 4001, and 9014, and Local Rule 4001-2 (i) Authorizing the Debtors to Obtain Postpetition Financing, (ii) Granting Liens And Providing Superpriority Administrative Expense Priority, (iii) Authorizing the Use of Cash Collateral and Providing for Adequate Protection, (iv) Modifying the Automatic Stay, and (V) Scheduling a Final Hearing

91. By this motion (the "**DIP Motion**"), the Debtors request entry of an order (the "**DIP Order**"): (a) authorizing the Debtors to (i) obtain senior secured, superpriority, postpetition financing in the form of a first lien new money superpriority priming revolving

credit facility with a maximum outstanding principal amount of approximately $105 (the "**Facility**") comprised of a term loan in the aggregate principal amount of $45 million (the "**New Money Loan**") and a refinancing term loan and letter of credit facility in the aggregate principal amount of $60 million (the "**Refinancing Loan**" and, together with the New Money Loan, the "**Loans**") pursuant to the terms and conditions of the Credit Agreement by and between Reader's Digest, as Borrower, RDA and its Debtor-affiliates as Guarantors, the Administrative Agent, and the DIP Lenders; (ii) execute and deliver the definitive loan documentation relating to the Facility, including the credit agreement (the "**Credit Agreement**") and related security and closing documents (collectively, the "**Definitive Documentation**"); (iii) use proceeds (x) in respect of the New Money Loan for the purpose of (1) operating the Debtors' business during the pendency of these chapter 11 cases, (2) paying fees and expenses of the professionals retained by the Debtors, the DIP Lenders, and the Administrative Agent, and (3) financing the adequate protection obligations, all in accordance with the Budget and subject to the financial covenants, terms, conditions, and limitations set forth in the Definitive Documentation, the Credit Agreement, and the DIP Orders, and (y) in respect of the Refinancing Loan, to repay in full the loans and obligations under the Existing Credit Agreement; (iv) to grant the Administrative Agent, for the benefit of the DIP Lenders, a security interest in and valid, enforceable, non-avoidable and fully perfected liens on all of the property of the Debtors' respective estates in the Cases to secure all obligations of the Borrower under the Definitive Documentation (collectively, the "**Obligations**"); and (v) to use cash collateral and provide adequate protection to the noteholders under a certain prepetition Indenture on account of the priming of their existing liens by the Loans, and for any diminution in value of the noteholders' respective prepetition collateral, including cash collateral; (b) authorizing RDA, on an interim basis, to borrow from

the DIP Lenders up to a maximum outstanding principal amount of $11,000,000 of the New Money Loan; (c) authorizing the Guarantors to guaranty the Obligations; (d) granting to the Administrative Agent and the DIP Lenders superpriority administrative expense claims in each of these chapter 11 cases with respect to the Obligations; (e) providing adequate protection to the lenders under the Existing Primed Secured Facilities on account of the priming of their prepetition liens by the Loans, and for any Diminution in Value of their respective interests in the prepetition Collateral, including the Cash Collateral; and (f) modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the Definitive Documentation and the DIP Orders.

92. Material provisions of the DIP Credit Agreement are set out in the DIP Motion pursuant to, and in accordance with, Bankruptcy Rule 4001(c)(1)(B)(i)-(xi) (relating to obtaining credit), Bankruptcy Rule 4001(b)(1)(B)(i)-(iv) (relating to the use of cash collateral), and Local Rule 4001-2(a)-(i) (relating to the use of cash collateral and obtaining credit).

93. As set forth above, the Loans were negotiated at arms' length and are the product of hard fought, good faith negotiations. The Debtors have determined that entering into the DIP Credit Agreement, obtaining the right to use Cash Collateral, and providing the adequate protection is appropriate and is necessary on an interim basis under these circumstances. Approval of the Credit Agreement and the use of Cash Collateral will provide the Debtors with immediate and ongoing access to borrowing availability to pay their current and ongoing operating expenses, including postpetition wages and salaries, vendor, and other operational costs (such as rent and utilities). Unless these expenditures are made, the Debtors could be forced to cease operation, which would immediately frustrate the Debtors' ability to reorganize.

Moreover, the implementation of the Loans will be viewed favorably by the Debtors' employees, customers, and trade partners, thereby promoting a successful reorganization.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 363(b) and 105(a) and 363(b) (I) Authorizing Debtors to Pay Prepetition Obligations Owed to Foreign Vendors and Other Critical Vendors, and (II) Authorizing and Directing Financial Institutions to Honor and Process Related Checks and Transfers

94. By this Motion (the "**Foreign Vendors and Other Critical Vendor Motion**"), the Debtors seek authority, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, (a) authorizing, but not directing the Debtors to pay, in their sole discretion in the ordinary course of business, some or all of the prepetition obligations owed to their foreign creditors and other critical vendors (collectively, the "**Trade Claims**"), and (b) authorizing and directing the Debtors' banks to receive, process, honor, and pay, to the extent of funds on deposit, checks or electronic transfers used by the Debtors to pay the Trade Claims without further order of the Court.

95. Due to the limitations of the enforceability of the automatic stay, the risk of foreign creditors' exercising remedial rights, and the critical nature of goods and services provided by foreign creditors, I believe that the relief requested in the Foreign Vendors and Other Critical Vendors Motion is warranted. Moreover, payment of the Trade Claims as proposed will assure the orderly operation of the Debtors' business and avoid costly disruptions and the significant loss of value and irreparable harm arising therefrom.

96. I believe that payment of the Trade Claims owed to the Other Critical Vendors is necessary for the Debtors to preserve operations and successfully reorganize. If there are identified Other Critical Vendors, they provide goods and services that are essential to the Debtors' business enterprise, and any inability or delay in obtaining the same will have severe adverse consequences to the detriment and prejudice of all stakeholders. During the early stages

of these chapter 11 cases, Other Critical Vendors may attempt to assert their leverage and deny services going forward, suddenly and without notice, to disable operations, and coerce payment. Replacing these suppliers is either not feasible or would cause the Debtors to incur significant cost and delay that would effectively cripple the Debtors' ability to operate. Indeed, if the Other Critical Vendors' Trade Claims cannot be satisfied, the Debtors' reorganization efforts likely would be derailed, causing irreparable harm to the Debtors, their creditors, and other parties in interest. Authorizing, but not requiring, the Debtors to pay the Other Critical Vendor Trade Claims will enable the Debtors to continue to publish magazines, sell books, music and video products, and deliver services to their millions of customers.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 363(c) (I) Authorizing the Debtors to Pay and Honor Prepetition Obligations to Customers and to Otherwise Continue Customer Programs and Practices in the Ordinary Course of Business and (II) Authorizing and Directing the Disbursement Banks to Honor and Process Related Checks and Transfers

97. The Debtors request the authority to maintain and administer a wide-variety of innovative marketing strategies, promotions, merchandising practices and purchasing programs (collectively, the "**Customer Programs**") and to pay prepetition obligations related thereto in the ordinary course of business and in a manner consistent with past practice. The Debtors' Customer Programs include:

- *Consumer Programs*, including subscriptions, refunds and billing adjustments, sweepstakes and contests, consumer purchasing incentives and other promotions, reader-generated content, and cooking schools;

- *Advertiser Programs*, including traditional advertisements such as print advertisements, free-standing inserts, digital advertisements, and digital advertisements sold through media sales networks, and bartering arrangements, including cross-platform exchanges of media space between companies and trading media space for trade credits with strategic partners who lack media platforms; and

- *Merchant Programs*, including retail marketing programs, custom publishing programs, affiliate purchasing programs, and marketing and co-branding programs.

98. The Customer Programs are designed to acquire and retain customers, grow market share and, ultimately, generate sales and enhance long-term viability. The Debtors believe such programs and practices have been successful business strategies that play an important role in the purchasing decisions of customers within the Debtors' markets and distribution channels.

99. The Debtors request authority pursuant to the interim and final orders to maintain and administer the Customer Programs and to pay prepetition obligations related thereto in the ordinary course of business and in a manner consistent with past practice. Certain of these obligations will become due and owing within twenty (20) days following the Commencement Date, and the Debtors will suffer immediate and irreparable harm absent the authority requested to be granted pursuant to the interim order.

100. In order to maintain the Debtors' reputation for reliability and to maintain the loyalty, goodwill and support of their Customers, the Debtors must maintain their Customer Programs in the ordinary course of business and honor their obligations thereunder. I believe that maintaining the Customer Programs will encourage the Debtors' Customers to continue to purchase the Debtors' products and, ultimately, lead to increased revenue.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a)(8), and 541 (I) Authorizing, but Not Directing, Debtors to Pay Prepetition Taxes and Assessments, and (II) Authorizing and Directing Financial Institutions to Honor and Process Related Checks and Transfers

101. The Debtors request the entry of interim and final orders granting the Debtors the authority to pay certain sales, use, franchise, property, income and other taxes, as well as certain other annual fees and obligations (the "**Taxes and Assessments**") that accrued or

arose in the ordinary course of business prior to the Commencement Date. In the ordinary course of business, the Debtors incur and/or collect Taxes and Assessments and remit such Taxes and Assessments to various governmental authorities.

102. The Debtors' Fees also include amounts paid to monitor and maintain the value of their intellectual property, including approximately 1,490 foreign registered and pending trademarks in approximately 115 countries. The Debtors spend approximately $110,000 per year for these services, a substantial portion of which goes to reimburse the firms for fees paid on behalf of the Debtors to the applicable regulatory agencies and governmental authorities. The Debtors estimate that approximately $15,000 may be outstanding as of the Commencement Date.

103. The Debtors must continue to pay the Taxes and Assessments to continue operating in certain jurisdictions and to avoid costly distractions during the chapter 11 cases. Additionally, many of the Taxes and Assessments are collected or withheld by the Debtors on behalf of the applicable governmental authorities and are held in trust by the Debtors. Specifically, it is my understanding that the Debtors' failure to pay the Taxes and Assessments could adversely affect the Debtors' business operations because the governmental authorities could assert liens on the Debtors' property, assert penalties and/or significant interest on past-due taxes, or possibly bring personal liability actions against directors, officers, and other employees in connection with non-payment of the Taxes and Assessments.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105 and 363(B) Authorizing Payment of Certain Prepetition (I) Shipping and Delivery Charges for Goods in Transit and (II) Customs Duties and Charges

104. The Debtors seek authority to (a) pay those prepetition shipping and delivery charges to Shippers and Warehousemen that the Debtors determine, in the exercise of their business judgment, to be necessary or appropriate to obtain the release of goods, raw

materials, parts, components, materials, equipment or other items (collectively, the "**Goods**") held by any Shippers and Warehousemen; and (b) pay prepetition custom duties and such other related prepetition import expenses and other charges as the Debtors determine, in the exercise of their business judgment, to be necessary or appropriate to obtain Goods in transit and to satisfy related liens, if any.

105. The critical need for the continued receipt and distribution of Goods that Shippers or Warehousemen may hold on the Commencement Date amply justifies the grant of the relief sought herein. The prompt payment to Shippers and Warehousemen, which may be necessary to obtain delivery of the Goods in their possession, is crucial for the orderly and efficient operation of the Debtors' business. Unless the Debtors have the authority to pay for these essential services, their businesses will suffer irreparable harm.

106. Additionally, it is critical that the Debtors obtain relief to pay Customs Duties to avoid the imposition of monetary penalties or other sanctions by the U.S. Customs Service or by non-U.S. customs authorities. Moreover, absent payment, the Debtors' customs brokers, the U.S. Customs Service, and non-U.S. customs authorities might assert liens against the Imported Goods, which could interfere with the delivery of such goods to the Debtors and substantially disrupt their ongoing operations. Non-U.S. customs authorities also might take action against the Debtors in their respective jurisdictions.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a), 362, 262(b), and 503(b) (I) Authorizing but Not Directing, Debtors to (A) Continue Their Insurance Programs, and (B) Pay All Insurance Obligations, and (II) Authorizing and Directing Financial Institutions to Honor and Process Related Checks and Transfers

107. The Debtors request the entry of an order authorizing the Debtors to: (a) continue, in their discretion, their prepetition insurance coverage; (b) pay, in their discretion, all insurance premiums and obligations; and (c) authorize and direct the Debtors' banks and

other financial institutions to receive, honor, process, and pay any and all checks or electronic fund requests relating to the Debtors' insurance obligations.

108. In the ordinary course of their businesses, the Debtors have maintained and continue to maintain a number of insurance policies that benefit the Debtors' estates. Continuation of such policies is essential to the preservation of the Debtors' business, property, and assets. In many cases, the coverage under such policies is required by various regulations, laws, and contracts that govern the Debtors' business conduct. If the Debtors' Insurance Programs lapse without renewal, the Debtors could be exposed to substantial liability to the detriment of all parties in interest. Additionally, in order to comply with the U.S. Trustee Guidelines, the Debtors must maintain their Insurance Programs. I understand that as part of the effort to obtain comprehensive insurance coverage for the Debtors' operations in the most cost-effective manner, the Debtors maintain brokerage agreements with a number of brokers who assist in procuring and negotiating favorable policies and premiums for the Debtors.

109. To the best of their knowledge and belief, the Debtors do not anticipate having any outstanding Insurance obligations due and owing in the next thirty (30) days, or any outstanding Insurance obligations that accrued or arose in the ordinary course of business prior to the Commencement Date.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 366 (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment to Utilities, (II) Establishing Procedures for Resolving Objections by Utility Companies, and (III) Prohibiting Utilities from Altering, Refusing, or Discontinuing Service

110. To ensure the uninterrupted supply of water, electricity, natural gas, waste management, telephone, and other utility services (collectively, the "**Utility Services**"), as that term is used in section 366 of the Bankruptcy Code, which are critical to the operations of the Debtors' businesses, the Debtors request, pursuant to sections 366 and 105(a) of the Bankruptcy

Code, entry of an order (a) approving the Debtors' proposed form of adequate assurance of payment for postpetition Utility Services; (b) establishing procedures for resolving objections by Utility Companies relating to the adequacy of the proposed adequate assurance; and (c) prohibiting the Utility Companies from altering, refusing, or discontinuing service to, or discriminating against, the Debtors because of the commencement of these chapter 11 cases or a debt that is owed by the Debtors for Utility Services rendered prior to the Commencement Date.

111. In the ordinary course of their businesses, the Debtors incur expenses for Utilities Services from approximately twenty (20) providers, who provide these services through various accounts. I believe that uninterrupted Utility Services are essential to the Debtors' ongoing operations. Additionally, any interruption of Utility Services, even for a brief period of time, likely would negatively affect the Debtors' reorganization efforts. Therefore, it is critical that Utility Services continue uninterrupted during the chapter 11 cases.

112. I believe and I am advised that the proposed procedures are necessary in the chapter 11 cases because if such procedures are not approved, the Debtors could be forced to address numerous requests by the Utility Companies for adequate assurance in a disorganized manner during the critical first weeks of the chapter 11 cases. Moreover, a Utility Company could blindside the Debtors by unilaterally deciding—on or after the thirtieth (30th) day following the Commencement Date—that it is not adequately protected and threaten to discontinue service or make an exorbitant demand for payment to continue service. Discontinuation of Utility Service could disrupt operations and jeopardize the Debtors' reorganization efforts and, ultimately, their value and creditor recoveries.

Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals

113. The Debtors request the entry of an order establishing and orderly, regular process for the monthly allowance and payment of compensation and reimbursement of expenses for professionals whose services are authorized by the Court pursuant to sections 327 or 1103 of the Bankruptcy Code and who will be required to file applications for allowance of compensations and reimbursement of expenses. It is my belief that establishing orderly procedures to pay the Debtors' professionals and attorneys whose retentions are approved by this Court and who will be required to file applications for the allowance of compensation and reimbursement of expenses will streamline the administration of these chapter 11 cases and otherwise promote efficiency for the Court, the Office of the United States Trustee for the Southern District of New York and all parties in interest.

Motion of Debtors for Entry of Order Pursuant to 11 U.S.C§§ 105(a), 327, 328, and 330 Authorizing Debtors to Employ Certain Professionals Used in the Ordinary Course of Business Nunc Pro Tunc to the Commencement Date

114. The Debtors seek entry of an order authorizing the Debtors to (i) establish procedures to retain and compensate professionals employed in the ordinary course of business without the need to submit separate employment and retention applications for each professional, and (ii) authorizing the Debtors to compensate and reimburse said professionals without individual fee applications.

115. In the past, these ordinary course professionals have provided the Debtors professional services relating to matters such as general corporate counseling, audit services, litigation, intellectual property, tax, employee related issues, as well as other services relating to issues that have a direct and significant impact on the Debtors' day-to-day operations. I believe

that it is essential that the employment of these professionals, many of whom are already familiar with the Debtors' business and financial affairs, be continued to avoid disruption of the Debtors' normal business operations. I further believe that the proposed employment of these professionals and the payment of monthly compensation pursuant to the motion are in the best interests of the Debtors' estates and creditors. The relief requested will save the Debtors' estates substantial expense associated with preparing and filing separate applications to retain each professional and will prevent the estates from incurring additional fees for the preparation and prosecution of interim fee applications during the cases.

V.

Information Required by Local Rule 1007-2

116. In accordance with Local Rule 1007-2, the schedules attached hereto provide certain information related to the Debtors.

117. Pursuant to Local Rule 1007-2(a)(3), **Schedule 1** hereto lists the names and addresses of the members of, and attorneys for, any committee organized prior to the Commencement Date and a brief description of the circumstances surrounding the formation of the committee and the date of its formation.

118. Pursuant to Local Rule 1007-2(a)(4), **Schedule 2** hereto lists the following information with respect to each of the holders of the Debtors' forty (40) largest unsecured claims on a consolidated basis, excluding claims of insiders: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; the name(s) of persons(s) familiar with the Debtors' accounts, the approximate amount of the claim, and an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.

119. Pursuant to Local Rule 1007-2(a)(5), **Schedule 3** hereto provides the following information with respect to each of the holders of the five (5) largest secured claims against the Debtors on a consolidated basis: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; the approximate amount of the claim; a brief description of the collateral securing the claim; an estimate of the value of the collateral, and whether the claim or lien is disputed.

120. Pursuant to Local Rule 1007-2(a)(6), **Schedule 4** hereto provides a summary of the (unaudited) consolidated assets and liabilities for the Debtors and their non-debtor affiliates.

121. Pursuant to Local Rule 1007-2(a)(7), **Schedule 5** hereto provides the following information: the number and classes of shares of stock, debentures, and other securities of the Debtors that are publicly held and the number of record holders thereof; and the number and classes of shares of stock, debentures, and other securities of the Debtors that are held by the Debtors' directors and officers, and the amounts so held.

122. Pursuant to Local Rule 1007-2(a)(8), **Schedule 6** hereto provides a list of all of the Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor, or agent for any such entity, giving the name, address, and telephone number of each such entity and the location of the court in which any proceeding relating thereto is pending.

123. Pursuant to Local Rule 1007-2(a)(9), **Schedule 7** hereto provides a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their business.

124. Pursuant to Local Rule 1007-2(a)(10), **Schedule 8** hereto provides the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

125. Pursuant to Local Rule 1007-2(a)(11), **Schedule 9** hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment against the Debtors or a seizure of their property may be imminent.

126. Pursuant to Local Rule 1007-2(a)(12), **Schedule 10** hereto provides a list of the names of the individuals who comprise the Debtors' existing senior management, their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

127. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), **Schedule 11** hereto provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, stockholders, and partners) and the estimated amount to be paid to officers, stockholders, directors, members of any partnerships, and financial and business consultants retained by the Debtors for the thirty (30) day period following the filing of the Debtors' chapter 11 petitions as the Debtors intend to continue to operate their business.

128. Pursuant to Local Rule 1007-2(b)(3), **Schedule 12** hereto provides, for the thirty (30) day period following the filing of the chapter 11 petitions, a list of estimated cash receipts and disbursements, net cash gain or loss, obligations, and receivables expected to accrue that remain unpaid, other than professional fees.

V.

Conclusion

129. The above illustrates the factors that have precipitated the commencement of the chapter 11 cases and the critical need for the Debtors to restructure their financial affairs and operations. The provisions of chapter 11 will assist in enabling the Debtors to achieve their objective of reestablishing themselves as a viable economic enterprise able to compete in its marketplace to the benefit of its economic stakeholders, employees, and the public it serves.

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

/s/ Robert E. Guth
Robert E. Guth
President and Chief Executive Officer
RDA Holding Co. and
The Reader's Digest Association, Inc.

SCHEDULES

Schedule 1

Committees

Pursuant to Local Rule 1007-2(a)(3), the Debtors believe that the Ad Hoc Committee of Senior Secured Noteholders (the "**Ad Hoc Committee**") is the only committee that has been formed prior to the Commencement Date. As of the Commencement Date, the Ad Hoc Committee is comprised of GoldenTree Asset Management, LP, Empyrean Capital, and Apollo Management LP and, to the best of the Debtors' knowledge and belief, the members of the Ad Hoc Committee collectively hold approximately seventy percent (70%) of the Debtors' Senior Secured Notes.

Schedule 2

Consolidated List of 40 Largest Unsecured Claims (Excluding Insiders)[1]

Pursuant to Local Rule 1007-2(a)(4), the following is a list of creditors holding, as of February 15, 2013, the forty (40) largest noncontingent, unsecured claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Nature of Claim	C U D P[2]	Amount of Claim
1	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE	Wells Fargo Bank, National Association, 150 East 42nd Street New York, NY 10017 Attn: Corporate Trust Services— Reader's Digest Assoc. Administrator Telephone: (917) 260-1544 Facsimile: (917) 260-1545 martin.g.reed@wellsfargo.com	Indenture	P	Deficiency claim amount to be determined
2	LUXOR CAPITAL GROUP, LP, AS ADMINISTRATIVE AGENT	Luxor Capital Group 1114 Avenue of Americas 29th Floor New York, NY 10036 Attn: Operations Department Telephone: (212) 763-8000 Facsimile: (212) 763-8001 Ops@luxorcap.com	Unsecured Term Loan		$10,000,000.00
3	FEDERAL TRADE COMMISSION	Federal Trade Commission Bureau of Consumer Protection 600 Pennsylvania Avenue NW Washington, DC 20580 Attn: James Kohm, Associate Director for Enforcement Telephone: (202) 326-2996 Debrief@ftc.gov	Settlement Claim	U	$8,753,266.00
4	WILLIAMS LEA	Williams Lea 1 Dag Hammerskjold Plaza, 8th Floor New York, NY 10017 Attn: Frank Oliveri, President & COO Telephone: (212) 351-9050 Facsimile: (212) 351-9196 Frank.Olivieri@williamslea.com	Trade Claim		$5,970,280.02
5	HCL TECHNOLOGIES LIMITED	HCL Technologies Limited 1950 Old Gallows Road Vienna, VA 22182 Attn: Rajiv Khanna, Sr. Account Director Telephone: (203) 895-7493 rkhanna@hcl.in	Trade Claim		$4,366,621.99

[1] The information herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. All claims are subject to customary offsets, rebates, discounts, reconciliations, credits, and adjustments, which are not reflected on this Schedule.

[2] C: Contingent; U: Unliquidated; D: Disputed; P: Partially Secured

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Nature of Claim	C U D P[2]	Amount of Claim
6	QUAD/GRAPHICS INC	Quad Graphics N63W 23075 State Hwy. 74 Sussex, WI 53089-2827 Attn: Joel Quadracci, President Telephone: (414) 566-2020 Facsimile: (414) 566-4650 joel.quadracci@qg.com	Trade Claim	P	$3,588,199.75
7	RR DONNELLEY RECEIVABLES INC	RR Donnelley Receivables 6 Cambridge Drive, Suite 302 Trumbull, CT 06611 Attn: Scott Weiss, Global Accounts Director Telephone: (203) 854-1961 Facsimile: (203) 365-7225 scott.d.weiss@rrd.com	Trade Claim	P	$1,615,318.04
8	MICROSOFT LICENSING GP	Microsoft 1290 Avenue of the Americas Sixth Floor New York, NY 10104 Attn: Trevor Snow, Corporate Account Manager Telephone: (201) 334-7143 Facsimile: (212) 245-3290 tsnow@microsoft.com	Trade Claim		$984,880.25
9	INFOCROSSING INCORPORATED	Wipro 2 Christie Heights Street Leonia, NJ 07605 Attn: Nick Letizia, Senior VP & General Counsel Telephone: (201) 840-4717 nick.letizia@wipro.com	Trade Claim		$884,797.51
10	SIMON & SCHUSTER INC.	Simon & Schuster 1230 Avenue of the Americas New York, NY 10020 Attn: Dennis Eulau, Chief Operating Officer Telephone: (212) 698-7328 dennis.eulau@simonandschuster.com	Trade Claim		$614,032.00
11	DANIEL M. LAGANI	*To be provided to the United States Trustee for the Southern District of New York*	Severance Claim		$553,846.00
12	DAN MEEHAN	*To be provided to the United States Trustee for the Southern District of New York*	Employment Agreement		$508,750.00
13	ANGEL.COM	Angel.com 8219 Leesburg Pike Vienna, VA 22182 Attn: David Rennyson, President Telephone: (703) 663-7811 drennyson@angel.com	Trade Claim		$410,624.08
14	AEGIS USA INC.	Aegis USA, Inc. 1100 Gendon Ave, Suite 1250 Los Angeles, CA 90024 Attn: Ashish Chatuvedi Telephone: (632) 885-8000 Ext. 58407 achaturvedi@aegisglobal.com	Trade Claim		$367,938.78
15	JONES LANG LA SALLE BROKERAGE, INC.	Jones Lang LaSalle Brokerage 330 Madison Avenue New York, NY 10017 Attn: Mitchell Konsker, Vice Chairman Telephone: (212) 812-5766 mitchell.konsker@am.jll.com	Trade Claim		$345,910.38

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Nature of Claim	C U D P[2]	Amount of Claim
16	DATAPOINT MEDIA, INC	Datapoint Media 318 Bear Hill Road, Suite 4 Waltham, MA 02451 Attn: Kevin O'Malley, Co-Founder Telephone: (781) 373-2073 komalley@datapointmedia.com	Trade Claim		$308,047.13
17	ANETORDER, INC	Anet Corporation 820 Frontenac Road Naperville, IL 60563 Attn: Shane Randall, President & CEO Telephone: (630) 579-8800 srandall@anetorder.com	Trade Claim	P	$304,244.77
18	NESS USA, INC.	Ness USA, Inc. 160 Technology Drive Canonsburg, PA 15317 Attn: Richard Kilpatrick Telephone: (201) 424-0790 richard.kilpatrick@ness.com	Trade Claim		$265,593.18
19	AMERICAN CUSTOMER CARE	American Customer Care 225 N. Main St. Bristol, CT 06010 Attn: Rodd Furlough Telephone: (800) 660-0130 Facsimile: (800) 267-0846 rfurlough@americancustomercare.com	Trade Claim		$248,341.13
20	MARK JANNOT	*To be provided to the United States Trustee for the Southern District of New York*	Severance Claim		$279,808.00
21	RICH LEE	*To be provided to the United States Trustee for the Southern District of New York*	Severance Claim		$218,269.00
22	MBI GROUP INC	MBI Group, Inc. 48 W 37th Street 9th Floor New York, NY 10018 Attn: Joe Esposito, Owner Telephone: (212) 376-4400 Facsimile: (212) 376-6260 jesposito@mbiny.com	Trade Claim		$211,572.46
23	ELEVATION MANAGEMENT LLC	Elevation Management, LLC 23400 Mercantile Road Suite 10 Beachwood, OH 44122 Attn: Denny Young, President Telephone: (216) 696-7776 dyoung@elevationgroup.com	Trade Claim		$205,587.50
24	THE HARRY FOX AGENCY INCORPORATED	The Harry Fox Agency 40 Wall Street 6th Floor New York, NY 10005-1344 Attn: Michael Simon, President & CEO Telephone: (212) 834-0100 Facsimile: (646) 487-6779	Royalty Claim		$177,000.00
25	PROFESSIONAL SYSTEMS CORP DBA REVSPRING	PSC Info Group 105 Montgomery Avenue Oaks, PA 19456 Attn: Tim Schriner, President Telephone: (610) 650-3900	Trade Claim		$172,476.86

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Nature of Claim	C U D P[2]	Amount of Claim
26	KBACE TECHNOLOGIES, INC.	KBace Technologies 6 Trafalgar Square Nashua, NH 03063 Attn: Babul Challa Telephone: (603) 821-7863 bchalla@kbace.com	Trade Claim		$161,127.90
27	CANON BUSINESS SOLUTIONS	Canon Business Solutions 1311 Mamaroneck Avenue White Plains, NY 10605 Attn: Michael Paul Pelletier, Major Account Executive Telephone: (914) 286-8963 mpelletier@csa.canon.com	Trade Claim		$157,282.41
28	WESTAFF	Westaff 3820 State Street Santa Barbara, CA 93105 Attn: D. Stephen Sorenson, CEO Telephone: (800) 882-2200	Trade Claim		$154,729.21
29	IBM	IBM North Castle Drive Armonk, NY 10504 Attn: Brendan King Telephone: (914) 765-5233 bking@us.ibm.com	Trade Claim		$140,080.10
30	SESAME WORKSHOP	Sesame Workshop 1 Lincoln Plaza New York, NY 10023 Attn: Scott Chambers, Senior Vice President, Worldwide Media Distribution Telephone: (212) 875-6782 scott.chambers@sesameworkshop.org	Royalty Claim		$138,662.81
31	HUNG HING OFFSET PRINTING COMPANY	Hung Hing Offset Printing 17-19 Dai Hei Street Tai Do Industrial Estate New Territories, Hong Kong Attn: Sung Chee Keung, Executive Director Telephone: (852) 2664-8682 Facsimile: (852) 2664-2070	Trade Claim		$137,307.92
32	SPRING FILMS LTD	Spring Films 98 Mortlake Road Richmond Surrey TW9 4AS United Kingdom Attn: Lynette Singer, Director & Executive Producer Telephone: +44 (0) 20.3327.4930 lynette.singer@springfilms.org	Trade Claim		$135,000.00
33	ROBERT D NEWMAN	*To be provided to the United States Trustee for the Southern District of New York*	Severance Claim		$132,600.00
34	FEDERAL EXPRESS CORPORATION	Federal Express 29 Toelles Road Wallingford, CT 06492 Attn: Robert Baldwin, Managing Director Worldwide Services Telephone: (203) 265-0650 Facsimile: (203) 265-0662 rbaldwin@fedex.com	Trade Claim	P	$127,890.55

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Nature of Claim	C U D P[2]	Amount of Claim
35	GOOGLE INC	Google, Inc. 1600 Amphitheatre Parkway Mountain View, CA 94043 Attn: Marven Laurino Telephone: (866) 954-0453 Ext. 8963 Facsimile: (650) 963-3574 m.laurino@google.com	Trade Claim		$123,539.91
36	C. H. ROBINSON INTERNATIONAL, INC.	CH Robinson International 14701 Charlson Road Eden Prarie, MN 55347 Attn: Jason Luedtke, Director Transportation Telephone: (952) 683-3772 jason.luedtke@chrobinson.com	Trade Claim	P	$116,389.60
37	DISNEY PUBLISHING WORLDWIDE	Disney Publishing Worldwide 1101 Flower Street Glendale, CA 91201 Attn: Rajmohan Murari, SVP & Group Publisher Telephone: (818) 544-1051 Facsimile: (818) 260-4165 rajmohan.murari@disney.com	Royalty Claim		$112,280.00
38	OUTSOURCED AD OPS	Outsourced Ad Ops 451 Broadway Third Floor New York, NY 10013 Attn: Craig Leshen, President Telephone: (212) 226-6788	Trade Claim		$111,634.09
39	BRITE MEDIA GROUP LLC	3 Corporate Drive Cranbury, NJ 08512 Attn: Pete D'Andrea, Senior Vice President Telephone: (609) 642-4940	Trade Claim		$100,398.00
40	SHANGHAI PRESS DEVELOPMENT COMPANY	Shanghai Press and Publishing Development Company F No. 7, Donghu Road Shanghai, 200031 China	Contract Claim	D U	Amount Unknown

Schedule 3

Consolidated List of Holders of 5 Largest Secured Claims

Pursuant to Local Rule 1007-2(a)(5), the following chart lists the creditors holding, as of December 31, 2012, the five largest secured, noncontingent claims against the Debtors, on a consolidated basis, excluding claims of insiders as defined in 11 U.S.C. § 101.

No.	Creditor	Contact, Mailing Address, Telephone Number/Fax Number, Email	Amount of Claim	Type of Collateral
1	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT	Wells Fargo Bank, National Association 625 Marquette Avenue, 11th Floor MAC: N9311-110 Minneapolis, MN 55402 Attn: Reader's Digest Administrator Telephone: (612) 667-8968 Facsimile: (612) 667-9825 AndrewJ.Nyquist@wellsfargo.com	$59,266,267.00 + Accrued interest and fees	Secured by substantially all of the Debtors' assets
2	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE	Wells Fargo Bank, National Association, 150 East 42nd Street New York, NY 10017 Attn: Corporate Trust Services— Reader's Digest Assoc. Administrator Telephone: (917) 260-1544 Facsimile: (917) 260-1545 martin.g.reed@wellsfargo.com	$464,400,000.00+ Accrued interest	Secured by substantially all of the Debtors' assets
3	PAYMENTECH, LLC	Paymentech, LLC Attn: Donna Levesque 4 Northeastern Blvd. Salem, NH 03079 Telephone: (603) 896-8352 Facsimile: (603) 896-8717 donna.levsque@chasepaymentech.com	$4,000,000.00	Cash deposit
4	STATE OF NEW YORK	State of New York Department of State Attn: Miscellaneous Records Bureau One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001 Telephone: (518) 474-4773	$1,666,231.00	Various cash deposits
5	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	JPMorgan Chase Bank, National Association Global Commercial Card Attn: Elizabeth X. Stahl 330 S. Riverside Plaza, 9th Floor Mail Code IL1-0199 Chicago, IL 60606	$550,000	Cash deposit

Schedule 4

Consolidated Balance Sheet (Unaudited)[3]
as of December 31, 2012

(*dollars in millions*)

	December 31, 2012
Assets	
Cash And Cash Equivalents	116.7
Short-Term Restricted Cash	6.9
Short-Term Marketable Securities	-
Net Accounts Receivable	139.2
Inventories - Net	44.3
Prepaid Promotion Costs	15.6
Other Current Assets	106.1
Assets Held For Sale	13.5
Current Assets	**442.3**
Fixed Assets - Net	43.3
Long-Term Restricted Cash	7.8
Goodwill - Net	256.0
Other Intangible Assets - Net	195.9
Pension Benefits	139.8
Other Non-Current Assets	33.3
Total Assets	**1,118.4**
Liabilities & Stockholder's Equity	
ST Notes Payable	513.3
Payables	99.1
Accrued Expenses	98.3
Income Taxes Payable	3.2
Unearned Revenue - ST	200.6
Other Current Liabilties	21.7
Liabilities Held For Sale	10.0
Current Liabilities	**946.2**
Long-term Debt	-
Unearned Revenue - LT	100.8
Accrued Pension	6.5
Post Ret & Emp Benefits	7.6
Other Non-Current Liabilities	123.4
Total Liabilities	**1,184.5**
Common Stock	-
Treasury Stock	(30.2)
APIC	595.7
Accumulated Deficit	(636.7)
Accumulated other comprehensive income	5.1
Total Stockholder's Equity	(66.1)
Liabilities And Stockholder's Equity	**1,118.4**

[3] The unaudited consolidated balance sheet is provided on a company-wide basis, including the Debtors and their non-debtor affiliates.

Schedule 5

Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), the following chart lists the securities of the Debtors that are publicly held ("**Securities**") and the number of holders thereof.[4]

The outstanding common stock of RDA Holding Co. is privately held, and there is no established public trading market for such common stock.

Public Notes

Type of Security	Aggregate Principal Face Amount	Approximate Number of Record Holders	As of
Floating Rate Senior Secured Notes due 2017	$464,400,000	30	December 31, 2012

[4] Certain of the Debtors' directors and officers directly, or indirectly through their affiliates, own common stock of RDA Holding Co. in an aggregate amount less than thirteen percent (13%). The Debtors do not believe that any of their directors or officers own any of their public notes.

Schedule 6

Debtors' Property Not in the Debtors' Possession

Pursuant to Local Rule 1007-2(a)(8), the following lists the Debtors' property that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity:

Type of Property	Party in Possession of the Property	Address & Telephone Number of Party in Possession of the Property	Location of Court Proceeding, if Applicable
Stock Certificates	Wells Fargo Bank, National Association	Andrew J. Nyquist Wells Fargo Bank, National Association 625 Marquette Avenue, 11th Floor MAC: N9311-110 Minneapolis, MN 55402 Telephone: (612) 667-8968 Facsimile: (612) 667-9825 AndrewJ.Nyquist@wellsfargo.com	N/A

In addition to the property listed above, in the ordinary course of business, on any given day, property of the Debtors (including security deposits or other collateral with counterparties to certain commercial relationships) is likely to be in the possession of various third parties, including, shippers, common carriers, materialmen, logistics vendors, distributors, expeditors, warehousemen, printers, other related service providers, or agents, where the Debtors' ownership interest is not affected. Because of the constant movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceeding affecting the property would be impractical.

Schedule 7

Pursuant to Local Rule 1007-2(a)(9), the following lists the property or premises owned, leased, or held under other arrangement from which the Debtors operate their businesses.

Owned Property

Debtor	Street Address	City	State	Zip Code	Country
Reiman Media Group, LLC	5400 S. 60th Street	Greendale	Wisconsin	53129	USA

Leased Property[5]

Debtor	Street Address	City	State	Zip Code	Country
Home Service Publications, Inc.	2915 Commers Drive	Egan	Minnesota	55121	USA
Reader's Digest Sales and Services, Inc.	233 N. Michigan Ave, Suite 1740	Chicago	Illinois	60601	USA
Reader's Digest Sales and Services, Inc.	11111 Santa Monica Blvd, Suite 370	Los Angeles	California	90025	USA
The Reader's Digest Association, Inc.	44 South Broadway	White Plains	New York	10601	USA
The Reader's Digest Association, Inc.	750 Third Ave	New York	New York	10017	USA

[5] The classification of the contractual agreements listed herein as real property leases or property held by other arrangements is not binding upon the Debtors.

Schedule 8

Location of Debtors' Assets, Books, and Records

Pursuant to Local Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

The Debtors, in addition to their non-Debtor affiliates, have assets worldwide of more than $1.1 billion (unaudited and subject to change). The Debtors' substantial assets are primarily located in White Plains, New York; New York, New York; and Milwaukee, Wisconsin.

Books and Records

The Debtors' books and records are located in White Plains, New York.

Debtors' Assets Outside the United States

The Debtors, in addition to their non-Debtor affiliates, have assets worldwide of more than $1.1 billion (unaudited and subject to change), including significant assets held outside the United States through direct and indirect subsidiaries of the Debtors.

Schedule 9

Litigation

Pursuant to Local Rule 1007-2(a)(11), to the best of the Debtors' knowledge and belief, the Debtors are not aware of any actions or proceedings, pending or threatened, against the Debtors or their properties where a judgment against the Debtors or a seizure of their property may be imminent.

Schedule 10

Senior Management

Pursuant to Local Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors' existing senior management, a description of their tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

Name & Position	Responsibilities & Experience
Robert E. Guth *President and Chief Executive Officer*	Robert Guth was named President and CEO of The Reader's Digest Association, Inc. ("**Reader's Digest**" or the "**Company**") in September 2011. He has served on the Reader's Digest Board of Directors since April 2011. Since October 2011, Mr. Guth has served as the chairman of the board of directors and a member of the compensation and audit committees of Lumos Networks, a regional communications services provider. From December 2009 until October 2011, he served as a member of the board of directors and the Nominating and Governance Committee of nTelos Holdings, Corp., a regional wireless and wireline service provider. Mr. Guth also currently serves as a member of the board of directors and Audit Committee of Integra Telecom, an integrated telecommunications service provider, and as a member of the board of directors and compensation committee of Otelco, a telecommunications and local exchange carrier. From 2006-2007, Mr. Guth was President of the Business Markets Group of Level 3 Communications, an internet service provider. From 2002-2006, he served as President and Chief Executive Officer and from 2004-2006 as Chairman, of the telecommunications company TelCove. In this role, he oversaw the restructuring of the company and its sale to Level 3 Communications.
Joseph Held *Senior Vice President, RDA & Global Chief Information Officer*	Joe Held was named Senior Vice President and Global Chief Information Officer for Reader's Digest in May 2011, and has responsibility for the Company's technology worldwide. Mr. Held has more than twenty (20) years of experience in global information technology, most recently as the Senior Vice President and Chief Information Officer for Standard & Poor's from August 2004 to May 2011.

Name & Position	Responsibilities & Experience
Andrea Newborn *Senior Vice President, General Counsel and Secretary*	Andrea Newborn was named General Counsel of Reader's Digest in March 2007. Ms. Newborn subsequently assumed the additional responsibilities of Corporate Secretary, and was promoted to Senior Vice President in 2008. Ms. Newborn joined Reader's Digest in 1991 as a senior attorney. Ms. Newborn is also the Secretary and a member of the Board of Directors of Reader's Digest Partners for Sight Foundation.
Susan Cummiskey *Senior Vice President, Global Human Resources*	Susan Cummiskey was named Senior Vice President, Global Human Resources for Reader's Digest in March 2012. Ms. Cummiskey joined the Company from her practice as a leadership coach and human resources consultant, which she began in 2011. Prior to that, Ms. Cummiskey was Senior Vice President, Human Resources for Bowne & Co., Inc., from 1997 until the company was acquired by RR Donnelley & Sons Company, in December of 2010.
Albert L. Perruzza *Executive Vice President, Business Operations*	Albert L. Perruzza was named Executive Vice President Business Operations in September 2011. Prior to that, he served as the Company's Senior Vice President Global Operations & Information Technology since August 2008 and as Senior Vice President Global Operations & Business Redesign since 1999. Mr. Perruzza has been with the Company since 1972 and has negotiated successful global agreements with key supply chain and service partners.
Susan Fraysse Russ *Vice President, Global Communications and President, Reader's Digest Foundation*	Susan Fraysse Russ was named Vice President of Global Communications for Reader's Digest in August 2010. Previously, she served as Director of Public Affairs for the Company. She is responsible for global internal communications and corporate public relations, as well as community relations, including The Reader's Digest Foundation, for which she serves as Executive Director.
Paul R. Tomkins *Executive Vice President, RDA & Chief Financial Officer*	Paul Tomkins was named Executive Vice President and Chief Financial Officer of Reader's Digest in May 2011. In this role his responsibilities include all aspects of finance and accounting, treasury, tax, auditing and investor relations, mergers and acquisitions, and corporate strategic planning. Prior to joining the Company, he spent more than twenty-seven (27) years with AT&T, Inc., where he held a progression of financial management positions, most recently as Vice President & Controller for AT&T Business Solutions.

Schedule 11

Payroll

Pursuant to Local Rule 1007-2(b)(1)-(2)(A) and (C), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors, and stockholders) and the estimated amount to be paid to officers, stockholders, directors, and financial and business consultants retained by the Debtors, for the 30-day period following the filing of the chapter 11 petitions.

Payments to Employees (Not Including Officers, Directors, and Stockholders)	$930,680
Payments to Officers, Stockholders, and Directors	$69,810
Payments to Financial and Business Consultants	$1.2 million[6]

[6] This amount includes payments to independent contractors, but does not include any payments to the Debtors' attorneys or auditors, or retained professionals.

Schedule 12

Cash Receipts and Disbursements, Net Cash Gain or Loss, Unpaid Obligations and Receivables

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the filing of the chapter 11 petition, the estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	$21,400,000.00
Cash Disbursements	$12,300,000.00
Net Cash Gain	$9,100,000.00
Unpaid Obligations	$18,000,000.00
Uncollected Receivables	$13,600,000.00

EXHIBIT A

Restructuring Support Agreement

EXECUTION COPY

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT is made and entered into as of February 17, 2013 (as amended, supplemented or otherwise modified in accordance with the terms hereof, this "Support Agreement", which defined term shall include all exhibits and schedules annexed hereto including, without limitation, the Term Sheets (as defined below) by and among (i) RDA Holding Co. ("Holding"), The Reader's Digest Association, Inc. (the "Company"), and certain of the Company's subsidiaries set forth on Schedule 1 annexed hereto (together with Holding and the Company, the "Debtors" and excluding Direct Entertainment Media Group, Inc., the "Plan Debtors"), (ii) Wells Fargo Principal Lending, LLC, as issuing lender and sole lender (Wells Fargo Principal Lending, LLC or one of its affiliates, the "Consenting Lender") under that certain Credit Agreement, dated as of March 30, 2012 (the "Credit Agreement") by and among the Debtors, the Consenting Lender and Wells Fargo Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") and (iii) the undersigned holders (the "Consenting Secured Noteholders") of the $464 million outstanding senior secured notes of the Company due 2017 (the "Secured Notes") issued pursuant to that certain Indenture, dated as February 11, 2010 (as amended, supplemented or otherwise modified, the "Indenture") by and among the Debtors, the holders from time to time (the "Secured Noteholders") of the Secured Notes, Wells Fargo Bank, N.A., as indenture trustee (in such capacity, the "Indenture Trustee") and Wilmington Trust FSB, as collateral agent (the "Collateral Agent"). The Consenting Lender and the Consenting Secured Noteholders are collectively referred to herein as, the "Consenting Secured Parties," and together with the Debtors, the "Parties."

WHEREAS

A. The Company and the Consenting Secured Parties have engaged in negotiations to consummate a restructuring of the Company's indebtedness and other obligations, including the Debtors' obligations under the Credit Agreement and the Indenture, pursuant to the terms and conditions set forth in the Restructuring Term Sheet attached hereto as Exhibit A (including the DIP Commitment Letter, the related DIP term sheet (the "DIP Term Sheet"), the interim DIP Order (the "Interim Order"), chapter 11 restructuring term sheet (the "Restructuring Term Sheet"), the first out exit term sheet (the "First Out Exit Term Sheet"), the second out exit term sheet (the "Second Out Exit Term Sheet") and all other exhibits thereto, collectively, the "Term Sheets") and incorporated into this Support Agreement (the "Restructuring Transactions").

B. The Debtors have requested, and the Consenting Secured Parties have agreed, to provide a debtor-in-possession financing facility under that certain credit agreement (the "DIP Credit Agreement") referred to in the Commitment Letter dated as of February 17, 2013 (the "DIP Commitment Letter", which term shall include the Term Sheets attached thereto) subject to the terms and conditions thereof.

C. The Parties anticipate that the Restructuring Transactions will be consummated by all of the Debtors filing voluntary petitions (the "Petitions") under

chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York, White Plains Division (the "Bankruptcy Court") (the date of filing of such voluntary petitions, the "Petition Date", and such cases being the "Chapter 11 Cases").

D. This Support Agreement and the Term Sheets set forth the agreement among the Parties concerning their commitment, subject to the terms and conditions hereof and thereof, to implement and support the Restructuring Transactions.

NOW, THEREFORE, in consideration of the foregoing and the promises, mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound, agrees as follows:

Section 1. Conditions to Effectiveness of Support Agreement.

This Support Agreement shall become effective and binding upon each of the Parties at 12:01 a.m. prevailing Eastern Time on the date on which all of the following conditions are satisfied (the "Effective Date"):

(a) The Consenting Secured Parties or their counsel shall have received duly executed signature pages for this Support Agreement signed by the Debtors;

(b) The Debtors shall have received duly executed signature pages for this Support Agreement from (i) the Consenting Lender and (ii) Consenting Secured Noteholders holding at least 66 2/3% in principal amount of the prepetition outstanding Secured Notes;

(c) The DIP Commitment Letter and the related fee letters shall have been executed by the Debtors and the Consenting Secured Parties party thereto; and

(d) All accrued fees and expenses due to the Consenting Secured Parties and their respective counsel (including one prior counsel for the Consenting Lender) will have been paid.

Section 2. Plan of Reorganization.

2.1 Support of Acceptable Plan.

(a) Subject to Sections 1125 and 1126 of the Bankruptcy Code (if and to the extent applicable), and so long as a Termination Event (as defined below) has not occurred, or has occurred but has been duly waived or cured in accordance with the terms hereof:

(1) each Plan Debtor severally (and not jointly) agrees to:

(i) (A) support and consummate all of the Restructuring Transactions contemplated by the Term Sheets, this Support Agreement and the Acceptable Plan (as defined in Section 2.1(a)(1)(ii)), (B) take any and all necessary and appropriate actions in furtherance of all of the Restructuring Transactions contemplated under this Support Agreement, the Acceptable Plan and the Term Sheets, (C) complete all of the Restructuring Transactions contemplated under this Support Agreement, the Term Sheet and the Acceptable Plan in accordance with the terms hereof and thereof and take all steps necessary and desirable to obtain the Confirmation Order (as defined in Section 2.1.(b)), and (D) obtain any and all required regulatory and/or third-party approvals for such Restructuring Transactions; and

(ii) not directly or indirectly (a) propose or support any plan of reorganization or liquidation in the Chapter 11 Cases other than a chapter 11 plan of reorganization incorporating the terms of the Term Sheets and which chapter 11 plan of reorganization and related disclosure statement (including all exhibits thereto) are otherwise in all material respects, in form and substance satisfactory to the Required Consenting Secured Parties (as defined in section 9.14 herein) (as amended, supplemented or otherwise modified subject to the terms hereof, the "Acceptable Plan" and the "Acceptable Disclosure Statement," as applicable) (b) take any action which is inconsistent with, or that would unreasonably delay or impede approval or confirmation of the Acceptable Plan or that is otherwise inconsistent with the express terms of this Support Agreement including, for the avoidance of doubt, any action that does not support or is otherwise inconsistent with the approval of the Lender Protections (as defined in the DIP Term Sheet), or (c) seek, solicit, support, encourage or participate in any discussions regarding any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger, consolidation, liquidation or restructuring of any of the Plan Debtors that could reasonably be expected to prevent, delay or impede the confirmation of the Acceptable Plan; and

(iii) provide written notice to the Consenting Secured Parties, within one (1) Business Day of making any determination that its fiduciary duties require it to consider any plan other than the Acceptable Plan.

(2) each Consenting Secured Party, severally (and not jointly) agrees to:

(i) (A) support and consummate all of the Restructuring Transactions contemplated by the Term Sheets and this Support Agreement and the Acceptable Plan, (B) take any and all necessary and appropriate actions in furtherance of all of the Restructuring Transactions contemplated under this Support Agreement and the Term Sheets and the Acceptable Plan, (C) complete all of the Restructuring Transactions contemplated under this Support Agreement and the Term Sheet and the Acceptable Plan in accordance with the terms hereof and thereof; and

(ii) subject to the receipt by such Consenting Secured Party of the Acceptable Disclosure Statement and other solicitation materials in respect of the Acceptable Plan, which Acceptable Disclosure Statement and solicitation materials reflect the agreement set forth in this Support Agreement and the Term Sheets and have been approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and are in all material respects reasonably satisfactory to the Required Consenting Secured Parties (collectively, the "Solicitation Materials"): (a) vote, to the extent such Consenting Secured Party is entitled to vote under the terms of the Acceptable Plan and the Bankruptcy Code, all of its claims against the Debtors to accept the Acceptable Plan by delivering its duly executed and completed ballot(s) accepting such Acceptable Plan on a timely basis following the commencement of the solicitation and its actual receipt of the Solicitation Materials and ballot(s) and (b) not change or withdraw (or cause to be changed or withdrawn) such vote.

For the avoidance of doubt, each of the Consenting Lender, the Consenting Secured Noteholders, and the Plan Debtors also agrees, severally and not jointly, that, unless this Support Agreement is terminated in accordance with the terms hereof, it will not take any action that would in any material respect interfere with, delay, or postpone the confirmation or consummation of the Acceptable Plan and implementation of the Restructuring Transactions, including, without limitation, objecting to the debtor-in-possession financing set forth in the DIP Commitment Letter or propose any alternative financing.

Nothing contained in this Support Agreement shall be deemed to (1) prevent any Party from taking, or failing to take, any action that it is obligated to take (or fail to take) in the performance of any fiduciary or similar duty which such Party owes to any other person.

(b) Upon confirmation of the Acceptable Plan pursuant to an order in all material respects in form and substance reasonably satisfactory to the Required Consenting Secured Parties (the "Confirmation Order"), and so long as it is not subject to a stay and the conditions to effectiveness thereof have been satisfied or waived, the Consenting Secured Parties and the Plan Debtors shall use commercially reasonable efforts to consummate the Acceptable Plan; provided that the Consenting Lender and the Consenting Secured Noteholders shall only provide the First Out Exit Term Loan and the Second Out Exit Term Loan, respectively, subject to satisfaction of the terms and conditions set forth in the First Out Exit Term Sheet and the Second Out Exit Term Sheet, respectively; provided further that if the terms and conditions set forth in the First Out Exit Term Sheet or the Second Out Exit Term Sheet are not satisfied, the Refinancing Loans and the New Money Loans (as each is defined in the DIP Term Sheet) must be repaid in full in cash.

(c) DIP Commitment Letter attached as Exhibit A to the Restructuring Term Sheet as part of the Term Sheets.

2.2 Confirmation of Acceptable Plan.

Without limiting any other provision hereof, the Plan Debtors shall each use their reasonable best efforts to have the Acceptable Plan confirmed by the Bankruptcy Court as expeditiously as possible under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules of the Bankruptcy Court (the federal and local rules being, the "Bankruptcy Rules") and within the timeframes contemplated by this Support Agreement.

Section 3. Releases.

The Acceptable Plan will include a full release from liability by the Plan Debtors in favor of the Debtors and their subsidiaries, the Consenting Lender, the Administrative Agent, the Consenting Secured Noteholders and the DIP Lenders (the "Released Parties") and all current and former direct and indirect equityholders, members, managing members, officers, directors, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultants, agents, and other representatives (including their respective equityholders, members, partners, subsidiaries, affiliates, funds, managers, managing members, officers, directors, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultants, agents, and other representatives) of the Released Parties from any claims and causes of action related to or arising on or prior to the Effective Date, except for any claims and causes of action relating to unlawful acts; provided, however, that nothing herein shall be deemed to constitute a release or waiver by the Consenting Lender, the Administrative Agent or the Consenting Secured Noteholders of any rights arising from or in connection with that certain Security Agreement dated February 19, 2010 (the "Security Agreement") by and

among the Debtors, the Consenting Secured Parties, the Collateral Agent, the Administrative Agent and the Indenture Trustee, including, without limitation, all rights arising in connection with section 5.5 of such agreement.

Section 4. Termination Events.

4.1 Termination Events.

The occurrence of any of the following (without the need for the taking of any action) shall be a "Termination Event":

(a) Upon the effective date of the Acceptable Plan or a written agreement among the Debtors and the Required Consenting Secured Parties terminating this Support Agreement;

(b) Upon entry of an order by any court of competent jurisdiction or other competent governmental or regulatory authority making illegal or otherwise restricting, preventing or prohibiting the consummation of the Restructuring Transactions contemplated by the Acceptable Plan or this Support Agreement;

(c) Upon filing of any motion or other pleading by one or more of the Debtors seeking the entry of an order, or upon entry of an order, by any court of competent jurisdiction authorizing the sale of all or substantially all of the Debtors' assets pursuant to section 363 of the Bankruptcy Code or otherwise;

(d) The occurrence of any breach of this Support Agreement by any of the Parties (to the extent not otherwise cured or waived in accordance with the terms hereof); provided, that if any Party (other than any Plan Debtor) shall breach its obligations pursuant to this Support Agreement, the Termination Date arising as a result of such act or omission shall apply only to such Party and this Support Agreement shall otherwise remain in full force and effect with respect to the Debtors and all such remaining Parties;

(e) On the date that any Plan Debtor withdraws the Acceptable Plan, publicly announces its intention not to support the Acceptable Plan or files any plan of reorganization or liquidation and/or disclosure statement that is not consistent with the Acceptable Plan or Acceptable Disclosure Statement, respectively, or publicly announces its support for any such inconsistent plan and/or disclosure statement, gives the notice described in Section 2.1(a)(1)(iii) hereof, or otherwise evinces an intention not to proceed with the Acceptable Plan or to proceed with any alternative plan or form of transaction;

(f) On the date of entry of any order in the Chapter 11 Cases terminating the Plan Debtors' exclusive right to file a plan or plans of reorganization

pursuant to Section 1121 of the Bankruptcy Code; provided that such order is not the result of a motion filed by any Consenting Secured Party;

(g) On the date any of the Chapter 11 Cases shall be dismissed or converted to a chapter 7 case, or a chapter 11 trustee with plenary powers, a responsible officer, or an examiner with enlarged powers relating to the operation of the businesses of the Debtors (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) shall be appointed in any of the Chapter 11 Cases or the Debtors shall file a motion or other request for such relief;

(h) On the date of either (1) a filing by any Debtor of any motion, application or adversary proceeding challenging the validity, enforceability, perfection or priority of or seeking avoidance of the liens securing the obligations referred to in the Credit Agreement, the Indenture and the collateral documents related thereto (collectively, the "Secured Obligations") or any other cause of action against and/or with respect to the Secured Obligations, the prepetition liens securing such Secured Obligations and the Consenting Secured Parties (or if the Debtors support any such motion, application or adversary proceeding commenced by any third party or consent to the standing of any such third party) or (2) the entry of an order of the Bankruptcy Court providing relief against the interests of any Consenting Secured Party with respect to any of the foregoing causes of action or proceedings;

(i) Upon any material adverse change regarding the feasibility of the Acceptable Plan arising on or after the Effective Date of this Support Agreement, including, without limitations, the assertion of material contingent and/or unliquidated liabilities, as determined by the Required Consenting Secured Parties in their reasonable discretion;

(j) Upon the amendment, modification of, or the filing of a pleading by any of the Plan Debtors that seeks to amend or modify the Acceptable Plan, the Acceptable Disclosure Statement or any documents related to the Acceptable Plan or Acceptable Disclosure Statement, notices, exhibits or appendices, which amendment, modification or filing is inconsistent with this Support Agreement and not otherwise consented to by the Required Consenting Secured Parties;

(k) Upon failure of the Debtors to commence the Chapter 11 Cases on or before 11:59 p.m. (New York City time) on February 18, 2013;

(l) 11:59 p.m. (New York City time) on the fifth (5th) Business Day after the Petition Date, unless prior thereto the Bankruptcy Court enters an interim order in the Chapter 11 Cases of the Debtors under, inter alia Sections 105, 361, 362, 363 and 364 of the Bankruptcy Code in form and substance satisfactory to the Required Consenting Secured Parties, authorizing the

Debtors to incur postpetition financing and use cash collateral, granting adequate protection to the prepetition Secured Parties, and scheduling a final hearing pursuant to Bankruptcy Rule 4001(B) (the "Interim DIP Order");

(m) 11:59 p.m. (New York City time) on the fortieth (40th) day after the date of entry of the Interim DIP Order, unless prior thereto the Bankruptcy Court enters a final order in the Chapter 11 Cases of the Debtors under, inter alia Sections 105, 361, 362, 363 and 364 of the Bankruptcy Code in form and substance satisfactory to the Required Consenting Secured Parties, authorizing the Debtors to incur postpetition financing and use cash collateral and granting adequate protection to the prepetition Secured Parties (the "Final DIP Order" and together with the Interim DIP Order, the "DIP Orders");

(n) Upon the entry of an order by a court of competent jurisdiction reversing, modifying, amending, staying or vacating either of the Interim DIP Order or the Final DIP Order;

(o) 11:59 p.m. (New York City time) on the date of the occurrence of an "Event of Default" under, and as such term is defined in, the DIP Credit Agreement and the acceleration of the obligations thereunder;

(p) 11:59 p.m. (New York City time) on the date that is 25 days after the Petition Date, if the Plan Debtors shall not have filed the Acceptable Plan and the Acceptable Disclosure Statement with the Bankruptcy Court on or before such time;

(q) 11:59 p.m. (New York City time), on the date that is 75 days after the Petition Date, unless the Bankruptcy Court has entered an order, in form and substance satisfactory to the Required Consenting Secured Parties, approving the Acceptable Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code on or before such time;

(r) 11:59 p.m. (New York City time), on the date that is 15 days following entry of the order approving the Acceptable Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code, unless prior thereto the Company commences the solicitation of acceptances of the Acceptable Plan;

(s) 11:59 p.m. (New York City time), on July 5, 2013, if the Plan Debtors shall not have filed with the Bankruptcy Court on or before such time a supplement to the Acceptable Plan containing documents in form and substance reasonably satisfactory to the Required Consenting Secured Parties as contemplated by the Term Sheet (the "Acceptable Plan Supplement");

(t) 11:59 p.m. (New York City time), on July 15, 2013, unless the Bankruptcy Court has entered the Confirmation Order on or before such time;

(u) 11:59 p.m. (New York City time) on July 31, 2013, unless the "effective date" of the Acceptable Plan has occurred prior thereto;

(v) Any of the Lender Protections are not approved in the Interim DIP Order or the Final DIP Order of if such protections or any of the other adequate protection provided to the Consenting Lender is unwound or otherwise successfully challenged at any time after entry of such interim or final order;

(w) The non-payment of any accrued, unpaid and ongoing expenses incurred by the Consenting Secured Parties in connection with the Restructuring Transactions and any agreements related thereto in accordance with section 9.12 of this Support Agreement; or

(x) 11:59 p.m. (New York City time), on the date that is 60 days after the Petition Date, unless the Bankruptcy Court has entered an order establishing bar dates for submitting proofs of claim and requests for payment pursuant to section 503(b)(9) of the Bankruptcy Code.

4.2 Additional Debtor Termination Events.

The Debtors may terminate this Support Agreement upon five (5) Business Days prior written notice to the Consenting Secured Parties upon the occurrence of either of the following events: (i) the breach by any Consenting Secured Party of the representations, warranties, or covenants of such Consenting Secured Party set forth in this Support Agreement that would be reasonably likely to have a material adverse impact on the Debtors, or the consummation of the Restructuring Transactions, that remains uncured for a period of five (5) Business Days after receipt by such Consenting Secured Party of notice of such breach; provided that this Support Agreement shall otherwise remain in effect with respect to non-breaching Consenting Secured Parties; or (ii) the board of directors of the Company reasonably determines based upon the written advice of outside counsel that proceeding with the Restructuring Transactions would be inconsistent with the exercise of its fiduciary duties.

Notwithstanding anything to the contrary herein, the releases provided for in Section 3 hereof shall survive the termination of this Support Agreement under either Section 4.1 or 4.2 hereof; provided, that the releases set forth in Section 3 herein shall automatically be null and void and of no further force and effect as if the release had never been granted with respect to any Party that has breached the terms of the penultimate paragraph of Section 2.1(a) hereof or any other terms herein in any material respect.

4.3 Termination Event Procedures.

Upon the occurrence of a Termination Event under (i) Section 4.1 (a), (b), (c), (e), (f), (g), (h), (j), (l), (m), (n), (o) or (u) and (v) of this Support Agreement, this Support Agreement shall automatically terminate without any further action or notice, and

(ii) Section 4.1 (d), (i), (k), (p), (q), (r), (s), (t), (w) and (x) of this Support Agreement, five (5) Business Days after Consenting Secured Parties or, with respect to a Termination Event under Section 4.1(c) which has occurred as a result of a breach of this Support Agreement by any Party, the other non-breaching Parties, shall have given written notice of the occurrence of such Termination Event to the other parties hereto and such Termination Event shall not have been cured during such five (5) Business Days after receipt of such notice (or otherwise waived in writing by the requisite Parties in accordance with the terms hereof), this Support Agreement shall terminate (the date of termination under clause (i) or (ii) hereof being the "Termination Date"); provided, however, that any waiver of an event of default under the DIP Credit Agreement that has been granted without the consent of the Consenting Lender shall in no way be deemed to constitute a waiver of any Termination Event hereunder. For the avoidance of doubt, the automatic stay arising pursuant to Section 362 of the Bankruptcy Code in the Chapter 11 Cases shall be deemed waived or modified for purposes of providing notice hereunder or terminating this Support Agreement and, in any event, the giving of notice of termination by any Party pursuant to this Support Agreement shall not be a violation of the automatic stay of Section 362 of the Bankruptcy Code. For the further avoidance of doubt, the Debtors acknowledge that the foregoing stipulation is a material and necessary inducement for the Consenting Lender's entry into this Support Agreement.

Section 5. Remedies.

It is understood and agreed by each of the Parties that any breach of this Support Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy and, accordingly, the Parties agree that, in addition to any other remedies, each Party shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief. The Debtors each agree that for so long as any Party has not taken any action to prejudice the enforceability of this Support Agreement (including, without limitation, alleging in any pleading that this Support Agreement is unenforceable), and has taken such actions as are reasonably required or desirable for the enforcement hereof, then such Party shall have no liability for damages hereunder in the event a court determines that this Support Agreement is not enforceable. Without limiting the provisions hereof, the Parties hereby agree that if any Party breaches the terms of the penultimate paragraph of Section 2.1(a) hereof or any other terms herein in any material respect (to the extent not otherwise cured or waived in accordance with the terms hereof), the release contemplated in Section 3 hereof shall not be granted to such breaching Party.

Section 6. Mutual Representations, Warranties and Covenants.

6.1 Power and Authority.

Each Party severally, and not jointly, represents to each other Party that, as of the date of this Support Agreement, (i) such Party has all requisite corporate, partnership, or limited liability company power and authority to enter into this Support Agreement and to carry out the Restructuring Transactions contemplated by, and perform its respective obligations under, this Support Agreement, and (ii) the execution and delivery of this

Support Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part.

6.2 Enforceability.

Each Party severally, and not jointly, represents to each other Party that this Support Agreement is the legally valid and binding obligation of it, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws limiting creditors' rights generally or by equitable principles relating to enforceability or ruling of the Bankruptcy Court.

6.3 Representation.

Each of the Parties to this Support Agreement acknowledges that it has been represented by counsel (or had the opportunity to and waived its right to do so) in connection with this Support Agreement and the Restructuring Transactions contemplated by this Support Agreement. Accordingly, any rule of law or any legal decision that would provide any Party hereto with a defense to the enforcement of the terms of this Support Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived. The provisions of this Support Agreement shall be interpreted in a reasonable manner to effect the intent of the Parties hereto. None of the Parties hereto shall have any term or provision construed against such Party solely by reason of such Party having drafted the same.

6.4 Governmental Consents.

Each Party severally, and not jointly, represents to each other Party that, as of the date of this Support Agreement, the execution, delivery, and performance by it of this Support Agreement do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with, or by, any Federal, state, or other governmental authority or regulatory body, except (i) such filings as may be necessary and/or required for disclosure by the Securities and Exchange Commission and applicable state securities or "blue sky" laws, (ii) any filings in connection with the Chapter 11 Cases, including the approval of the Acceptable Disclosure Statement and confirmation of the Acceptable Plan, and (iii) in the case of the Debtors, (A) filings of amended articles of incorporation or formation or other organizational documents with applicable state authorities, and (B) other registrations, filings, consents, approvals, notices, or other actions that are reasonably necessary to maintain permits, licenses, qualifications, and governmental approvals to carry on the business of the Debtors.

6.5 Ownership.

(a) Each Consenting Secured Party severally, and not jointly, represents and warrants that, as of the date hereof, (i) such Consenting Secured Party either (A) is the sole legal and beneficial owner of its share of the obligations under the Credit Agreement or Secured Notes, as applicable or (B) is the legal owner of its share of the prepetition obligations under the Credit Agreement or Secured Notes, as applicable, and has the

power and authority to bind the legal and beneficial owner(s) of such prepetition Secured Notes or Credit Agreement obligations to the terms of this Support Agreement, (ii) such Consenting Secured Party (a) has full power and authority to vote on and consent to or (b) has received direction from the party having full power and authority to vote on and consent to such matters concerning its share of the prepetition Secured Notes or Credit Agreement obligations and to exchange, convert, assign and transfer such prepetition Secured Notes or Credit Agreement obligations and (iii) other than pursuant to this Support Agreement, such prepetition Secured Notes or Credit Agreement obligations are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal or other limitation on disposition, or encumbrances of any kind, that would adversely affect in any way such Consenting Secured Party's performance of its obligations contained in this Support Agreement at the time such obligations are required to be performed.

6.6 Debtors' Reporting Requirements.

The Debtors shall promptly deliver to the Consenting Lender (i) all documents and reports and (ii) any and all other information delivered to the DIP Lenders (as defined in the DIP Term Sheet) or requested by the DIP Lenders (including scheduling bi-weekly update calls (with question and answer periods) with senior management of the Debtors and their respective representatives and advisors), in each instance as set forth in the section entitled "Affirmative Covenants" in the DIP Term Sheet and within the time periods specified in the DIP Term Sheet (or, if no time period is specified therein, on a prompt basis).

6.7 Acknowledgments Regarding Exit Financing

Notwithstanding anything herein to the contrary, the Parties hereto acknowledge and agree that the agreement of the Consenting Lender to provide the financing described in the First Out Exit Term Sheet shall automatically terminate on the date 180 days after the Petition Date. The Consenting Lender agrees that, on and after such date, and subject to the Consenting Lender receiving customary and acceptable indemnification from the Debtors, the Consenting Lender will use good faith efforts to arrange a credit facility (the "Replacement Facility") to refinance any Refinancing Loans that have not been paid in full on the maturity date of the Facility (as defined in the DIP Term Sheet). In connection therewith, the Debtors agree to assist the Consenting Lender in its arrangement efforts and to provide such information as the Consenting Lender reasonably requests. It is understood and agreed that the Replacement Facility shall have terms and conditions (including without limitation structure, pricing, fees, tenor and covenants, due diligence conditions, approvals and any other provisions) satisfactory to the Consenting Lender in its sole discretion and shall be subject to any necessary credit approvals. The Debtors acknowledge that the foregoing is neither an expressed nor an implied commitment by the Consenting Lender or any of its affiliates to provide any part of the Replacement Facility or to provide or purchase loans in connection therewith, which commitment, if any, will only be set forth in a separate commitment letter in form and substance satisfactory to the Consenting Lender and approved by the Bankruptcy Court. The agreement of the Consenting Lender under this Section 6.7 shall automatically terminate

(without the taking of any action) on the earlier of (i) the date that is 270 days after the Petition Date, (ii) the termination of this Support Agreement and (iii) upon any of the conditions precedent set forth in Annex A to the First Out Exit Term Sheet (other than the conditions set forth in clause (d) thereof) being determined not to have been satisfied or no longer capable of being satisfied.

Section 7. No Material Misstatement or Omission.

The Debtors represent that none of the material and information provided by or on behalf of the Debtors to the Consenting Secured Parties in connection with the Restructuring Transactions contemplated in this Support Agreement, when read or considered together, contains any untrue statement of a material fact or omits to state a material fact necessary in order to prevent the statements made therein from being materially misleading.

Section 8. Acknowledgement.

This Support Agreement and the Restructuring Transactions contemplated herein are the product of negotiations among the Debtors and the Consenting Secured Parties, together with their respective representatives. This Support Agreement is not, and shall not be deemed to be, a solicitation of votes for the acceptance of the Acceptable Plan or any plan of reorganization for the purposes of Sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Debtors will not solicit acceptances of the Acceptable Plan from any Consenting Secured Party until such Consenting Secured Party has been provided with copies of the Acceptable Disclosure Statement approved by the Bankruptcy Court.

Section 9. Miscellaneous Terms.

9.1 Assignment; Transfer Restrictions.

(a) Each Consenting Secured Party hereby agrees, for so long as this Support Agreement shall remain in effect as to it, not to sell, assign, transfer, hypothecate or otherwise dispose of any of its pro rata share of the prepetition Secured Notes, Credit Agreement obligations or obligations under the DIP Credit Agreement (the "DIP Loans") (if any) unless prior thereto the transferee thereof executes and delivers a Secured Party Joinder (as defined in section 9.3(a)) to the Administrative Agent at least two (2) Business Days prior to the relevant transfer. Thereafter, such transferee shall be deemed to be a Consenting Secured Party for purposes of this Support Agreement.

(b) Any sale, transfer, assignment, hypothecation or other disposition by any Consenting Secured Party of any or all of its pro rata share of the prepetition Secured Notes, Credit Agreement obligations or DIP Loans (if any) that does not comply with the procedures set forth in Section 9.1(a) shall be deemed void *ab initio*.

(c) Nothing herein shall be construed to restrict any Consenting Secured Party's right to acquire additional prepetition Secured Notes, Credit Agreement obligations or DIP Loans. To the extent any Consenting Secured Party acquires as legal owner additional prepetition Secured Notes, Credit Agreement obligations or DIP Loans, the Parties agree that such prepetition Secured Notes, Credit Agreement obligations and DIP Loans shall be deemed to be subject to the terms of this Support Agreement upon the Consenting Secured Party's acquisition of such additional Secured Notes, Credit Agreement obligations or DIP Loans. Notwithstanding the foregoing provisions of this Section 9.1, any Consenting Secured Party may, at any time and without notice to or consent from any other party, pledge or grant a security interest in all or any portion of its rights (including, without limitation, rights to payment of interest and repayment of principal) under the Indenture, the Credit Agreement or the DIP Credit Agreement to secure obligations of such Consenting Secured Party to a Federal Reserve Bank; provided that no such pledge or grant of a security interest shall release such Consenting Secured Party from any of its obligations hereunder or substitute any such pledgee or grantee for such Consenting Secured Party as a party hereto.

9.2 No Third Party Beneficiaries.

Unless expressly stated herein, this Support Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary.

9.3 Joinder.

(a) Any person that receives or acquires a portion of the prepetition Secured Notes, Credit Agreement obligations or DIP Loans pursuant to a sale, assignment, transfer, hypothecation or other disposition of such prepetition Secured Notes, Credit Agreement obligations or DIP Loans by a Consenting Secured Party hereby agrees to be bound by all of the terms of the Term Sheet and this Support Agreement (as the same may be hereafter amended, restated or otherwise modified from time to time) (a "Joining Secured Party") by executing and delivering a joinder in the form of Exhibit B hereto (the "Secured Party Joinder") to the Administrative Agent. The Joining Secured Party shall thereafter be deemed to be a "Consenting Secured Party" and a Party for all purposes under this Support Agreement.

(b) With respect to the aggregate principal amount of prepetition Secured Notes, Credit Agreement obligations or DIP Loans held by the Joining Secured Party upon consummation of the sale, assignment, transfer, hypothecation or other disposition of such prepetition Secured Notes, Credit Agreement obligations or DIP Loans, the Joining Secured Party hereby makes the representations and warranties of the Consenting

Secured Parties set forth in Section 6 of this Support Agreement to each of the other Parties to this Support Agreement.

9.4 Entire Agreement.

This Support Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Support Agreement, and supersedes all other prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Support Agreement.

9.5 Counterparts.

This Support Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. Delivery of an executed signature page of this Support Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

9.6 Settlement Discussions.

This Support Agreement and the Term Sheets attached hereto as Exhibit A are part of a proposed settlement of disputes among the Parties hereto. Nothing herein shall be deemed to be an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Support Agreement and the Term Sheets annexed hereto as Exhibit A, documents and negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Support Agreement.

9.7 Continued Banking Practices.

Notwithstanding anything herein to the contrary, each Consenting Secured Party and its affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, investment banking, trust or other business with, or provide debt financing, equity capital or other services (including financial advisory services) to any Debtor or any affiliate of any Debtor or any other Person, including, but not limited to, any Person proposing or entering into a transaction related to or involving any Debtor or any affiliate thereof.

9.8 Reservation of Rights.

(a) Except as expressly provided in this Support Agreement, nothing herein is intended to, does or shall be deemed in any manner to waive, limit, impair or restrict the ability of each of the Consenting Secured Parties to protect and preserve all of its rights and remedies under the DIP Credit Agreement, the DIP Orders or any other order of the Bankruptcy Court or other court of competent jurisdiction, or its full participation in the Chapter 11 Cases.

(b) Without limiting Section 9.8(a) in any way, if the Restructuring Transactions contemplated by this Support Agreement or otherwise set forth in the Acceptable Plan are not consummated as provided herein, if a Termination Date occurs, or if this Support Agreement is otherwise terminated for any reason, the Consenting Secured Parties each fully reserve any and all of their respective rights, remedies and interests under the Indenture, the Credit Agreement, the DIP Credit Agreement and related post petition loan documents, applicable law and in equity.

(c) Notwithstanding anything herein to the contrary, the Parties acknowledge that the support of each Consenting Secured Party contained in this Support Agreement relates solely to such Consenting Secured Party's rights and obligations as a lender under the Credit Agreement, the Indenture and/or the DIP Credit Agreement (if applicable) with respect to the principal amounts identified on such Consenting Secured Party's signature page and as provided in Section 9.1 and does not bind such Consenting Secured Party or its affiliates with respect to any other indebtedness, obligations or liabilities owed by the Company or any of its subsidiaries and affiliates to such Consenting Secured Party or any affiliate of such Consenting Secured Party (for the avoidance of doubt, if the Consenting Secured Party is specified on the relevant signature page as a particular group or business within an entity, "Consenting Secured Party" shall mean such group or business and shall not mean the entity or its affiliates, or any other desk or business thereof, or any third party funds advised thereby). For purposes of this Support Agreement, "Consenting Secured Party" shall not include a holder of Loans under the Indenture or DIP Loans signatory hereto in its capacity or to the extent of its holdings as a public-side broker, dealer or market maker of Loans under the Indenture or DIP Loans or any other claim against or security in the Debtors.

(d) Notwithstanding anything herein to the contrary, the Parties acknowledge that the support of the Consenting Lender contained in this Agreement (and its rights and obligations hereunder) relates solely to its claims set forth on its signature page or hereafter acquired and does not bind the Consenting Lender or any of its affiliates with respect to any other claims, equity, or other indebtedness of the Debtors or any of their subsidiaries and affiliates. Notwithstanding anything else herein for purposes of this Support Agreement, (x) claims of the Consenting Lender that are held by it in a fiduciary or similar capacity and (y) claims held by the Consenting Lender in its capacity as a broker, dealer or market maker of loans under the Credit Agreement or with respect to any other claim against or security in the Debtors (including any loans or claims held in inventory with respect to such broker, dealer, or market-making activities, provided that the positions with respect to such loans or claims are separately identified on the internal books and records of such Consenting Lender) shall not, in either case (x) or (y), be bound by or subject to this Support Agreement.

For the avoidance of doubt, if the Consenting Lender is specified on its signature page as a particular group or business within an entity, "Consenting Lender" shall mean such group or business and shall not mean the entity or its affiliates, or any other desk or business thereof, or any third party funds advised thereby.

9.9 Successors.

This Support Agreement is intended to bind the Parties and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives; provided, however, that nothing contained in this Section 9.9 shall be deemed to permit any transfer, tender, vote or consent, of any claims other than in accordance with the terms of this Support Agreement.

9.10 Publicity.

The Parties agree that all public announcements of the entry into or the terms and conditions of this Support Agreement shall be mutually, reasonably acceptable to each of the Parties and no such announcement shall be made before obtaining the consent of the Required Consenting Secured Parties; provided however that the Plan Debtors may publicly disclose this Support Agreement and the contents hereof in their Chapter 11 Cases or other proceedings under the Bankruptcy Code or as otherwise required by applicable law (including rules and regulations promulgated thereunder); provided that in no event shall any Party disclose the specific holdings under the Credit Agreement and/or the Indenture of any signatory to this Support Agreement without such signatory's express consent.

9.11 Cooperation; Chapter 11 Related Matters.

The Parties shall, and the Company shall cause each of the Plan Debtors to, cooperate with each other in good faith and shall coordinate their activities (to the extent practicable) in respect of all matters concerning the implementation and consummation of the Restructuring. The Company shall provide draft copies of all "first day" motions or applications and other documents the Debtors intend to file with the Bankruptcy Court (including the Plan, Disclosure Statement and all related documents) to counsel for the Consenting Lender and the Consenting Secured Noteholders, if reasonably practicable, at least two (2) days prior to the date when the Company intends to file any such pleading or other document (and, if not reasonably practicable, as soon as reasonably practicable prior to filing) and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing with the Bankruptcy Court.

9.12 Advisors to the Consenting Secured Parties

The Company shall pay, when due and payable, the respective accrued, unpaid and ongoing expenses incurred by the Consenting Secured Parties in connection with the Restructuring Transactions and any agreements related thereto, including the fees, charges and disbursements of (a) counsel to such parties limited to (i) one primary

counsel for the Consenting Lender (presently Milbank, Tweed, Hadley & McCloy LLP and previously Cahill Gordon & Reindel LLP), as well as any conflicts counsel, special counsel and local counsel in any relevant jurisdiction retained by the Consenting Lender, and (ii) one primary counsel for the Consenting Secured Noteholders (presently Kirkland & Ellis LLP), as well as any conflicts counsel, special counsel and local counsel in any relevant jurisdiction retained by the Consenting Secured Noteholders, and (b) any financial advisors, investment bankers and other specialty consultants retained by the Consenting Secured Noteholders (presently Moelis & Company for the Consenting Secured Noteholders). All such fees, expenses and reimbursements incurred up to the Petition Date shall be paid in full prior to the Petition Date (without deducting any retainers) so long as estimates for such fees, expenses and reimbursements are presented to the Company by February 15, 2013.

9.13 Governing Law; Waiver of Jury Trial; Indemnity.

(a) The Parties waive all rights to trial by jury in any jurisdiction in any action, suit, or proceeding brought to resolve any dispute between the Parties under this Support Agreement, whether sounding in contract, tort or otherwise.

(b) This Support Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any conflicts of law provision which would require the application of the law of any other jurisdiction. By its execution and delivery of this Support Agreement, each Party hereby irrevocably and unconditionally agrees for itself that, subject to the following sentence, any action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Support Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in any state or federal court of competent jurisdiction in New York County, State of New York, and by execution and delivery of this Support Agreement, each of the Parties hereby irrevocably accepts and submits itself to the nonexclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceedings.

(c) Notwithstanding the foregoing, if the Chapter 11 Cases are commenced, nothing in Section 9.12(a) or (b) shall limit the authority of the Bankruptcy Court to hear any matter related to or arising out of this Support Agreement.

9.14 Pending Transfers.

Notwithstanding anything to the contrary provided herein, if a Consenting Secured Party has assigned all or a portion of the Secured Notes or Credit Agreement obligations that it beneficially owns as of the date hereof but such assignment has not settled as of the date hereof (such Secured Notes or Credit Agreement obligations, "Pending Transfer Obligations"), then such Consenting Secured Party shall be permitted

to exclude from the amount of the Secured Notes or Credit Agreement obligations listed on its signature page an amount of Pending Transfer Obligations equal to the Pending Transfer Obligations assigned to any transferee that has instructed such Consenting Secured Party not to execute this Agreement (such excluded Secured Notes or Credit Agreement obligations, the "Excluded Obligations"). Such Consenting Secured Party shall not be bound by the terms hereof with respect to any Excluded Obligations.

9.15 Amendments, Modifications, Waivers.

This Support Agreement (including all exhibits and schedules thereto and the Term Sheets) and the Acceptable Plan and the Acceptable Disclosure Statement may only be modified, amended or supplemented, and any of the terms thereof may only be waived, by an agreement in writing signed by each of (i) the Debtors, (ii) the Consenting Lender and (iv) Consenting Secured Noteholders holding at such time at least 51% of the prepetition Secured Notes that are subject to the terms hereof (the "Required Consenting Secured Noteholders," and together with the Consenting Lender, the "Required Consenting Secured Parties").

9.16 Consideration.

It is hereby acknowledged by each of the Parties that no consideration shall be due or paid to the Parties for their agreement to support or not interfere with the Acceptable Plan in accordance with the terms and conditions of this Support Agreement, other than the obligations of the other Parties under this Support Agreement. For the avoidance of doubt, the provision of the Lender Protections constitutes a material inducement to the Consenting Lender's entry into this Support Agreement, without which the Consenting Lender would not have entered into this Support Agreement. The Company represents that, as of the Effective Date, no payments have been made to any of the Parties hereto that were not permitted to be made under the terms of the Credit Agreement.

9.17 Severability of Provisions.

If any provision of this Support Agreement for any reason is held to be invalid, illegal or unenforceable in any respect, that provision shall not affect the validity, legality or enforceability of any other provision of this Support Agreement.

9.18 Notices.

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given when: (a) delivered personally or by overnight courier to the following address of the other Party hereto; (b) sent by fax to the following fax number of the other Party hereto with the confirmatory copy delivered by overnight courier to the address of such Party listed below; or (c) sent by electronic mail with the confirmatory copy delivered by overnight courier to the address of such Party listed below.

If to any Debtor, to counsel at the following address:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attn: Joseph H. Smolinsky, Esq.
Facsimile: (212) 310-8007

If to any Consenting Secured Noteholder, the address set forth on its signature page, with a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Nicole L. Greenblatt, Esq.
Facsimile: (212) 446-6460

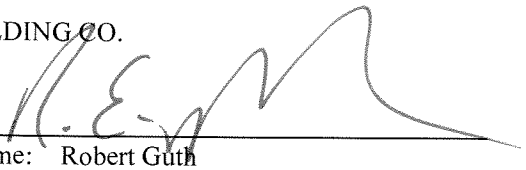
If to the Consenting Lender, the address set forth on its signature page, with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
Attn: Abhilash M. Raval, Esq.
Blair M. Tyson, Esq.
Michael E. Comerford, Esq.
Facsimile: (212) 822-5123

[SIGNATURE PAGES FOLLOW]

Very truly yours,

RDA HOLDING CO.

By: 

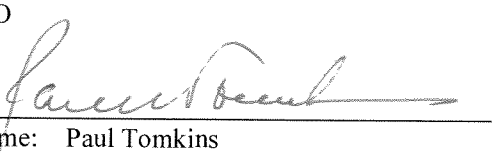
Name: Robert Guth
Title: President and Chief Executive Officer
Fax Number: (914) 244-7949

THE READER'S DIGEST ASSOCIATION, INC.

By: 

Name: Robert Guth
Title: President and Chief Executive Officer
Fax Number: (914) 244-7949

EACH OF THE GUARANTORS LISTED ON ANNEX I HERETO

By: 

Name: Paul Tomkins
Title: President or Vice President, as applicable
Fax Number: (914) 244-7949

ANNEX I

Ardee Music Publishing, Inc.
Direct Entertainment Media Group, Inc.
Haven Home Media, LLC
Home Service Publications, Inc.
Pegasus Sales, Inc.
Pleasantville Music Publishing, Inc.
R.D. Manufacturing Corporation
RD Publications, Inc.
RD Large Edition, Inc.
RDA Digital, LLC
RDA Sub Co.
RDCL, Inc.
RDWR, Inc. (formerly known as Weekly Reader Corporation)
Reader's Digest Children's Publishing, Inc.
Reader's Digest Consumer Services, Inc.
Reader's Digest Entertainment, Inc.
Reader's Digest Financial Services, Inc.
Reader's Digest Latinoamerica S.A.
Reader's Digest Sales and Services, Inc.
Reiman Media Group, LLC
Reiman Manufacturing, LLC
Taste of Home Media Group, LLC
Taste of Home Productions, Inc.
Travel Publications, Inc.
W.A. Publications, LLC
WAPLA, LLC
Weekly Reader Custom Publishing, Inc.
World Almanac Education Group, Inc.
World Wide Country Tours, Inc.
WRC Media Inc.

WELLS FARGO PRINCIPAL LENDING, LLC, as Issuing Lender and Lender under the Credit Agreement and Secured Noteholder under the Indenture

By: _____

Name: Greg Apkarian
Title: Vice President

[redacted]

2450 Colorado Avenue, Ste 3000W
Santa Monica, California 90404
Telephone number: 310-453-7393
Facsimile number: 855-813-8309

Very truly yours,

GOLDENTREE ASSET MANAGEMENT, LP
on behalf of certain funds and accounts managed by it

By: _____
Name: George Hartigan
Title: VP
Outstanding Principal Amount of
Prepetition Secured Notes: [redacted]

Very truly yours,

EMPYREAN CAPITAL PARTNERS, LP
on behalf of the funds managed by it

By: _____
Name: RYAN MAYGTANI
Title: CHIEF FINANCIAL OFFICER
Outstanding Principal Amount of
Prepetition Secured Notes: [redacted]

Very truly yours,

ALM IV, Ltd.

By: Apollo Credit Management (CLO), LLC, as Collateral Manager

By: _____
Name: JOSEPH MORONEY
Title: Authorized Signatory

Outstanding Principal Amount of Prepetition Secured Notes: [redacted]

Very truly yours,

Apollo Senior Floating Rate Fund Inc.
Account 631203

By: _____
Name: JOSEPH MORONEY
Title: Authorized Signatory

Outstanding Principal Amount of
Prepetition Secured Notes: [redacted]

Very truly yours,

LeverageSource V Sarl

By: _____
Name: Laurent Ricci
Title: B Manager

By: _____
Name: JOSEPH MORONEY
Title: Class A Manager

Outstanding Principal Amount of
Prepetition Secured Notes: [redacted]

Exhibit A to Restructuring Support Agreement

Restructuring Term Sheet

PROPOSED RESTRUCTURING TERM SHEET

THIS TERM SHEET IS NOT AN OFFER OR A SOLICITATION WITH RESPECT TO ANY SECURITIES OF THE COMPANY. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. THIS TERM SHEET CONTAINS MATERIAL NON-PUBLIC INFORMATION ABOUT A PUBLIC COMPANY AND, THEREFORE, IS SUBJECT TO FEDERAL SECURITIES LAWS.

THE TERM SHEET IS PROVIDED IN THE NATURE OF A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND IS SUBJECT IN ALL RESPECTS TO THE NEGOTIATION, EXECUTION AND DELIVERY OF DEFINITIVE DOCUMENTATION, INCLUDING ENTRY INTO AN ACCEPTABLE RESTRUCTURING SUPPORT AGREEMENT (THE "RSA"). THIS TERM SHEET IS INTENDED TO BE ENTITLED TO THE PROTECTIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION AND INFORMATION EXCHANGED IN THE CONTEXT OF SETTLEMENT DISCUSSIONS. FURTHER, NOTHING IN THE TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR DEEMED BINDING ON HOLDING, ITS SUBSIDIARIES, THE ADMINISTRATIVE AGENT OR THE CONSENTING SECURED PARTIES. THIS TERM SHEET IS PROVIDED IN CONFIDENCE AND MAY BE DISTRIBUTED ONLY WITH THE EXPRESS WRITTEN CONSENT OF THE REQUIRED CONSENTING SECURED PARTIES (AS DEFINED IN THE RSA).

	OVERVIEW
Transaction Summary	This term sheet (the "Term Sheet") describes the principal terms of a restructuring transaction (the "Restructuring") pursuant to which RDA Holding Co. ("Holding" and once reorganized, "Reorganized Holding") will restructure its capital structure and global operations in connection with a revised business plan acceptable to the Required Secured Parties (as defined below) (the "Acceptable Business Plan"). The Restructuring will be implemented through a pre-negotiated joint plan of reorganization filed in connection with cases (the "Cases") commenced by Holding, The Reader's Digest Association, Inc., ("RD" or the "Company") and certain of RD's domestic subsidiaries (collectively, the "Debtors"[1] and excluding DEMG, the "Plan Debtors") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York, White Plains Division (the "Bankruptcy Court"). This Term Sheet outlines the proposed capital structure, treatment of claims and interests and other material terms and conditions of the Restructuring. The Term Sheet does not include a description of all of the terms, conditions and other provisions that are to be contained in the definitive documentation governing the Restructuring, which remain subject to further discussion and negotiation and which must be reasonably acceptable to the Required

[1] Debtors to specifically include Direct Entertainment Media Group, Inc. ("DEMG").

	Consenting Secured Parties (as defined below). The terms and conditions of this Term Sheet are meant to be part of a comprehensive agreement, each element of which is consideration for the other elements and an integral aspect of the proposed Restructuring. This Term Sheet is an exhibit to that certain Restructuring Support Agreement dated February 17, 2013 (the "RSA") executed by the Debtors and each of (i) the Consenting Lender (as defined herein) and (ii) the Secured Noteholders party thereto (the "Consenting Secured Noteholders," and together with the Consenting Lender the "Consenting Secured Parties"). Pursuant to the RSA, "Required Consenting Secured Parties" means the Consenting Lender and the Required Consenting Secured Noteholders. "Required Consenting Secured Noteholders" means the Consenting Secured Noteholders holding at such time at least 51% of the Secured Notes that are subject to the terms of the RSA.
Secured Debt to be Restructured	Secured debt to be restructured under a plan of reorganization and a disclosure statement (including all exhibits thereto) satisfactory to the Required Consenting Secured Parties (the "Acceptable Plan" and the "Acceptable Disclosure Statement," respectively) will include: (i) $49,625,000 in principal, plus outstanding letters of credit, plus all other amounts outstanding (including, for the avoidance of doubt, fees, commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Cases) under that certain Credit and Guarantee Agreement dated as of March 30, 2012 (the "Credit Agreement") among RD, Holding and certain of their affiliates, Wells Fargo Bank, N.A., as administrative agent ("Administrative Agent") and sole lender (the "Consenting Lender"); and (ii) $464 million in senior secured notes of RD (the "Secured Notes") issued pursuant to that certain indenture, dated February 11, 2010 (the "Indenture") among RD, certain of its subsidiaries and the lenders party thereto from time to time (the "Secured Noteholders").
DIP Facility	To facilitate liquidity during the Cases and after, the Consenting Secured Parties will provide an approximate $105 million consensual, priming, debtor in possession financing facility (the "DIP Facility") that will consist of: (i) $45 million in new money loans ("New Money Loans") provided by certain Consenting Secured Noteholders; and (ii) a refinancing of all commitments and amounts outstanding (including any and all principal, letters of credit, reimbursement obligations in respect of outstanding letters of credit (assuming drawn), fees, commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Cases, including to the issuing lender) under the Credit Agreement (the "Refinancing Loans"); all of (i) and (ii) to be paid in full in cash or convert to exit financing facilities on the effective date of the Acceptable Plan (the "Effective Date"), as described further below, in the DIP Commitment Letter, attached hereto as Exhibit A, the DIP Term Sheet, the First Out Exit Term Sheet and the Second Out Exit Term Sheet, attached as Annexes 1, 2 and 3, respectively, to the DIP Commitment Letter. All Consenting Secured Noteholders may participate in the New Money loans

	on a pro-rata basis based on their holdings under the Indenture.
Lender Protections	Upon entry of the Interim DIP Order the Lender Protections as defined in Annex 1 to the DIP Commitment Letter. Upon entry of the Final DIP Order, the Lender Protections as defined in Annex 1 to the DIP Commitment Letter.
Adequate Protection for Secured Noteholders	See Annex 1 to the DIP Commitment Letter.
Exit Capital Structure	The Acceptable Plan will provide for the following capital structure for the Reorganized Debtors: First Out Exit Term Loan: Subject to and in accordance with the terms and conditions set forth on Annex 2 to the DIP Commitment Letter, the Refinancing Loans and any obligations arising thereunder will be amended and restated as a first out first priority exit term loan, pari passu with the Second Out Exit Term Loan (the "First Out Exit Term Loan"). Second Out Exit Term Loan: Subject to and in accordance with the terms and conditions of the DIP Facility, the New Money Loans and any claims arising thereunder will convert to a second out, first priority exit term loan of $45 million, with terms and conditions (set forth on Annex 3 to the DIP Commitment Letter) (the "Second Out Exit Term Loan"). Reorganized Holding shall have no more than $106 million in funded debt immediately following the Effective Date of the Acceptable Plan. New Common Stock: On the Effective Date, the Debtors will issue 100% of the new common stock of Reorganized Holding to the Secured Noteholders on a pro rata basis based on their holdings under the Indenture (subject to any dilution for the Management Incentive Plan), which issuance will be exempt from registration with the Securities and Exchange Commission under section 1145 of the Bankruptcy Code. No dividends, recoveries, securities, distributions or other form of payments shall be made on account of or in connection with the new common stock distributed to the Secured Noteholders until all amounts owing in connection with the First Out Exit Term Loan have been paid in full in cash and all commitments thereunder have been terminated.
	Treatment of Claims and Equity Interests
DIP Claims	The DIP Facility shall, on the Effective Date, convert to the (i) First Out Exit Term Loan in accordance with the terms and conditions on Annex 2 to the DIP Commitment Letter and (ii) Second Out Exit Term Loan, as applicable, in accordance with the terms and conditions on Annex 3 to the DIP Commitment Letter, or in each case be paid in full in cash if the terms and conditions required for conversion are not satisfied; provided, however, that the obligations under the First Out Exit Term Loan will always be paid in full in cash by the Debtors. Unclassified -- Non-Voting
Administrative Claims	Each holder of an allowed administrative claim, including claims of the type described in section 503(b)(9) of the Bankruptcy Code, will receive payment in full in cash of the unpaid portion of its allowed administrative claim on the Effective Date or as soon thereafter as practicable (or, if payment is not then

	due, shall be paid in accordance with its terms) or pursuant to such other terms as may be agreed to by the holder of such claim and the Debtors. Unclassified -- Non-Voting
Priority Tax Claims	Priority tax claims will be treated in accordance with section 1129(a)(9)(C) of the Bankruptcy Code. Unclassified -- Non-Voting
Other Priority Claims	All other priority claims will be paid in full (in cash) on the Effective Date, or as soon thereafter as practicable, or treated in any other manner so that such claim will otherwise be rendered unimpaired. Unimpaired -- Deemed to Accept
Prepetition Credit Agreement Claims	All obligations under the Credit Agreement shall become Refinancing Loans as set forth above in connection with entry of the Final DIP Order and all Refinancing Loans and related obligations shall, on the Effective Date, be amended and restated as the First Out Exit Term Loan in accordance with Annex 2 to the DIP Commitment Letter so long as (and only so long as) the terms and conditions required for such conversion are satisfied and otherwise such obligations shall be paid in full in cash; provided, however, that the Debtors may always elect to repay such obligations in full in cash. Unclassified -- Non-Voting
Prepetition Secured Notes Claims	On the Effective Date, the Secured Noteholders shall convert their claims into 100% (subject to dilution by the Management Incentive Plan [and any equity issued to such other creditor classes as may be agreed to by the Required Consenting Secured Noteholders and the Debtors]) of the new common stock of Reorganized Holding (the "New Common Stock") to be issued and outstanding on the Effective Date of the Acceptable Plan, with such New Common Stock to be distributed on a pro rata basis in accordance with the Secured Noteholders' holdings of such prepetition obligations. No dividends, recoveries, securities, distributions or other form of payments shall be made on account of or in connection with the new common stock distributed to the Secured Noteholders until all amounts owing in connection with the First Out Exit Term Loan have been paid in full in cash and all commitments thereunder have been terminated. Impaired -- Entitled to vote.
Other Secured Claims	Each holder thereof will receive the following treatment: (a) payment in full (in cash) on the Effective Date or as soon thereafter as practicable; (b) delivery of collateral securing any such claim and payment of any interest required under section 506(b) of the Bankruptcy Code; or (c) such other treatment as is necessary to satisfy section 1129 of the Bankruptcy Code. Impaired -- Entitled to vote. The Debtors reserve the right to argue at confirmation that Other Secured Claims are unimpaired.
Unsecured Claims	Each holder of an unsecured claim (*i.e.*, all claims not otherwise specifically classified herein including any deficiency claim of the Secured Noteholders) will receive their pro rata share of [TBD]. The Debtors may elect to separate general unsecured claims into appropriate subclasses. Impaired -- Entitled to vote.
Existing Equity Interests	All existing common and preferred equity interests in Holding or other

(including warrants)	existing securities consisting of (or convertible into) equity interests in Holding, including any warrants or vested or unvested options to purchase equity interests in Holding, shall be extinguished as of the Effective Date. All equity interests of Holding's subsidiaries shall continue to be held by Holding and the subsidiaries of Holding that hold such equity interests prior to the commencement of the Cases. Impaired; not entitled to vote – deemed to reject.
Intercompany Claims	On the Effective Date, Holding will, at its discretion, reinstate or compromise, as the case may be, intercompany claims between and among Holding and its subsidiaries consistent with the Acceptable Business Plan and the International Restructuring Transactions contemplated thereby; provided, that each intercompany claim held by a non-debtor shall receive no less favorable treatment than other general unsecured claims. Impaired -- Entitled to Vote.
Affiliate Actions	All subsidiaries and affiliates of Holding shall be required to file proofs of claim in connection with the Cases so that their claims are discharged on the Effective Date.
	General Provisions
Management Incentive Programs	The Acceptable Plan will provide that promptly on or after the effective date, equity awards (in the form of restricted stock, options or warrants) for up to 10% of the New Common Stock (on a fully diluted basis) of Reorganized Holding will be granted to continuing employees of the Debtors and members of the new board of directors (consistent with market terms) by the new board of directors of Reorganized Holding, with pricing, vesting and exercise terms to be determined by the new board upon consultation with the CEO. Such equity awards shall be on terms reflective of a policy of rewarding the contribution of management to the long-term financial performance of the reorganized Debtors.
Employee Matters	The Acceptable Plan will provide that, on or after the Effective Date, Reorganized Holding shall implement the following employee incentive programs on terms and conditions reasonably acceptable to the Required Consenting Secured Noteholders (to be set forth in the Acceptable Plan Supplement): (i) a supplemental pension credit plan, and (ii) a bonus pool to be allocated by the CEO with the concurrence of the newly appointed board.
Cancellation of Instruments, Certificates and Other Documents	On the Effective Date, except to the extent otherwise provided in the Acceptable Plan, all instruments, certificates and other documents evidencing debt or equity interests in Holding or (as it relates to debt only) RD will be cancelled, and the obligations of RD or Reorganized Holding and its subsidiaries thereunder, or in any way related thereto, will be discharged; provided that any and all indemnities provided in the Credit Agreement (including, for the avoidance of doubt, the indemnities provided at section 4.05 thereunder) shall survive as Refinancing Loans; provided further that any and all indemnities provided in the DIP Facility shall survive as First Out Exit Term Loan obligations or Second Out Exit Term Loan obligations, notwithstanding in each case the cancellation of the predecessor credit agreement(s).

Issuance of New Securities; Execution of Acceptable Plan Documents	On the Effective Date, or as soon as reasonably practicable thereafter, Reorganized Holding will issue all securities, instruments, certificates and other documents required to be issued pursuant to the Acceptable Plan.
Executory Contracts and Unexpired Leases	The Acceptable Plan will specify which executory contracts and unexpired leases will be assumed; all contracts not expressly assumed with the consent of the Required Consenting Secured Noteholders will be deemed rejected under the Acceptable Plan. Executory contracts will be renegotiated or rejected in a manner consistent with the Debtors' Business Plan and reasonably acceptable to the Required Consenting Secured Noteholders.
Resolution of Disputed Claims	The Acceptable Plan will provide for the resolution of disputed claims and any reserves therefor.
Avoidance Actions and Other Litigation	The reorganized Debtors will retain all rights to commence and pursue any and all claims and causes of action arising under the sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (collectively, the "Avoidance Actions") and other litigation. The Acceptable Plan will not provide for any funding of a litigation trust that can be used to fund litigation against the Released Parties.
Exemption from Section 1145	The issuance of the New Common Stock in Reorganized Holding will be exempted from applicable securities laws and/or from SEC registration under section 1145 of the Bankruptcy Code.
Tax Issues	The Parties agree to use their commercially reasonable best efforts to complete the financial restructuring of the Debtors contemplated by this Term Sheet and the International Restructuring Transactions in a manner that best preserves the tax attributes of the Debtors in a manner reasonably satisfactory to the Required Consenting Secured Parties.
Retention of Jurisdiction	The Acceptable Plan will provide for the retention of jurisdiction by the Bankruptcy Court for usual and customary matters.
	Corporate Governance/Charter Provisions/Registration Rights
Board of Directors of Reorganized Holding	The board of directors of Reorganized Holding shall be comprised of 5 directors, including the CEO. The Required Consenting Secured Noteholders shall designate all such directors in consultation with the CEO.
Reorganized Holding as a private company.	Reorganized Holding shall be a private company upon the Effective Date.
Description of Capital Stock	From and after the Effective Date, subject to the right of the stockholders to amend the Certificate of Incorporation of Reorganized Holding after the Effective Date, Reorganized Holding shall have one class and one series of New Common Stock.
Charter; Bylaws	The charter and bylaws of each Debtor shall be restated consistent with section 1123(a)(6) of the Bankruptcy Code and otherwise in form and substance satisfactory to the Required Consenting Secured Parties.
Registration Rights; Stockholders Agreement	The supplement to the Acceptable Plan shall provide for a registration rights agreement and stockholders agreement with respect to the New Common Stock in material form and substance reasonably satisfactory to the Required

	Consenting Secured Noteholders; provided that the registration rights agreement and stockholders agreement shall not adversely impact the Consenting Lender's First Out Exit Term Loan and its rights thereunder in any manner and the Consenting Lender shall have consultation rights for both documents.
	Release and Related Provisions
Releases	The Acceptable Plan will provide for the releases contemplated in the RSA and provide for mutual releases among the Administrative Agent, Consenting Lender, the Consenting Secured Noteholders, the DIP Lenders, the Debtors and their respective current and former directors, officers and professional advisors of any and all claims or causes of action, known or unknown, relating to any prepetition date acts or omissions. The Plan Debtors' release of third parties will be provided for in the Acceptable Plan unless, after investigation, the Board of Directors determines such release is inappropriate.
Exculpation	The Acceptable Plan will contain ordinary and customary exculpation provisions among the Administrative Agent, Consenting Lender, the Consenting Secured Noteholders, the DIP Lenders, the Debtors and their respective directors, officers and professional advisors of any and all claims or causes of action, known or unknown, relating to any prepetition date acts or omissions.
Indemnification	The Acceptable Plan (i) will contain ordinary and customary indemnification provisions for indemnification of current and former directors and officers of the Debtors to the extent of available D&O coverage and payable from the proceeds of such D&O policies, including the advancing of defense costs prior to final adjudication; provided, that, to the extent proceeds of such policies are deemed property of the Debtors' estates in the Chapter 11 Cases the Debtors will use reasonable best efforts to seek relief from the Bankruptcy Court to have them advanced and (ii) shall provide that the Debtors shall maintain their current D&O insurance coverage in place as of the date of the RSA for current and former directors and officers of the Debtors.
Discharge	The Acceptable Plan for all Plan Debtors will contain a full and complete discharge from all claims and liabilities.
Injunction	The Acceptable Plan will contain ordinary and customary injunction provisions.
Compromise and Settlement	The Acceptable Plan will contain ordinary and customary compromise and settlement provisions.

	Acceptable Plan Implementation
Restructuring Support Agreement & Definitive Documentation	The parties to the RSA shall have executed such agreement no later than February 17, 2013. The RSA shall be terminable upon the conditions contained therein and the automatic stay arising pursuant to section 362 of the Bankruptcy Code shall be deemed waived or modified for termination purposes. The Company and the Consenting Secured Parties shall, in good faith, negotiate definitive documentation to implement the Restructuring Transactions consistent with this Term Sheet and any related documentation, including the Acceptable Plan, the Acceptable Plan Supplement, the Acceptable Disclosure Statement, all post-Effective Date corporate organization and governance documents and all other documents necessary to effectuate the Restructuring Transactions.
Motions & Other Bankruptcy Filings	All motions and other filings with the Bankruptcy Court, including any proposed orders (including without limitation the orders authorizing the Debtors' entry into the DIP Facility and approving the Acceptable Disclosure Statement and confirming the Acceptable Plan) shall be in form and substance reasonably acceptable to the Required Consenting Secured Parties. The Debtors shall provide draft copies of all "first day" motions or applications and other documents the Debtors intend to file with the Bankruptcy Court (including the Plan, Disclosure Statement and all related documents) to counsel for the Consenting Lender and the Consenting Secured Noteholders, if reasonably practicable, at least two (2) days prior to the date when the Debtors intend to file any such pleading or other document (and, if not reasonably practicable, as soon as reasonably practicable prior to filing).
	Conditions
Certain Conditions	In addition to satisfaction of the Milestones set forth in the RSA and the requirement that the RSA be in full force and effect and shall not have terminated, the conditions precedent to confirmation and consummation of the Acceptable Plan shall be set forth in the Acceptable Plan and shall include: • That no material adverse change arises regarding the feasibility of the Acceptable Plan on or after the Effective Date of this Support Agreement including, without limitations, the assertion of material contingent and/or unliquidated liabilities, as determined by the Required Consenting Secured Parties in their reasonable discretion; and • The negotiation, execution and delivery of definitive documentation with respect to the Restructuring Transactions contemplated by this Term Sheet and the RSA reasonably acceptable to the Required Consenting Secured Parties. Milestones set forth in RSA to include: • Interim DIP Order within 5 days of Commencement Date; • Final DIP Order within 40 days after entry of Interim DIP Order; • Bar Date Order within 60 days after Petition Date • Acceptable Plan filed within 25 days of the Commencement Date;

	• Acceptable Disclosure Statement is approved by the Bankruptcy Court within 75 days of the Commencement Date; • The Acceptable Plan Supplement shall be filed on or before July 5, 2013; • Acceptable Plan confirmed by July 15, 2013; and • Outside exit date of July 31, 2013.

Exhibit A to Restructuring Term Sheet

DIP Commitment Letter

Execution Copy

February 17, 2013

The Reader's Digest Association, Inc.
750 Third Avenue
New York, New York 10017

Attention: Paul Tomkins, Chief Financial Officer

Commitment Letter

Ladies and Gentlemen:

You have advised each of (i) Wells Fargo Principal Lending, LLC ("Wells Fargo") and (ii) Apollo Senior Floating Rate Fund Inc. ("Apollo"), Empyrean Capital Partners, LP ("Empyrean"), GoldenTree Asset Management, LP (together with Apollo and Empyrean, the "NM Lenders" and, together with Wells Fargo, the "Commitment Parties", "us" or "we") that RDA Holding, Inc., The Reader's Digest Association, Inc. together with its direct and indirect domestic subsidiaries (collectively, "you" or the "Company"), are considering filing voluntary petitions under title 11 of the United States Code (the "Bankruptcy Code").

Capitalized terms used but not defined herein are used with the meanings assigned to them in the Summary of Terms and Conditions for Senior Secured Priming Debtor-in-Possession Credit Facility attached hereto as Annex 1 (the "Term Sheet" and, together with this letter, collectively, this "Commitment Letter"). As used herein, the term "Transactions" means, collectively, the entering into and funding of a senior secured priming debtor-in-possession financing facility (the "DIP Facilities"), comprised of (a) a term loan in the aggregate principal amount of $45 million (the "New Money Loan") and (b) a "roll-up" term loan and letter of credit facility in the aggregate principal amount specified for the "Refinancing Loans" set forth in clause (b) of the section entitled "Commitments and Availability" in the Term Sheet (collectively, the "Refinancing Loan" and, together with the New Money Loan, the "Loans"), the refinancing of the credit facilities evidenced by the Existing Credit Agreement, the entering into the Restructuring Support Agreement, and all other related transactions, including the payment of fees and expenses in connection therewith.

1. Commitments

In connection with the Transactions, (i) Wells Fargo is pleased to advise you of its commitment, and hereby commits to provide 100% of the aggregate amount of the Refinancing Loan upon the terms and conditions set forth in this Commitment Letter; and (ii) each of the undersigning NM Lenders is pleased to advise you of its commitment, and hereby commits to provide the percentage of the New Money Loan as set forth next to such NM Lender's name on Schedule I hereto, upon the terms and conditions set forth in this Commitment Letter. Each Commitment Party's commitment hereunder is on a several, and not joint, basis with any other Commitment Party.

2. Titles and Roles

It is agreed that an entity designated by the Commitment Parties (in consultation with the Borrower) will act as sole administrative agent and collateral agent for the DIP Facilities.

You agree that no other agents, co-agents, arrangers, co-arrangers, bookrunners, co-bookrunners, managers or co-managers will be appointed, no other titles will be awarded and no compensation (other than that expressly contemplated by the Term Sheet) will be paid in connection with the DIP Facilities unless you and we shall so reasonably agree.

3. Information

You hereby represent that (a) all information concerning you or any of your subsidiaries, other than the Projections (as defined below), forward looking information and information of a general economic or industry specific nature (the "Information"), that has been or will be made available to us by you or any of your representatives in connection with the Transactions contemplated hereby, when taken as a whole, does not or will not, when furnished to us, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made (after giving effect to all supplements and updates thereto from time to time) and (b) the financial and/or business projections and other forward-looking information (the "Projections") that have been or will be made available to us by you or any of your representatives in connection with the Transactions contemplated hereby have been or will be prepared in good faith based upon assumptions believed by you to be reasonable at the time prepared (it being recognized by the Commitment Parties that such Projections are subject to significant uncertainties and contingencies, many of which are beyond your control, that no assurances are given that any particular Projections will be realized and such Projections are not to be viewed as facts and that actual results during the period or periods covered by any such Projections may differ from the projected results, and such differences may be material). You agree that if, at any time prior to the Closing Date, you become aware that any of the representations in the preceding sentence is incorrect in any material respect then you will promptly supplement the Information and the Projections so that such representations are correct in all material respects under those circumstances.

4. Fees

As consideration for the commitments and agreements of the Commitment Parties hereunder, you agree to pay or cause to be paid the nonrefundable fees to the applicable Commitment Parties described in the Term Sheet including, without limitation, Commitment Fees, Ticking Fees and Early Termination Fee (together with the Commitment Fees and the Ticking Fees, the "Fees"), on the terms and subject to the conditions set forth therein. You agree that, once paid, the fees or any part thereof payable hereunder shall not be refundable under any circumstances, except as otherwise agreed in writing. All fees payable hereunder shall be paid in immediately available funds and shall be in addition to reimbursement of our out-of-pocket expenses as provided for in this Commitment Letter.

5. Conditions

Each Commitment Party's commitments and agreements hereunder are subject to the conditions set forth in this letter and in the Term Sheet (a) under the heading "Conditions Precedent to Initial Borrowings" and "Conditions Precedent to Full Availability".

Each Commitment Party's commitments and agreements hereunder are further subject to (a) since December 31, 2012, there not having been any change, condition, development or event that, individually

or in the aggregate, has had or could reasonably be expected to have a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its subsidiaries, taken as a whole, other than as a result of the commencement of the Borrower's chapter 11 proceeding, any events causing the filing of the Cases or any events which customarily occur following the commencement of a proceeding under Chapter 11 of the Bankruptcy Code, (b) satisfaction of all your obligations hereunder to pay fees and expenses when due and (c) your material compliance with all your obligations in this Commitment Letter and the Restructuring Support Agreement.

6. Indemnification and Expenses

You agree (a) to indemnify and hold harmless the Commitment Parties, their affiliates and their respective directors, officers, employees, advisors, agents and other representatives (each, an "indemnified person") from and against any and all actual losses, claims, damages and liabilities to which any such indemnified person may become subject arising out of or in connection with this Commitment Letter, the DIP Facilities, the use of the proceeds thereof or the Transactions or any claim, litigation, investigation or proceeding (a "Proceeding") relating to any of the foregoing, regardless of whether any indemnified person is a party thereto, whether or not such Proceedings are brought by you, your equity holders, affiliates, creditors or any other person, and to reimburse each indemnified person upon demand for any reasonable legal or other out-of-pocket expenses incurred in connection with investigating or defending any of the foregoing (but limited, in the case of legal fees and expenses, to (i) one primary counsel to such indemnified persons in respect of the NM Lenders and one primary counsel to such indemnified persons in respect of Wells Fargo, (ii) in the event of conflicts of interest, additional counsels to such affected indemnified persons, as necessary and (iii) local counsels as reasonably necessary in any relevant jurisdictions), provided that the foregoing indemnity will not, as to any indemnified person, apply to losses, claims, damages, liabilities or related expenses to the extent (x) they are found by a final non-appealable judgment of a court of competent jurisdiction to arise from the willful misconduct, bad faith or gross negligence of any indemnified person and (y) any dispute solely among indemnified persons other than any claims against an indemnified person arising out of any act or omission of you or any of your affiliates and (b) regardless of whether the Closing Date occurs, to reimburse within 10 business days of written demand each Commitment Party and its affiliates for all reasonable and documented out-of-pocket expenses that have been invoiced (including reasonable and documented out-of-pocket due diligence expenses, travel expenses, reasonable fees and reasonable documented out-of-pocket expenses of professionals engaged in collateral reviews, appraisals and environmental reviews, and reasonable fees, charges and disbursements of counsels; it being agreed that there may be one primary counsel for Wells Fargo (presently Milbank, Tweed, Hadley & McCloy LLP) and one primary counsel for the NM Lenders (presently Kirkland & Ellis LLP), and in each case any additional counsels engaged in the event of conflicts, special counsels and local counsels as reasonably necessary in any relevant jurisdiction) incurred in connection with the DIP Facilities and any related documentation (including this Commitment Letter and the definitive financing documentation) or the administration, amendment, modification, waiver or enforcement thereof. It is further agreed that each Commitment Party shall only have liability to you (as opposed to any other person) and that each Commitment Party shall be liable solely in respect of its own commitment to the DIP Facilities on a several, and not joint, basis with any other Commitment Party. No indemnified person shall be liable for any damages arising from the use by others of Information or other materials obtained through electronic, telecommunications or other information transmission systems, except to the extent any such damages are found by a final judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of such indemnified person. None of the indemnified persons or you, or any of your affiliates or the respective directors, officers, employees, advisors, and agents of the foregoing shall be liable for any indirect, special, punitive or consequential damages in connection with this Commitment Letter, the DIP

Facilities or the transactions contemplated hereby, provided that nothing contained in this sentence shall limit your indemnity obligations to the extent set forth in this Section 6.

7. Sharing of Information, Absence of Fiduciary Relationship, Affiliate Activities

You acknowledge that each Commitment Party (or an affiliate) may from time to time effect transactions, for its own or its affiliates' account or the account of customers, and hold positions in loans, securities or options on loans or securities of you, or your affiliates. You also acknowledge that the Commitment Parties and their respective affiliates have no obligation to use in connection with the transactions contemplated hereby, or to furnish to you, confidential information obtained from other companies or persons.

You further acknowledge and agree that (a) no fiduciary, advisory or agency relationship between you and the Commitment Parties is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether the Commitment Parties have advised or are advising you on other matters, (b) the Commitment Parties, on the one hand, and you, on the other hand, have an arm's length business relationship that does not directly or indirectly give rise to, nor do you rely on, any fiduciary duty to you or your affiliates on the part of the Commitment Parties, (c) you are capable of evaluating and understanding, and you understand and accept, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) you have been advised that the Commitment Parties are engaged in a broad range of transactions that may involve interests that differ from your interests and that the Commitment Parties have no obligation to disclose such interests and transactions to you, (e) you have consulted your own legal, accounting, regulatory and tax advisors to the extent you have deemed appropriate, (f) each Commitment Party has been, is, and will be acting solely as a principal and, except as otherwise expressly agreed in writing by it and the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for you, any of your affiliates or any other person or entity and (g) none of the Commitment Parties has any obligation to you or your affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein or in any other express writing executed and delivered by such Commitment Party and you or any such affiliate.

8. Confidentiality

This Commitment Letter is delivered to you on the understanding that neither this Commitment Letter nor any of their terms or substance shall be disclosed by you, directly or indirectly, to any other person except (a) to you and your officers, directors, employees, affiliates, members, partners, stockholders, attorneys, accountants, agents and advisors on a need-to-know basis, (b) as may be required (or necessary in connection with) in any legal, judicial or administrative proceeding (including, without limitation, as may be required to obtain court approval in connection with any acts or obligations to be taken pursuant to this Commitment Letter or the transactions contemplated hereby (in which case you agree to inform us promptly thereof) and further that you may disclose this Commitment Letter to the official committee of unsecured creditors appointed in any of the Company's and its subsidiaries' bankruptcy cases (collectively, the "Creditors' Committee") and its advisors and to any other official committee appointed in any of the Company's and its subsidiaries' bankruptcy cases (collectively, the "Committees") or as otherwise required by applicable law or regulation or as requested by a governmental authority (in which case you agree, to the extent permitted by law, to inform us promptly in advance thereof) and (c) upon notice to the Commitment Parties, this Commitment Letter and the existence and contents hereof may be disclosed in connection with any public filing requirement.

9. Miscellaneous

This Commitment Letter shall not be assignable by you without the prior written consent of each Commitment Party (and any purported assignment without such consent shall be null and void), is intended to be solely for the benefit of the parties hereto and the indemnified persons and is not intended to and does not confer any benefits upon, or create any rights in favor of, any person other than the parties hereto and the indemnified persons to the extent expressly set forth herein. It is agreed that each of the NM Lenders may at any time and from time to time assign all or any portion of its commitments hereunder to one or more of its affiliates. It is agreed that Wells Fargo may at any time and from time to time assign all or any portion of its commitments hereunder to one or more of its affiliates. The Commitment Parties reserve the right to employ the services of their affiliates in providing services contemplated hereby and to allocate, in whole or in part; to their affiliates certain fees payable to the Commitment Parties in such manner as the Commitment Parties and their affiliates may agree in their sole discretion. This Commitment Letter may not be amended or waived except by an instrument in writing signed by you and each Commitment Party. This Commitment Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Commitment Letter by facsimile or electronic transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart hereof. This Commitment Letter is the only agreement that has been entered into among us and you with respect to the DIP Facilities and set forth the entire understanding of the parties with respect thereto. This Commitment Letter, and any claim, controversy or dispute arising under or related to this Commitment Letter, whether in tort, contract (at law or in equity) or otherwise, shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York without regard to conflict of law principles that would result in the application of any law other than the State of New York.

You and we hereby irrevocably and unconditionally submit to the exclusive jurisdiction of the bankruptcy court having jurisdiction over the chapter 11 cases of the Company and its subsidiaries or, if such court denies jurisdiction or the Company elects not to file cases under the Bankruptcy Code, then any state or Federal court sitting in the Borough of Manhattan in the City of New York over any suit, action or proceeding arising out of or relating to the Transactions or the other transactions contemplated hereby, this Commitment Letter or the performance of services hereunder or thereunder. You and we agree that service of any process, summons, notice or document by registered mail addressed to you or us shall be effective service of process for any suit, action or proceeding brought in any such court. You and we hereby irrevocably and unconditionally waive any objection to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in any inconvenient forum. You and we hereby irrevocably agree to waive trial by jury in any suit, action, proceeding, claim or counterclaim brought by or on behalf of any party related to or arising out of the Transactions, this Commitment Letter or the performance of services hereunder or thereunder.

Each of the Commitment Parties hereby notifies you that, pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the "PATRIOT Act"), it is required to obtain, verify and record information that identifies each Borrower and each Guarantor, which information includes names, addresses, tax identification numbers and other information that will allow such Lender to identify each Borrower and each Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective for the Commitment Parties and each Lender.

The indemnification, fee, expense, jurisdiction and confidentiality provisions contained herein shall remain in full force and effect regardless of whether definitive financing documentation shall be

executed and delivered and notwithstanding the termination of this Commitment Letter or the commitments hereunder.

If the foregoing correctly sets forth our agreement, please indicate your acceptance of the terms of this Commitment Letter by returning to us executed counterparts of this Commitment Letter not later than the earlier of (a) 10:00 p.m., New York City time, on February 17, 2013 and (b) the time of the filing by the Loan Parties of their petition or petitions under Chapter 11 of the Bankruptcy Code. This offer will automatically expire at such time if we have not received such executed counterparts in accordance with the preceding sentence. In the event that the initial borrowing under the DIP Facilities does not occur on or before February 20, 2013, then this Commitment Letter and the commitments hereunder shall automatically terminate unless we shall, in our discretion, agree to an extension. In addition, this Commitment Letter and the commitments hereunder shall expire at (a) 5:00 p.m. (New York City time) on February 18, 2013, unless the Loan Parties shall have theretofore filed voluntary petitions under Chapter 11 of the Bankruptcy Code in the Court and (b) if such petitions have been filed by such time, at 11:59 p.m. (New York City time) on the date that is five (5) days after such filing, unless, prior to that time, the Court shall have entered the Interim Order, the Borrower shall have paid to the Commitment Parties the fees that are specified herein to be due upon such entry and the Borrower shall have entered into definitive documentation with respect to the DIP Facilities. In the further event that the Interim Order is entered, this Commitment Letter and the commitments hereunder shall expire 40 days after the entry of the Interim Order unless the Final Order shall have been entered prior to the expiration of such 40-day period.

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Very truly yours,

WELLS FARGO PRINCIPAL LENDING, LLC

By: _____
Name: Greg Apkarian
Title: Vice President

Very truly yours,

Apollo Senior Floating Rate Fund Inc.
Account 631203

By: _____
Name:
Title:

JOSEPH MORONEY
Authorized Signatory

Very truly yours,

EMPYREAN CAPITAL PARTNERS, LP
on behalf of the funds and accounts managed by it

By: _____
Name: RYAN MAYETANI
Title: CHIEF FINANCIAL OFFICER

Very truly yours,

GOLDENTREE ASSET MANAGEMENT, LP
on behalf of certain funds and accounts managed by it

By: _____
Name: George HARTIGAN
Title: VP

Accepted and agreed to as of the date first written above:

THE READER'S DIGEST ASSOCIATION, INC.

By: _____
Name: Robert Guth
Title: President and Chief Executive Officer

Schedule I

New Money Loan Commitments:

NM Lender	Percentage of Commitment
Apollo Senior Floating Rate Fund Inc.	
Empyrean Capital Partners, LP	
GoldenTree Asset Management, LP	
Total	100%

Annex 1
Subject to Rule 408 of the Federal Rules of Evidence
Execution Copy

Term Sheet
February 17, 2013

Summary of Terms and Conditions for
Senior Secured Priming Debtor-in-Possession Credit Facility

I. Parties

Borrower:	The Reader's Digest Association, Inc., a Delaware corporation (the "Borrower"), which will be a debtor and debtor-in-possession in a case to be filed under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") (the "Borrower's Case") in the United States Bankruptcy Court for the Southern District of New York, White Plains Division (the "Bankruptcy Court") (the date of the commencement of the Cases, the "Petition Date").
Guarantors:	All obligations of the Borrower under the Definitive Documentation (as defined below) (the "Obligations") will be unconditionally guaranteed by RDA Holding Co., a Delaware corporation ("Holding"), and by each direct and indirect, existing and future domestic subsidiary of the Borrower (collectively with Holding, the "Guarantors" and, together with the Borrower, the "Loan Parties" or the "Debtors"), each of which will be a debtor-in-possession in a case to be filed in the Bankruptcy Court (the "Guarantors' Cases"; together with the Borrower's Case, the "Cases").
Administrative Agent and Collateral Agent:	An entity to be selected by the Lenders in consultation with the Borrower (in such capacity, the "Administrative Agent").
DIP Lenders:	Certain Secured Noteholders (as defined below) party to the commitment letter dated February 17, 2013 to which this term sheet is attached (the "Commitment Letter") in respect of the New Money Loan (the "NM Lenders") and Wells Fargo Principal Lending, LLC ("Wells Fargo") in respect of the Refinancing Loan (the "Refinancing Loan Lender", together with the NM Lenders, collectively the "DIP Lenders").

II. Basic Terms

Commitments and Availability:	A senior secured priming debtor-in-possession credit facility (the "DIP Facility") comprised of (a) a term loan in the aggregate principal amount of $45 million (the "New Money Loan") and (b) a refinancing term loan and letter of credit facility in the aggregate amount (of approximately $60 million) equal to the sum of (i) $49,625,000 plus (ii) the aggregate amount of all letters of credit outstanding under the Existing Credit Agreement as of February 17, 2013 equal to $9,516,267 plus (iii) the

aggregate amount of all outstanding and unpaid fees, letter of credit standby fees and commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Cases (as defined below) under the Existing Credit Agreement and immediately prior to the date when the Refinancing Loans become effective (collectively, the "Refinancing Loan" and, together with the New Money Loan, the "Loans"), it being understood that the indemnification obligations under the Existing Credit Agreement will survive as obligations under the DIP Facility notwithstanding the refinancing or termination of the facilities under the Existing Credit Agreement. During the period commencing on the Closing Date (as defined below) and ending on the date of entry of the Final Order (as defined below) (such period, the "Interim Period"), a portion of the New Money Loan in an amount equal to $11 million (or such lower amount as may be ordered by the Bankruptcy Court) shall be available to the Borrower and borrowed in one draw on the Closing Date, subject to compliance with the terms, conditions and covenants described in this Summary of Terms and Conditions (this "Term Sheet").

Upon the Bankruptcy Court's entry of the Final Order (such date hereinafter being referred to as the "Final Order Entry Date"), the remaining amount of the New Money Loan and the full amount of the Refinancing Loan shall be borrowed within two (2) business days of the Final Order Entry Date, subject to compliance with the terms, conditions and covenants described in this Term Sheet and the Definitive Documentation.

Amortization: None.

Term: Borrowings shall be repaid in full in cash, and the remaining commitments, if any, shall terminate, at the earliest of (a) October 31, 2013, (b) the 40th day after the entry of the Interim Order (as defined below) (or such later date agreed to by the Required DIP Lenders (as defined below)) if the Final Order has not been entered prior to the expiration of such period, (c) the effective date of a Chapter 11 plan of reorganization that has been confirmed pursuant to an order entered by the Bankruptcy Court or any other court having jurisdiction over the Cases (the "Effective Date") and (d) the acceleration of the Loans or termination of the commitments in accordance with the Credit Agreement (as defined below) (such earliest date, the "Termination Date"). To the extent not otherwise terminated pursuant to the foregoing, the unused Commitments shall terminate on the date that is five (5) business days after the Final Order Entry Date. Any confirmation order entered in the Cases shall not discharge or otherwise affect in any way any of the obligations of the Loan Parties to the DIP Lenders under the DIP Facility and the Definitive Documentation other than after the payment in full and in cash to the DIP Lenders of all principal, interest and all other obligations under the DIP Facility and the Definitive Documentation on or before the effective date of a plan of reorganization and the termination of the Commitments (except as

provided under "Exit Financing" below).

Exit Financing:	The Refinancing Loan Lender agrees that, on the date of consummation of a plan of reorganization, subject to the satisfaction of the applicable conditions set forth in the "First Out Exit Facility Term Sheet" attached to the Commitment Letter as Annex 2 (the "First Out Exit Facility Term Sheet") and otherwise in accordance therewith and pursuant to the terms of the definitive documentation thereof, the Refinancing Loans shall be continued as or converted into, exit financing of the reorganized Debtors (or if the Refinancing Loans are not continued or converted into exit financing such Refinancing Loans shall be paid in full in cash upon consummation of such plan of reorganization). The NM Lenders agree that, on the date of consummation of a plan of reorganization, subject to the satisfaction of the applicable conditions set forth in the "Second Out Exit Facility Term Sheet" attached to the Commitment Letter as Annex 3 (the "Second Out Exit Facility Term Sheet") and otherwise in accordance therewith and pursuant to the terms of the definitive documentation thereof, the New Money Loans shall be continued as or converted into, exit financing of the reorganized Debtors (or if the New Money Loans are not continued or converted into exit financing such New Money Loans shall be paid in full in cash upon consummation of such plan of reorganization). Notwithstanding the foregoing and that the scheduled final maturity of the Refinancing Loan extends beyond the date that is 180 days after the Petition Date, the commitment of Wells Fargo Principal Lending, LLC under the Restructuring Support Agreement and the First Out Exit Facility Term Sheet to provide the First Out Exit Facility Term Loans (as such terms are defined in the Restructuring Support Agreement) shall automatically terminate on the date that is 180 days after the Petition Date. It is understood and agreed that each DIP Lender's commitment herein in respect of such exit financing is on a several, and not joint, basis with any other DIP Lenders.
Closing Date:	Closing and initial funding to occur as promptly as is practicable after the entry of the Interim Order but no later than two (2) business days after such entry (the "Closing Date").
Purpose:	The proceeds of the Loans shall be used: (1) in respect of the New Money Loan, (a) for working capital and other general corporate purposes of the Borrower, the other Loan Parties and their respective subsidiaries in accordance with, and subject to the limitations in, the Cash Flow Forecast, (b) to pay transaction costs, fees and expenses incurred in connection with the DIP Facility and the transactions contemplated thereunder and hereby (it being understood and agreed that no proceeds of the Loans may be used to fund any subsidiary that is not a Loan Party) and (c) to pay the Noteholder Protections (as defined below), the Lender Protections (as defined below) and other adequate protection

expenses, if any, to the extent set forth in the Interim Order; and (2) in respect of the Refinancing Loan, to repay in full the loans and obligations outstanding under the credit facilities evidenced by that certain Credit and Guarantee Agreement dated as of March 30, 2012, among Holding, the Borrower, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent for the lenders (as amended, the "Existing Credit Agreement"), including rolling up the aggregate amount of all letters of credit outstanding under the Existing Credit Agreement as of February 17, 2013, the aggregate amount of all outstanding and unpaid fees, letter of credit standby fees and commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Cases under the Existing Credit Agreement and immediately prior to the date when the Refinancing Loans become effective (provided, that, no unused letter of credit commitments will be rolled up; rather all unused commitments shall be deemed to terminate simultaneously with the effectiveness of the Refinancing Loans); it being understood that the indemnification obligations under the Existing Credit Agreement will survive as obligations under the DIP Facility notwithstanding the refinancing or termination of the facilities under the Existing Credit Agreement. The proceeds of Loans may not be used in connection with the investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Lenders, the Administrative Agent or any of the Secured Noteholders or Wells Fargo.

Priority and Liens: All borrowings by the Borrower and other Obligations of the Borrower under the DIP Facility (and all guaranties by the Guarantors) shall, subject to the Carve-Out (defined below), at all times:

(i) pursuant to Section 364(c)(1) of the Bankruptcy Code, be entitled to joint and several superpriority administrative expense claim status in the Cases;

(ii) pursuant to Section 364(c)(2) of the Bankruptcy Code, be secured by a perfected first priority lien on all property of the Debtors' respective estates in the Cases and the proceeds thereof (including, without limitation, inventory, accounts receivable, general intangibles, chattel paper, intercompany loans, notes and balances, owned real estate, real property leaseholds, fixtures and machinery and equipment, deposit accounts, patents, copyrights, trademarks, tradenames, rights under license agreements, and other intellectual property, avoidance action claims and the proceeds thereof, and capital stock of subsidiaries (including 100% of the issued and outstanding non-voting equity interests in any first tier foreign subsidiary and no more than 65% of issued and outstanding voting equity interests in any first tier foreign subsidiary) (collectively, the "Collateral") that is not subject to valid, perfected and non-avoidable liens as of the commencement of the Cases;

(iii) pursuant to Section 364(c)(3) of the Bankruptcy Code, be secured by a perfected junior lien on all Collateral of the Debtors' respective estates in the Cases, that is subject to valid, perfected and non-avoidable liens in existence at the time of the commencement of the Cases or to valid liens in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by Section 546(b) of the Bankruptcy Code (other than property that is subject to the existing liens that secure obligations under the agreements referred to in clauses (1), (2) and (3) of clause (iv) hereof, which liens shall be primed by the liens to be granted to the Administrative Agent as described in such clause); and

(iv) pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected first priority, senior priming lien on all of the Collateral of the Debtors' respective estates in the Cases that is subject to the existing liens that secure the obligations of the Loan Parties under or in connection with the Existing Credit Agreement, and the senior secured notes issued pursuant to that certain indenture, dated February 11, 2010 ("Indenture") by and among the Borrower, certain of its affiliates and the purchasers party thereto from time to time (the "Secured Noteholders") and all of which existing liens (the "Existing Primed Secured Facilities"; the liens thereunder, the "Primed Liens") shall be primed by and made subject and subordinate to the perfected first priority senior liens to be granted to the Administrative Agent, which senior priming liens in favor of the Administrative Agent shall also prime any liens granted after the commencement of the Cases to provide adequate protection in respect of any of the Primed Liens but shall not prime liens, if any, to which the Primed Liens are subject at the time of the commencement of the Cases.

subject, in each case, only to the Carve Out.

For purposes hereof, the term "Carve Out" shall mean the sum of: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code and section 3717 of title 31 of the United States Code, (ii) all unpaid professional fees and disbursements incurred by the Debtors and any statutory committees appointed in the Cases prior to the occurrence of an Event of Default and notice thereof delivered to the Borrower to the extent allowed by the Bankruptcy Court at any time, and (iii) at any time after the occurrence of an Event of Default and notice thereof delivered to the Borrower, to the extent allowed at any time, whether before or after delivery of such notice, whether by interim order, procedural order or otherwise, the payment of accrued and unpaid professional fees, costs and expenses (collectively, the "Professional Fees") incurred by persons or firms retained by the Debtors and the Committee and allowed by this Court, not in excess of $2,500,000 for the

	Debtors' professionals and the Committee's professionals (the "Carve Out Cap"); provided that the Carve Out Cap shall be inclusive of any professional fees, costs and expenses incurred by any Chapter 7 trustee, such professional fees, costs and expenses in an amount not to exceed $25,000 in the aggregate; provided further that the Carve Out shall not be available to pay any such Professional Fees incurred in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Agent, the DIP Lenders, the Secured Noteholders or the lender under the Existing Credit Agreement and nothing herein shall impair the right of any party to object to the reasonableness of any such fees or expenses to be paid by the Debtors' estates. All of the liens described above shall be effective and perfected as of the Interim Order Entry Date pursuant to the Interim Order and without the necessity of possession of any possessory collateral or the execution of mortgages, security agreements, pledge agreements, financing statements or other agreements, in each case subject to the terms and conditions set forth in the Interim Order. Both the New Money Loan and the Refinancing Loan will be secured with the same Collateral, with *pari passu* ranking.
Payment Priority:	The New Money Loan and the Refinancing Loan shall rank *pari passu* in terms of right to payment.
Noteholders Protection:	The noteholders under the Indenture (the "Primed Noteholders") whose liens are primed as described in clause (iv) of "Priority and Liens" above, shall receive adequate protection of their interest in their prepetition collateral pursuant to Sections 361, 363(c)(2), 363(e) and 364(d)(1) of the Bankruptcy Code, in an amount equal to the aggregate diminution in value of the Primed Noteholders' respective prepetition collateral including, without limitation, any such diminution resulting from the imposition of, and payments benefitting from, the Carve-Out, the imposition of the automatic stay, the implementation of the DIP Facility and the priming of the Primed Noteholders' liens on the prepetition collateral, the sale, lease or use by the Debtors (or other decline in value) of the prepetition collateral (including cash collateral), all of which adequate protection must be satisfactory to the NM Lenders, including the following: (i) a superpriority claim as contemplated by Section 507(b) of the Bankruptcy Code immediately junior to the claims under Section 364(c)(1) of the Bankruptcy Code held by the Administrative Agent and the DIP Lenders; provided however that the Primed Noteholders shall have irrevocably agreed, pursuant to Section 1129(a)(9) of the Bankruptcy Code, in any stipulation and/or order granting such adequate protection, that such junior superpriority claims may be paid under any plan of reorganization in any combination of cash, debt, equity or other property having a value on the effective date of the plan equal to the allowed amount of such claims, (ii) a replacement lien on the Collateral, which adequate protection lien shall have a priority

immediately junior to the liens granted pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code in favor of the Administrative Agent for the benefit of the DIP Lenders, (iii) the payment of the reasonable fees and expenses incurred by (1) one primary counsel (and any conflicts, special or local counsel retained)for Wilmington Trust FSB as the collateral agent under the Existing Primed Secured Facilities, and the continuation of the payment on a current basis of the agency fee (to the extent owing) provided for under the Indenture (and the other related definitive documentation) and (2) one primary counsel (and any conflicts, special or local counsel retained) and one financial advisor for the ad hoc committee of the Secured Noteholders, and (iv) such other adequate protection as the Bankruptcy Court may order (collectively, the "Noteholder Protections").

Lender Protections	The lender under the Existing Credit Agreement (the "Primed Lender") in exchange for consenting to having its liens primed as described in clause (iv) of "Priority and Liens" above, consenting to providing Exit Financing on terms and conditions specified herein, consenting to executing the Restructuring Support Agreement and the Restructuring Transactions (as defined in the Restructuring Support Agreement) and adequate protection of their interest in their prepetition collateral pursuant to Sections 361, 363(c)(2), 363(e) and 364(d)(1) of the Bankruptcy Code, in an amount equal to the aggregate diminution in value of the Primed Lender's respective prepetition collateral including, without limitation, any such diminution resulting from the imposition of, and payments benefitting from, the Carve-Out, the imposition of the automatic stay, the implementation of the DIP Facility and the priming of its liens on the prepetition collateral, the sale, lease or use by the Debtors (or other decline in value) of the prepetition collateral (including cash collateral), shall receive the following: (a) upon entry of the Interim Order (i) current cash pay of interest fees and commissions (including, for the avoidance of doubt, any accrued pre- and post-petition interest and letter of credit fees and commissions at the non-default rate under the Existing Credit Agreement, (ii) payment of all unreimbursed reasonable and documented advisor fees and expenses of the Primed Lender including that of former counsel (and any conflicts, special or local counsel retained, if any) whether pre- or post-petition, (iii) current pay of all reasonable fees and expenses of the Primed Lender during the Cases (including for one primary counsel (and any conflicts, special or local counsel retained)), (iv) a superpriority claim as contemplated by Section 507(b) of the Bankruptcy Code immediately junior only to the claims under Section 364(c)(1) of the Bankruptcy Code held by the Administrative Agent, the DIP Lenders and to the New Money Loan, (v) a replacement lien on the Collateral, which adequate protection lien shall have a priority immediately junior to only the liens granted pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code in favor of the Administrative Agent for the benefit of the DIP Lenders, (vi) and the continuation of the payment on a current basis of the agency fee (to the extent owing) to Wells Fargo as the administrative agent under the Existing Credit Agreement to the extent provided for under the

Existing Credit Agreement (and the other related definitive documentation) and (vii) and such other adequate protection as the Bankruptcy Court may order and (b) upon entry of the Final Order (i) the Refinancing Loans and (ii) other Priorities and Liens granted under this Term Sheet (collectively, the "Lender Protections").

Nature of Fees: Non-refundable and fully earned when paid under all circumstances.

III. Prepayment Provisions

Optional Prepayments and Commitment Reductions: Loans may be prepaid and commitments may be reduced in minimum amounts to be agreed upon, subject to the Early Termination Fee (referenced below), as applicable. Optional prepayment of the Loans shall be applied ratably to the Loans outstanding. No prepayment of the Loans may be reborrowed.

Mandatory Prepayments: Subject to the reinvestment exception described below, the following amounts shall be applied to prepay the Loans:

- 100% of the net cash proceeds from the incurrence of indebtedness (other than certain permitted indebtedness to be agreed) after the Closing Date by Holding or any of its subsidiaries; and

- 100% of the net cash proceeds of any sale or other disposition (including (a) by issuance or sale of stock of Holding or any of its subsidiaries, (b) as a result of casualty or condemnation, net of remediation or replacement costs and (c) any extraordinary receipts) by Holding or any of its subsidiaries of any assets (except for sales of inventory in the ordinary course of business and certain other dispositions and exceptions to be agreed on);

provided that in the absence of a default or event of default under the Definitive Documentation, the Loan Parties shall be permitted to reinvest (or commit to reinvest) such proceeds not exceeding $15 million in the aggregate within six (6) months after the receipt of the proceeds in each case subject to the terms and conditions of the Definitive Documentation.

The prepayment amounts shall be applied to pay down the New Money Loan and the Refinancing Loan on a pro rata basis.

The DIP Lenders may have the option to decline the mandatory prepayments in their sole discretion.

IV. Interest and Certain Fees

Interest Rate: Refinancing Loan:

LIBO Rate (with a floor of 3.0%) plus 5.0% per annum

Base Rate (with a floor of 4.0%) plus 4.0% per annum

New Money Loan:

LIBO Rate (with a floor of 1.50%) plus 9.50% per annum

Base Rate (with a floor of 2.50%) plus 8.50% per annum

As used herein:

"LIBO Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 3.0% for the Refinancing Loan and 1.50% for the New Money Loan. "Base Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 4.0% for the Refinancing Loan and 2.50% for the New Money Loan.

Default Rate:	Upon the occurrence and during the continuance of an Event of Default under the Credit Agreement, interest shall accrue on the outstanding amount of the obligations under the Credit Agreement and shall be payable on demand at 2.0% per annum above the then applicable rate.
Commitment Fees:	The Borrower shall pay to the Administrative Agent for the account of the NM Lenders providing the New Money Loan, commitment fees in an amount equal to 2.0% of the aggregate amount of the commitments in respect of the New Money Loan (i.e., $45 million) on the Closing Date.
Ticking Fees:	For the period of time from the 30th day after the Petition Date through and including the date when the Borrower shall borrow the full amount of the New Money Loan (the "Full Funding Date"), the Borrower shall pay a fee equal to 4.75% per annum over the daily average of the undrawn amount of the New Money Loan (i.e., the difference between $45 million and the amount of the New Money Loan borrowed on the Closing Date).
Early Termination Fee:	In the event that the Borrower shall prepay the New Money Loan in part or in full, or reduce or terminate any commitment in respect of the NM Loan in part or in full, prior to 60 days after the Petition Date, the Borrower shall pay the NM Lenders an early termination fee in the amount equal to (a) in the case of prepayment in full or reduction of commitment in full, 2% of the aggregate principal amount of the total commitment for the New Money Loan (i.e., $45 million), and (b) in the case of partial prepayment or commitment reduction, 2% of the aggregate principal amount of the New Money Loan commitment so reduced or the New Money Loan so prepaid; in each case due and payable at the time of such prepayment or reduction.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days for actual days elapsed, *provided* that computations of interest for Base

Rate Loans when the Base Rate is determined by the prime rate shall be made on the basis of the number of actual days elapsed in a year of 365 or 366 days, as the case may be.

V. Certain Conditions

Conditions Precedent to Initial Borrowings:

The obligations of the DIP Lenders to make Loans under the DIP Facility will be subject to the following conditions precedent:

(a) The Bankruptcy Court shall have entered, upon motion in form and substance reasonably satisfactory to the DIP Lenders and the Administrative Agent, an interim order no later than five (5) calendar days after the Petition Date (or such later date agreed to by the Required DIP Lenders), approving and authorizing the DIP Facility, all provisions thereof and the priorities and liens granted under Bankruptcy Code Section 364(c) and (d), as applicable, in form and substance satisfactory to the Administrative Agent, Wells Fargo and the Secured Noteholders party to the Commitment Letter, in their sole discretion, and including without limitation, provisions (i) modifying the automatic stay to permit the creation and perfection of the liens in favor of the DIP Lenders on the Collateral; (ii) providing for the automatic vacation of such stay to permit the enforcement of the DIP Lenders' remedies under the DIP Facility, including without limitation the enforcement, upon five (5) business days' prior written notice, of such remedies against the Collateral; (iii) prohibiting the incurrence of debt with priority equal to or greater than the DIP Lenders' under the DIP Facility, except as expressly provided in the Definitive Documentation; (iv) prohibiting any granting or imposition of liens other than liens acceptable to the Required DIP Lenders except as expressly provided in the Definitive Documentation; (v) priming the liens of the lenders and holders under the Existing Primed Secured Facilities and granting the Noteholder Protections, the Lender Protections and other adequate protection for such priming in the form of liens, superpriority administrative expense claims and other payments and obligations as described in the "Priority and Liens" section of this Term Sheet and authorizing the use of cash collateral in accordance with the terms hereof; (vi) authorizing and approving the DIP Facility and the transactions contemplated hereby, including without limitation the granting of the superpriority claims, the first-priority and priming security interests and liens upon the Collateral and the payment of all fees and expenses due to the DIP Lenders and the Administrative Agent; (vii) finding that the DIP Lenders are extending credit to the Borrower in good faith within the meaning of Section 364(e) of the Bankruptcy Code; (viii) authorizing interim extensions of credit in amounts acceptable to the Required NM Lenders and currently expected to be $11 million; and (ix) containing a determination by the Bankruptcy Court that, subject to an investigation period by the official creditors' committee, the liens securing the Existing Primed Secured Facilities are valid and unavoidable (with a finding that the Debtors stipulate and agree that the liens securing the Existing Primed Secured Facilities are valid

and unavoidable and that the obligations under the Existing Primed Secured Facilities are valid, binding and enforceable in accordance with the terms therein) (such interim order being referred to as the "Interim Order", and the date of entry of the Interim Order being hereinafter referred to as the "Interim Order Entry Date");

(b) The Interim Order shall not have been reversed, modified, amended, stayed or vacated, in the case of any modification or amendment, in a manner, or relating to a matter, without the consent of the DIP Lenders;

(c) The Loan Parties shall be in compliance in all respects with the Interim Order;

(d) The Cases shall have been commenced in the Bankruptcy Court and all of the "first day orders" and all related pleadings to be entered at the time of commencement of the Cases or shortly thereafter, including in respect of amounts of critical vendor payments, if any, shall be reasonably satisfactory in form and substance to the Administrative Agent and the Required DIP Lenders;

(e) No trustee, receiver, interim receiver or receiver and manager shall be appointed in any of the Cases, or a responsible officer or an examiner with enlarged powers shall be appointed in any of the Cases (having powers beyond those set forth in Bankruptcy Code sections 1106(a)(3) and (4));

(f) No material adverse change (to be defined) shall have occurred other than the commencement of the Cases.

(g) The Administrative Agent and the DIP Lenders shall have received from the Loan Parties forecasts on a consolidated basis of the Borrower and its subsidiaries' income statement, balance sheet and cash flows for each fiscal month of fiscal year 2013 and including the material assumptions on which such forecasts were based (including, but not limited to, future cost reduction initiatives), and setting forth the anticipated disbursements and uses of the Commitments, which forecasts shall be reasonably satisfactory in form and substance to the Administrative Agent and the Required DIP Lenders and certified by a responsible officer (the "Budget");

(h) The Administrative Agent and the DIP Lenders shall have received from the Loan Parties certified copies of (i) the audited consolidated balance sheets of the Borrower and its subsidiaries as of each of the three (3) fiscal years proceeding the fiscal year ending on December 31, 2012, and the related audited consolidated statements of income, stockholders' equity and cash flows for the Borrower and its consolidated subsidiaries for the corresponding periods, (ii) the unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower and its subsidiaries for each subsequent fiscal quarter ended after the fiscal year ended December 31, 2012 for which

such financial statements are available prior to the Closing Date and (iii) to the extent made available by the Borrower, monthly financial data generated by the Borrower's internal accounting systems for use by senior management for each month ended after the latest fiscal quarter for which unaudited financial statements are delivered pursuant to clause (ii) above and at least 30 days before the Closing Date;

(i) The Administrative Agent and the DIP Lenders shall have received a 13-week cash flow projection of the Borrower and its subsidiaries, which shall be in form and substance reasonably satisfactory to the Administrative Agent and the Required DIP Lenders and certified by a responsible officer (the "Cash Flow Forecast");

(j) All costs, fees, expenses (including, without limitation, reasonable legal fees) and other compensation contemplated by the Definitive Documentation to be payable to the DIP Lenders and/or the agents shall have been paid, in each case, to the extent due;

(k) No Default or Event of Default under the Definitive Documentation shall have occurred and be continuing;

(l) Representations and warranties shall be true and correct in all material respects;

(m) The Administrative Agent and the Required DIP Lenders shall be satisfied that the Loan Parties have complied with all other customary closing conditions, including, without limitation: (i) the delivery of good standing certificates from the states of formation/incorporation and customary closing certificates and officer's certificates; (ii) evidence of authority; and (iii) obtaining of any material third party and governmental consents necessary in connection with the DIP Facility, the financing thereunder and related transactions;

(n) The Administrative Agent and the DIP Lenders shall have received evidence that all insurance required to be maintained pursuant to the Definitive Documentation has been obtained and is in effect and that the Administrative Agent has been named as loss payee or additional insured, as appropriate, under each insurance policy with respect to such liability and property insurance as to which the Administrative Agent shall have requested to be so named (it being understood and agreed that the deliverables under this clause (n) may be delivered following the Closing Date within a time period the Required DIP Lenders shall consent to);

(o) The Administrative Agent and the DIP Lenders shall have received prior to the Closing Date all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act;

(p) The Administrative Agent and the DIP Lenders shall have received executed definitive loan documentation relating to the DIP Facility (including a credit agreement (the "Credit Agreement") and related security and closing documents (collectively, the "Definitive Documentation"), in each case of the foregoing reasonably satisfactory to the Administrative Agent and the Required DIP Lenders and consistent with the terms of this Term Sheet;

(q) The Administrative Agent and the DIP Lenders shall have received UCC searches (or comparable searches, if any, in the case of foreign jurisdictions) conducted in the jurisdictions in which the Loan Parties are organized (dated as of a date reasonably satisfactory to the Administrative Agent and the Required DIP Lenders), reflecting the absence of liens and encumbrances on the assets of the Loan Parties other than such liens as may be permitted under the Definitive Documentation;

(r) All corporate and judicial proceedings and all instruments and agreements in connection with the loan transactions among the Loan Parties, the Administrative Agent and the DIP Lenders contemplated by the Credit Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and the DIP Lenders and the Administrative Agent and the DIP Lenders shall have received all information and copies of all documents or papers reasonably requested by the Administrative Agent or any Lender;

(s) The Administrative Agent shall have received a notice of borrowing from the Borrower;

(t) The Restructuring Support Agreement shall be in full force and effect and shall not have been terminated and no default or event of default (unless as a result of a breach by the NM Lenders party thereto) thereunder shall have occurred or be continuing; and

(u) The Administrative Agent and the DIP Lenders shall have received such information (financial or otherwise) and documents as may be reasonably requested by the Administrative Agent or the Required DIP Lenders and shall be satisfied with the nature and substance thereof.

As used in this term sheet, the term "Restructuring Support Agreement" shall mean that certain Restructuring Support Agreement dated February 17, 2013 by and among the Borrower, the Borrower's affiliates party thereto, Wells Fargo Principal Lending, LLC, Goldentree Asset Management LP, Apollo Investment Management, L.P. and Empyrean Capital Partners, LP.

Conditions Precedent to Full Availability:

The obligations to provide extensions of credit up to the full amount of the Loans shall be subject to the satisfaction of the following conditions precedent:

(a) Not later than the 40th day following the entry of the Interim Order (or such later date agreed to by the Required DIP Lenders), a final order shall have been entered by the Bankruptcy Court in form and substance reasonably satisfactory to the Administrative Agent and the DIP Lenders on a motion by the Loan Parties that is in form and substance reasonably satisfactory to Wells Fargo and the Secured Noteholders party to the Commitment Letter, approving and authorizing on a final basis the matters and containing the provisions described in clause (a) in "Conditions Precedent to Initial Borrowings" above, authorizing the DIP Facility (including both the Refinancing Loan and the New Money Loan) and containing a waiver of the Debtors' rights under Section 506(c) of the Bankruptcy Code (such final order being referred to as the "Final Order");

(b) The Final Order shall not have been reversed, modified, amended, stayed or vacated;

(c) The Loan Parties shall be in compliance with the Final Order;

(d) The DIP Lenders shall have received the required periodic updates of the Cash Flow Forecast and variance reports, each in form and substance reasonably satisfactory to the Administrative Agent and the Required NM Lenders; and the Loan Parties shall be in compliance with the updated Cash Flow Forecast;

(e) No Default or Event of Default shall have occurred and be continuing under the DIP Facility;

(f) Representations and warranties shall be true and correct in all material respects at the date of each extension of credit except to the extent such representations and warranties relate to an earlier date;

(g) The Loan Parties shall have paid the balance of all fees then payable to the DIP Lenders and the agents as referenced herein, in each case to the extent due;

(h) The Restructuring Support Agreement shall be in full force and effect and shall not have been terminated and no default or event of default (unless as a result of a breach by the NM Lenders party thereto) thereunder shall have occurred or be continuing; and

(i) The Administrative Agent shall have received a notice of borrowing from the Borrower.

The acceptance by the Borrower of each extension of credit under the Credit Agreement shall be deemed to be a representation and warranty by the Loan Parties that the conditions specified above have been satisfied.

VI. Certain Documentation Matters

The Definitive Documentation shall contain representations, warranties, covenants and events of default customary for financings of this type, including, without limitation, those set forth below:

Representations and Warranties:	The Loan Parties shall make the representations and warranties set forth in the Existing Credit Agreement, modified as necessary to reflect the commencement of the Cases, changes in the financial and other conditions of the Loan Parties resulting therefrom and from events leading up thereto and such other matters as the DIP Lenders shall reasonably require in the Definitive Documentation. In addition, each of the Loan Parties represents and warrants that they are in material compliance with each material contract entered into by any Loan Party after the Petition Date or entered into prior to the Petition Date and assumed, specific material contracts have been continued, the Interim Order or the Final Order (as applicable) shall continue to be effective, and the Loan Parties have not failed to disclose any material assumptions with respect to the Budget or Cash Flow Forecast and affirm that each of the Budget and Cash Flow Forecast reflects good faith estimates of the matters set forth therein; on the Termination Date the DIP Lenders shall be entitled to immediate payment of the obligations without further application to the Bankruptcy Court.
Affirmative Covenants:	Each of the Loan Parties (with respect to itself and each of its subsidiaries) agrees to the affirmative covenants set forth in the Existing Credit Agreement, modified as necessary to reflect the commencement of the Cases, changes in the financial and other conditions of the Loan Parties resulting therefrom and from events leading up thereto and such other affirmative covenants as the DIP Lenders shall reasonably require in the Definitive Documentation as well as the following affirmative covenants: (a) delivery of monthly (in addition to quarterly and annual) consolidated and consolidating financial statements and reports showing variances from the Budget; (b) delivery of bi-weekly updates of the Cash Flow Forecast and variance reports, each in form and substance reasonably satisfactory to the Administrative Agent and the Required NM Lenders; (c) monthly delivery of a narrative discussion and analysis of the financial condition and results of operations of the Borrower and its subsidiaries (including, without limitation, with respect to asset sales, cost savings, facility closures, litigation, contingent liabilities and other matters as the Administrative Agent or the Required DIP Lenders may reasonably request);

(d) delivery by dates to be agreed of non-core asset sale plan and progress reports with respect thereto, each in form and substance reasonably satisfactory to the Administrative Agent and the Required NM Lenders;

(e) delivery to the Administrative Agent and the DIP Lenders as soon as practical in advance of filing with the Bankruptcy Court, (i) all material proposed orders, pleadings and motions which must be in form and substance reasonably satisfactory to the Administrative Agent and the Required DIP Lenders, and (ii) any plan of reorganization or liquidation, and/or any disclosure statement related to such plan and any of the foregoing distributed by any Debtor to any Committee;

(f) access to information (including historical information) and personnel, including, without limitation, regularly scheduled meetings as mutually agreed with senior management and other company advisors and the Administrative Agent, the Required DIP Lenders and Moelis & Company LLC shall be provided with access to all information it shall reasonably request;

(g) bi-weekly update calls (with question and answer periods) with senior management of the Borrower and the DIP Lenders and their respective representatives and advisors; and

(h) compliance with and absence of default under the Restructuring Support Agreement and absence of a "Termination Event" (as defined under the Restructuring Support Agreement) thereunder.

The Definitive Documentation will contain provisions relating to disbursement controls reasonably satisfactory to the Administrative Agent, the Required DIP Lenders and the Loan Parties.

Financial Covenants: Compliance with the Budget and the Cash Flow Forecast subject to line item variances to be agreed.

Negative Covenants: Each of the Loan Parties (with respect to itself and each of its subsidiaries) agrees to the negative covenants set forth in the Existing Credit Agreement, modified as necessary to reflect the commencement of the Cases and changes in the financial and other conditions of the Loan Parties resulting therefrom and from events leading up thereto, with such baskets and carve-outs as may be agreed to in the Definitive Documentation by the parties thereto acting in good faith and such other matters as the DIP Lenders shall require in the Definitive Documentation. Each of the Loan Parties (with respect to itself and each of its subsidiaries) agrees that the following are prohibited (except to the extent otherwise permitted in this Term Sheet or the Definitive Documentation):

(a) creating or permitting to exist any liens or encumbrances on any assets, other than liens securing the DIP Facility and any permitted liens

(which permitted liens shall include scheduled liens in existence on the Closing Date which, in the case of Primed Liens, are subordinated pursuant to the orders, junior liens granted in connection with adequate protection granted by the Loan Parties as required hereunder) and other liens described in "Priority and Liens" above;

(b) creating or permitting to exist any other superpriority claim which is pari passu with or senior to the claims of the DIP Lenders under the DIP Facility, except for the Carve-Out and liens securing the obligations;

(c) disposing of assets (including, without limitation, any sale and leaseback transaction and any disposition under Bankruptcy Code section 363) in respect of a transaction for total consideration of more than an aggregate amount to be agreed;

(d) (i) engaging in business different from those lines of business conducted by the Borrower and its subsidiaries on the date of the Credit Agreement or modifying the nature or the type of its business or the manner in which such business is conducted or (ii) modifying or altering in any manner which is adverse to the interests of the DIP Lenders, its organizational documents, except as required by the Bankruptcy Code;

(e) prepaying pre-petition indebtedness, except as expressly provided for herein, or as permitted under the Interim Order or the Final Order, as applicable, or pursuant to "first day" orders entered upon pleadings in form and substance reasonably satisfactory to the Administrative Agent and the Required DIP Lenders;

(f) asserting any right of subrogation or contribution against any other Loan Party until all borrowings under the DIP Facility are paid in full in cash and the Commitments are terminated;

(g) declaring or making any dividend or any distribution on account of capital stock (other than dividends and distributions (x) from non-Loan Parties, (y) from Loan Parties to Loan Parties (other than Holdings) and (z) from non-Loan Parties to non-Loan Parties); and

(h) paying any fees, including management fees, to its affiliates or shareholders (other than any of Holding's subsidiaries that are Loan Parties) or make any other payments or dividends in respect of the capital stock of Holding.

Events of Default:

The DIP Facility shall be subject to the events of default (the "Events of Default") (x) set forth in the Existing Credit Agreement, modified as necessary to refer to the DIP Facility and to reflect the commencement of the Cases and changes in the financial and other conditions of the Loan Parties resulting therefrom and from events leading up thereto and (y) the additional customary events of default the DIP Lenders may require in the Definitive Documentation as well as the following events of default (with thresholds and grace periods to be agreed):

(a) The occurrence of any insolvency or bankruptcy proceeding with respect to any subsidiary of Holding that is not a debtor in the Cases (other than certain subsidiaries to be agreed);

(b) The Final Order Entry Date shall not have occurred by the 40th day after the Interim Order Entry Date (or such later date as the Required DIP Lenders may agree);

(c) Any of the Cases shall be dismissed or converted to a Chapter 7 Case; a trustee, receiver, interim receiver or receiver and manager shall be appointed in any of the Cases, or a responsible officer or an examiner with enlarged powers shall be appointed in any of the Cases (having powers beyond those set forth in Bankruptcy Code sections 1106(a)(3) and (4)); or any other superpriority administrative expense claim or lien (other than the Carve-Out) which is pari passu with or senior to the claims or liens of the DIP Lenders under the DIP Facility shall be granted in any of the Cases without the consent of the Administrative Agent and the Required DIP Lenders;

(d) Other than payments authorized by the Bankruptcy Court in respect of "first day" or other orders entered upon pleadings in form and substance reasonably satisfactory to the Administrative Agent and the Required DIP Lenders, permitted by the Interim Order or the Final Order (as applicable), as required by the Bankruptcy Code, or as may be permitted in the Definitive Documentation, the Loan Parties shall make any payment (whether by way of adequate protection or otherwise) of principal or interest or otherwise on account of any pre-petition indebtedness or payables of the Debtors or any other debt;

(e) The Bankruptcy Court shall enter an order granting relief from the automatic stay to any creditor or party in interest (i) to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Loan Parties which have an aggregate value in excess of an amount to be agreed or (ii) to permit other actions that would have a material adverse affect on the Loan Parties or their estates;

(f) An order shall be entered reversing, amending, supplementing, staying, vacating or otherwise modifying the Interim Order or the Final Order, or any of the Borrower or any of their affiliates shall apply for authority to do so, in each case without the prior written consent of the Required DIP Lenders, or the Interim Order or Final Order with respect to the DIP Facility shall cease to be in full force and effect;

(g) Any judgments which are in the aggregate in excess of an amount to be agreed as to any post-petition obligation shall be rendered against the Loan Parties or any of its subsidiaries and the enforcement thereof shall not be stayed (by operation of law, the rules or orders of a court with jurisdiction over the matter or by consent of the party litigants); or there shall be rendered against the Loan Parties or any of its subsidiaries a nonmonetary judgment with respect to a post-petition event which causes

or would reasonably be expected to cause a material adverse change or a material adverse effect on the ability of the Loan Parties or any of its subsidiaries taken as a whole to perform their obligations under the Definitive Documentation;

(h) Except as provided under "Exit Financing" above, the Debtors shall file any plan in any of the Cases that does not provide for termination of the Commitments under the DIP Facility and payment in full in cash of the Loan Parties' obligations under the Definitive Documentation on the effective date of such plan of reorganization or liquidation or any order shall be entered which dismisses any of the Cases and which order does not provide for termination of the Commitments under the DIP Facility and payment in full in cash of the Loan Parties' obligations under the Definitive Documentation, or any of the Debtors shall seek, support, or fail to contest in good faith the filing or confirmation of such a plan or the entry of such an order;

(i) The Loan Parties or any of their subsidiaries shall take any action in support of any of the foregoing or any person other than the Loan Parties or any of their subsidiaries shall do so and such application is not contested in good faith by the Loan Parties or such subsidiaries and the relief requested is granted in an order that is not stayed pending appeal;

(j) Any of the Loan Parties or their affiliates shall fail to comply with the Interim Order or Final Order, as applicable;

(k) The filing of a motion, pleading or proceeding by any of the Loan Parties or their affiliates which could reasonably be expected to result in a material impairment of the rights or interests of the DIP Lenders or a determination by a court with respect to a motion, pleading or proceeding brought by another party which results in such a material impairment; and

(l) The Borrower shall have failed to comply with any of the following: (i) file with the Bankruptcy Court a plan of reorganization and related disclosure statement in form and substance reasonably satisfactory to the Required DIP Lenders on or before the date that is 25 days after the Petition Date (the "Plan of Reorganization" and the "Disclosure Statement"); (ii) obtain an order of the Bankruptcy Court in form and substance reasonably satisfactory to the Required DIP Lenders approving the Disclosure Statement on or before the date that is 75 days after the Petition Date pursuant to Section 1125 of the Bankruptcy Code on or before such time; (iii) commence the solicitation of acceptances of the Plan of Reorganization on or before the date that is 15 days following entry of the order referenced to in clause (ii) above; (iv) file with the Bankruptcy Court on or before July 5, 2013 a supplement to the Plan of Reorganization in form and substance reasonably satisfactory to the Required DIP Lenders; (v) obtain an order of the Bankruptcy Court in form and substance reasonably satisfactory to the Required DIP Lenders confirming the Plan of Reorganization on or before July 15, 2013; (vi)

consummate the Plan of Reorganization on or before July 31, 2013; and (v) obtain an order of the Bankruptcy Court in form and substance reasonably satisfactory to the Required DIP Lenders establishing bar dates for submitting proofs of claim and requests for payment pursuant to section 503(b)(9) of the Bankruptcy Code.

Required Lenders: As used herein:

The term "Required NM Lenders" shall mean the NM Lenders holding more than 50% of the sum of (i) the aggregate outstanding principal amount of the New Money Loans and (ii) the aggregate unused Commitments in respect of the New Money Loan.

The term "Required DIP Lenders" shall mean the DIP Lenders holding more than 50% of the aggregate amount of the Loans and unused Commitments under the DIP Facility, and for the avoidance of doubt, shall in any event, include Wells Fargo at all times until the making of the Refinancing Loans, *provided* that in any event the Required DIP Lenders shall include the Required NM Lenders.

Voting: Amendments and waivers with respect to the Definitive Documentation shall require the approval of the Required NM Lenders, provided that any amendment or waiver with respect to each of the Specified Voting Items referenced below shall also require the consent of the Refinancing Loan Lender. As used herein, the term "Specified Voting Items" refers to each and all of the following:

Specified Voting Items:

1. Amendments, changes, postponements, extensions, modifications or waivers relating to any of the following:
    a. either Order
    b. "Lender Protections" (i.e., adequate protection)
    c. maturity of the DIP Loans
    d. principal, interest and fees in respect of the Refinancing Loans, and increase of any principal, interest and fees in respect of the New Money Loans
    e. amount of availability of the New Money Loans
    f. terms on which the Refinancing Loans convert into an exit financing
    g. amendments or changes (including deletions) with respect to the information covenants (but excluding waivers in respect of information covenants which shall only require the consent by the Required NM Lenders)
    h. the amendments section or any other provision requiring the consent of all lenders (including definitions of "Required Lenders", "Required NM Lenders", "Required DIP Lenders", etc.)

i. any scheduled prepayment to the extent the Refinancing Loan Lender is adversely affected
j. any provision relating to the letters of credit issued under the DIP Facility
k. pro rata sharing provisions
l. assignment provisions or otherwise permit assignments to the Borrower or its affiliates
m. provisions relating to administration of Refinancing Loans (e.g., setting the LIBO Rate or distributing monies)

2. Any waiver of any defaults related to either Order being stayed, reversed etc. for any reason.
3. Any priming of any of the Refinancing Loans or New Money Loans
4. Any amendment or waiver of any condition precedent to effectiveness of the DIP Facility or any extension of credit thereunder.
5. Release any Loan Party (other than in connection with a disposition that is expressly permitted under the terms of the Definitive Documentation (but not a disposition that would not have been permitted if not for a waiver)).
6. Release any portion of the Collateral (other than in connection with a disposition that is expressly permitted under the terms of the Definitive Documentation (but not a disposition that would not have been permitted if not for a waiver)).
7. The assignment or transfer by Borrower or any Loan Party of any of its rights and obligations under any Definitive Documentation.
8. Any change to the required application of repayments or prepayments between classes (i.e., NM Loans and Refinancing Loans).
9. Changes that would add/permit new obligations (in addition to the Loans and other obligations under the Credit Agreement) to be secured by the liens in favor of the DIP Lenders.
10. Changes/amendments/waivers that would permit:
    a. an asset sale otherwise prohibited under the DIP Facility (as in effect on the Closing Date)
    b. incurrence of debt that is *pari passu* with the DIP Facility
    c. a change of control (to be defined in the Definitive Documentation).
11. Any action that disproportionately adversely affects the Refinancing Loans vis-à-vis the New Money Loans.
12. Credit bidding of the Refinancing Loans.
13. Any restriction on transferring the Refinancing Loans.

Assignments and Participations: The DIP Lenders shall be permitted to assign all or a portion of their

	Loans and Commitments (other than to Holding or any of its subsidiaries or any of their respective Affiliates (to be defined in the Definitive Documentation)) with the consent, not to be unreasonably withheld, of the Administrative Agent, unless the Loan is being assigned to a Lender, an affiliate of a Lender or an approved fund; provided, that the assignee becomes a party to the Restructuring Support Agreement.
Yield Protection:	The Definitive Documentation shall contain customary provisions, subject to customary mitigation requirements, (a) protecting the DIP Lenders against increased costs or loss of yield resulting from reserve, tax, capital adequacy and other requirements of law and from withholding or other taxes and (b) indemnifying the DIP Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a LIBO Rate Loan on a day other than the last day of an interest period with respect thereto.
Expenses and Indemnification	The Borrower shall pay (a) all out-of-pocket expenses of the Administrative Agent and the DIP Lenders associated with the arrangement of the DIP Facility and the preparation, execution, delivery and administration of the Definitive Documentation and any amendment or waiver with respect thereto (including the reasonable and documented fees, disbursements and other charges of counsels, including Kirkland & Ellis LLP and Milbank, Tweed, Hadley & McCloy LLP and financial advisors), (b) all out-of-pocket expenses of the Administrative Agent and the DIP Lenders (including the reasonable and documented fees, disbursements and other charges of counsels and financial advisors) in connection with the enforcement of the Definitive Documentation and (c) all out-of-pocket expenses of the Administrative Agent, the Refinancing Loan Lender and the Specified DIP Lenders incurred in connection with the DIP Facility, the Orders or the Cases (including, without limitation, preparation and filing of all pleadings in the Cases, the on-going monitoring of the Cases, including attendance at hearings or other proceedings and the on-going review of documents filed with the Bankruptcy Court); it being understood in terms of the legal counsels subject to reimbursement, they should be limited to one primary counsel for the Administrative Agent, one primary counsel for the NM Lenders, and one primary counsel for the Refinancing Loan Lender, together with any additional conflicts counsels, special counsels and local counsels in any relevant jurisdiction the Administrative Agent, the NM Lenders and the Refinancing Loan Lender may retain. For purposes hereof, "Specified DIP Lenders" shall mean the DIP Lenders from time to time comprising the steering committee designated by the Required NM Lenders in connection with the DIP Facility and the ongoing administration of the Cases. The Administrative Agent and the DIP Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) (each, an "indemnified person") will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated

	hereby or the use or the proposed use of proceeds thereof, except to the extent (i) they are found by a final nonappealable judgment of a court of competent jurisdiction to arise from the willful misconduct, bad faith or gross negligence of any indemnified person and (ii) such dispute is solely among indemnified persons other than any claims against an indemnified person arising out of any act or omission of any Debtor.
Governing Law and Forum:	The Definitive Documentation will provide that the Loan Parties will submit to the nonexclusive jurisdiction and venue of the Bankruptcy Court, or in the event that the Bankruptcy Court does not have or does not exercise jurisdiction, then in any state or federal court of competent jurisdiction in the state, county and city of New York, borough of Manhattan; and shall waive any right to trial by jury. New York law and, where applicable, the Bankruptcy Code, shall govern the Definitive Documentation.
Counsel to the Administrative Agent and the DIP Lenders:	Kirkland & Ellis LLP and Milbank, Tweed, Hadley & McCloy LLP

First Out Exit Term Sheet[1]

Borrower:	The Reader's Digest Association, Inc., a Delaware corporation (the "Borrower").
Lender:	Wells Fargo Principal Lending, LLC (and/or an affiliate thereof) and other financial institutions to be agreed (the "Lenders").
Administrative Agent and Issuing Bank:	Wells Fargo Bank, N.A. or an affiliate thereof (in such capacity, the "Administrative Agent" or the "Issuing Bank", as the case may be).
First Out Credit Facilities:	Senior secured "first out" credit facilities (the "First Out Credit Facilities") to consist of: (a) First Out Term Loan Facility. A first out term loan facility (the "First Out Term Loan Facility"; the loans thereunder, "Loans") in an aggregate amount equal to (i) the DIP Refinancing Loan Amount (as defined below) less any prepayments (if any) of "Refinancing Loans" (as defined below) under the Borrower's debtor-in-possession credit facility prior to the Closing Date minus (ii) the face amount of undrawn letters of credit under the DIP Facility as of the Closing Date. (b) First Out Letter of Credit Facility. A standby letter of credit facility (the "First Out Letter of Credit Facility") in an aggregate amount equal to the (i) DIP Refinancing Loan Amount less any prepayments (if any) of "Refinancing Loans" under the Borrower's debtor-in-possession credit facility prior to the Closing Date minus (ii) the aggregate amount of the First Out Term Loan Facility as of the Closing Date (the "L/C Commitment"). The letters of credit outstanding under the Existing Credit Agreement shall be deemed usage of the First Out Letter of Credit Facility. As used herein: "DIP Refinancing Loan Amount" means an aggregate amount equal to the sum of (i) $49,625,000 plus (ii) the aggregate amount of all letters of credit

[1] This term sheet is attached as Annex II to the Commitment Letter (the "Commitment Letter"), dated as of February 17, 2013, with respect to the Borrower's debtor-in-possession credit facility.

	outstanding under the Existing Credit Agreement as of February 17, 2013 equal to $9,516,267 plus (iii) the aggregate amount of all outstanding and unpaid fees, letter of credit standby fees and commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Chapter 11 Cases (as defined below) under the Existing Credit Agreement and immediately prior to the date when the Refinancing Loans become effective. It being understood that the indemnification obligations under the Refinancing Loans will survive as obligations under the First Out Term Loan Facility. Notwithstanding that the scheduled final maturity of the "Refinancing Loans" under the debtor-in-possession credit facility of the Borrower extends beyond the date that is 180 days after the date on which the chapter 11 petitions are first filed by the Borrower or its affiliates (the date of such filing, the "Petition Date"), the commitment of Wells Fargo Principal Lending, LLC under the Restructuring Support Agreement (as defined below in Annex A hereto) and this term sheet to provide the First Out Credit Facilities shall terminate on the date that is 180 days after the Petition Date.
Use of Proceeds:	The First Out Term Loan Facility will be used to refinance all "Refinancing Loans" under the debtor-in-possession credit facility of the Borrower. The First Out Letter of Credit Facility will provide letters of credit (the "Letter of Credit") to support the general corporate purposes of the Borrower and its subsidiaries.
Closing Date and Closing Conditions:	The First Out Credit Facilities shall close and become effective on the date (the "Closing Date") of (i) the execution and delivery of the Financing Documentation (as defined below) by the Borrower, the Guarantors (as defined below), the Administrative Agent and the respective Lenders party thereto, (ii) the satisfaction of the conditions precedent to effectiveness of the First Out Credit Facilities specified herein (including, without limitation, the conditions precedent specified in Annex A hereto) and (iii) the effectiveness of a plan of reorganization (pursuant to a confirmation order that is reasonably satisfactory in form and substance to the Administrative Agent) for the Borrower and the Guarantors, that is reasonably satisfactory in form and substance to the Administrative Agent.
Availability:	The First Out Term Loan Facility will be available to the Borrower for borrowing on the Closing Date to refinance

	the "Refinancing Loans" outstanding under the DIP Facility immediately prior to the Closing Date. The First Out Letter of Credit Facility will be available as set forth under "Letters of Credit" below.
Letters of Credit:	The First Out Letter of Credit Facility will be available for letters of credit subject to (x) on the Closing Date, the satisfaction of the conditions under "Conditions Precedent" below, and (y) after the Closing Date, no bankruptcy or payment defaults and receipt of customary letter of credit request. Each letter of credit shall expire not later than the earlier of 12 months after its date of issuance and the fifteenth day prior to the Maturity Date (the "Letter of Credit Expiration Date"); provided that, subject to the certain customary terms of the Financing Documentation, a letter of credit may provide that it shall automatically renew for additional one year periods but in any event not beyond the Letter of Credit Expiration Date. The issuance of all letters of credit shall be subject to the customary procedures of the Issuing Bank.
Amortization:	The outstanding principal amount of the First Out Term Loan Facility will be payable in equal quarterly amounts of $0.625 million (with the first such payment date being the end of the first full fiscal quarter of the Borrower occurring after the Closing Date), with the remaining balance, together with all other amounts owed with respect thereto, payable on the Maturity Date. The First Out Credit Facilities shall be repaid in full on the Maturity Date.
Documentation:	The documentation for the First Out Credit Facilities (which shall be satisfactory in form and substance to the Administrative Agent), the definitive terms of which shall be negotiated in good faith, will include, among other items, a credit agreement and guarantees (collectively, the "Financing Documentation"), which shall be based on the Existing Credit Agreement Documentation (as defined below) to the extent possible and will be modified fully, as appropriate, to reflect the terms set forth in this term sheet and agency and other changes reasonably requested by the Administrative Agent. "Existing Credit Agreement Documentation" shall mean the documentation relating to that certain Credit and Guarantee Agreement dated as of March 30, 2012 (as amended, the "Existing Credit Agreement"), among

RDA Holding Co. ("Holding"), the Borrower, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent for the lenders.

Guarantors: Consistent with the Existing Credit Agreement and the Borrower's debtor-in-possession credit facility, the obligations of the Borrower under the First Out Credit Facilities will be unconditionally guaranteed, on a joint and several basis, by Holding and each existing and subsequently acquired or formed direct and indirect domestic subsidiaries providing guarantees in connection with the Existing Credit Agreement and the Borrower's debtor-in-possession credit facility (each a "Guarantor"; and such guarantee being referred to herein as a "Guarantee"). All Guarantees shall be guarantees of payment and not of collection. The Borrower and the Guarantors are herein referred to as the "Loan Parties" and, individually, as a "Loan Party."

Security: The First Out Credit Facilities shall be secured by a perfected first priority security interest in all of the present and future tangible and intangible assets of the Loan Parties (including, without limitation, accounts receivable, inventory, intellectual property, real property (whether owned or leased), 100% of the capital stock of the Borrower and the Guarantors and 65% (or, in the absence of material adverse tax consequences to the Borrower, 100%) of the capital stock of each first tier foreign subsidiary of the Borrower, except for those assets excluded from the collateral under the Existing Credit Agreement Documentation (the "Collateral").

On the Closing Date, the Borrower shall enter into a second out term loan facility in an aggregate principal amount equal to the lower of $45 million and the then-outstanding aggregate principal amount of the "new money loans" under the Borrower's debtor-in-possession credit facility (the "Second Out Term Loan Facility"), on terms and conditions reasonably satisfactory to the Administrative Agent, for the purpose of refinancing the "new money loans" owed under the Borrower's debtor-in-possession credit facility. The Second Out Term Loan Facility shall be secured by a perfected first priority security interest in the Collateral. All obligations in connection with the First Out Credit Facilities (other than unasserted indemnification and contingent obligations) shall be paid in full prior to any obligations under the Second Out Term Loan Facility on a "first out" basis on terms substantially similar to those set forth in the Existing Credit Agreement Documentation (for the avoidance of doubt, cash interest payments under the

	Second Out Term Loan Facility shall be permitted), including without limitation the security agreement securing the obligations under the Existing Credit Agreement and the Borrower's Prepetition Notes (as defined below).
Final Maturity:	The final maturity of the First Out Credit Facilities will occur on September 30, 2015 (the "Maturity Date").
Interest Rates and Fees:	Interest rates and fees in connection with the First Out Credit Facilities will be as specified on Schedule I attached hereto.
Termination of Exit Commitments:	It is understood that at any time prior to the Closing Date and the effectiveness of a plan of reorganization for the Borrower, the Borrower may obtain alternative exit financing to the First Out Credit Facilities (an "Alternative Exit Financing") and elect in writing to permanently terminate and cancel the commitments for the First Out Credit Facilities without premium or penalty or payment of any fee with respect to the First Out Credit Facilities; provided that such Alternative Exit Financing shall repay in full in cash all the "Refinancing Loans" under the debtor-in-possession financing of the Borrower upon the effectiveness of a plan of reorganization for the Borrower.
Mandatory Prepayments and Commitment Reductions:	Subject to the next paragraph, the First Out Term Loan Facility will be required to be prepaid, without premium or penalty (except LIBOR breakage costs), with: (a) 100% of the net cash proceeds from the incurrence of indebtedness (other than certain permitted indebtedness to be agreed) after the Closing Date by Holding or any of its subsidiaries; and (b) 100% of the net cash proceeds of sales or other dispositions (including (a) by issuance or sale of stock of Holding or any of its subsidiaries, (b) as a result of casualty or condemnation, net of remediation or replacement costs, (c) any extraordinary receipts (to be mutually defined) and (d) licensing transactions) by Holding or any of its subsidiaries of any assets (except for sales of inventory in the ordinary course of business and certain other dispositions, thresholds and exceptions to be agreed on), in each case only to the extent such net cash proceeds are received by Holdings or any other

	Loan Party; provided that the Borrower and other Loan Parties shall be permitted to reinvest (or commit to reinvest) an aggregate amount for all such sales, casualty events, extraordinary receipts and licensing proceeds not exceeding $15 million within six months.
Optional Prepayments and Commitment Reductions:	Loans under the First Out Credit Facilities may be prepaid and unused commitments under the First Out Letter of Credit Facility may be reduced at any time, in whole or in part, at the option of the Borrower, upon notice and in minimum principal amounts and in multiples to be agreed upon, without premium or penalty (except LIBOR breakage costs). Any optional prepayment of the First Out Term Loan Facility will be applied to the remaining scheduled amortization payments as directed by the Borrower.
Initial Conditions:	The availability of the First Out Credit Facilities shall be conditioned upon the satisfaction of the conditions precedent set forth in Annex A hereto. It is hereby understood and agreed that if each condition precedent set forth in Annex A hereto is not satisfied or is determined to be not capable of being satisfied, the "Refinancing Loans" under the debtor-in-possession credit facility of Borrower shall be repaid in full in cash on the effective date of the plan of reorganization for the Borrower.
Conditions to All Extensions of Credit:	Each extension of credit under the First Out Credit Facilities will be subject to satisfaction of the following conditions precedent: (a) all of the representations and warranties in the Financing Documentation shall be true and correct in all material respects (except to the extent that such representation and warranty is qualified by materiality) as of the date of such extension of credit and (b) no event of default under the First Out Credit Facilities or unmatured default thereunder shall have occurred and be continuing or would result from such extension of credit.
Representations and Warranties:	The Financing Documentation will contain representations and warranties substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Administrative Agent.

Affirmative Covenants:	The Financing Documentation will contain affirmative covenants substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Administrative Agent.
Negative Covenants:	The Financing Documentation will contain negative covenants substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Administrative Agent (in each case subject to exceptions, carveouts and thresholds to be mutually agreed) including, but not limited to, the following: • restriction on dividends, distributions, issuances of equity interests, redemptions and repurchases of equity interests; • restriction on incurring additional first out or first lien secured indebtedness and limitation on incurring other indebtedness (with customary exceptions to be agreed; any additional second lien or unsecured indebtedness shall be on terms satisfactory to the Administrative Agent); it being agreed that there will be a debt carveout for letters of credit up to $5 million and a corresponding lien carveout for the cash collateral for such letters of credit; • limitation on capital expenditures of $10 million for the first year of the First Out Credit Facilities and $10 million for the second year of the First Out Credit Facilities; • restriction on (i) amending, supplementing or otherwise modifying the definitive documentation governing the Second Out Term Loan Facility in any manner materially adverse to the Administrative Agent or the Lenders without the consent of the Administrative Agent (it being agreed that any amendments, supplements or other modifications resulting in a shortening of maturity or an increase in interest rates, fees or principal shall be deemed to be materially adverse to the Administrative Agent and the Lenders) and (ii) any optional and mandatory prepayments under the Second Out Term Loan Facility.
Financial Covenants:	The Financing Documentation will contain a “First Out Leverage Ratio”, pursuant to which the Borrower shall not permit the ratio of total first out funded indebtedness

	plus the total face amount of issued and undrawn first-out letters of credit to last twelve months EBITDA to exceed, as of the last day of any fiscal quarter of the Borrower, a ratio of 2.50 to 1 (which financial covenant shall be first tested as of December 31, 2013). The definition of "EBITDA", and the related financial definitions, shall be substantially similar to the Existing Credit Agreement, with such changes as may be requested by the Administrative Agent.
Events of Default:	The Financing Documentation will contain events of default substantially similar to the Existing Credit Agreement and such others as may be requested by the Administrative Agent.
Defaulting Lender Provisions, Yield Protection and Increased Costs:	Customary for facilities of this type, including, without limitation, in respect of breakage or redeployment costs incurred in connection with prepayments, cash collateralization for Letters of Credit in the event any lender under the First Out Letter of Credit Facility becomes a Defaulting Lender (as such term shall be defined in the Financing Documentation), changes in capital adequacy and capital requirements or their interpretation, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding or other taxes.
Assignments and Participations:	Lenders will be permitted to make assignments in minimum amounts to be agreed. Participation will be permitted without the consent of the Borrower or the Administrative Agent. No assignment or participation may be made to natural persons, Holding or any of its subsidiaries or their respective affiliates.
Required Lenders:	Customary for facilities of this type.
Amendments and Waivers:	The Financing Documentation will contain provisions regarding amendments and waivers substantially similar to the Existing Credit Agreement with such changes as the Required Lenders may reasonably request.
Indemnification:	The Financing Documentation will contain provisions regarding indemnification substantially similar to the Existing Credit Agreement with such changes as the required Lenders may reasonably request.

Expenses:	The Loan Parties will reimburse the Lenders and Administrative Agent (and the Lenders in the case of enforcement costs and documentary taxes) for all reasonable and documented out-of-pocket costs and expenses in connection with the syndication, negotiation, execution, delivery and administration of the Financing Documentation and any amendment or waiver with respect thereto (including, without limitation, reasonable and documented fees and expenses of counsel thereto, including any conflicts counsel, special counsel and local counsel retained)) and any enforcement of remedies with respect thereto.
Governing Law and Forum:	New York.
Waiver of Jury Trial and Punitive and Consequential Damages:	All parties to the Financing Documentation waive the right to trial by jury and the right to claim punitive or consequential damages.
Counsel for the Administrative Agent:	Milbank, Tweed, Hadley & McCloy LLP.

SCHEDULE I
INTEREST AND FEES

Interest:	Loans under the First Out Term Loan Facility shall accrue interest at the LIBO Rate plus 6.0% per annum, or Base Rate plus 5.0% per annum. As used herein: "LIBO Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 3.0%. "Base Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 4.00%.
Letter of Credit Fees:	The Borrower will pay to the Issuing Bank, for its account, letter of credit fees equal to the applicable interest margin for the First Out Term Loan Facility (with respect to LIBO Rate loans) plus a fronting fee of 1.00% on daily amount available to be drawn under each Letters of Credit.
Letter of Credit Utilization Fee:	A utilization fee of 1.0% per annum on the total undrawn amount of Letter of Credit Facility.
Upfront Fees:	None
Default Interest:	Upon the occurrence and during the continuance of an Event of Default under the Financing Documentation, interest shall accrue on the outstanding amount of the obligations under the Financing Documentation and shall be payable on demand at 2.0% per annum above the then applicable rate.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days for actual days elapsed; provided that computations of interest for Base Rate Loans when the Base Rate is determined by the prime rate shall be made on the basis of the number of actual days elapsed in a year of 365 or 366 days, as the case may be.

ANNEX A

SUMMARY OF CONDITIONS PRECEDENT TO EFFECTIVENESS OF THE FIRST OUT CREDIT FACILITIES

Closing and the availability of the First Out Credit Facilities will be subject to the satisfaction of conditions precedent usual and customary for facilities of this type including the following:

(a) Financing Documentation and Customary Closing Documentation. (i) Financing Documentation reflecting and consistent with the terms and conditions set forth herein and otherwise reasonably satisfactory to the Borrower and the Lenders, will have been executed and delivered, (ii) the Administrative Agent will have received such customary legal opinions (including, without limitation, opinions of special counsel and local counsel as may be reasonably requested by the Administrative Agent) which such opinions shall permit reliance by permitted assigns of each of the Administrative Agent and the Lenders, documents and other instruments as are customary for transactions of this type including, without limitation, a certificate of the chief financial officer of Holding as to the solvency of each Loan Party after giving effect to each element of the restructuring transactions, (iii) all documents, instruments, reports and policies required to perfect or evidence the Administrative Agent's first priority security interest in and liens on the Collateral (including, without limitation, all certificates evidencing pledged capital stock or membership or partnership interests, as applicable, with accompanying executed stock powers, all UCC financing statements to be filed in the applicable government UCC filing offices, all intellectual property security agreements to be filed with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, and all deposit account and securities account control agreements) will have been executed and/or delivered and, to the extent applicable, be in proper form for filing (including UCC and other lien searches, intellectual property searches, insurance policies, surveys, title reports and policies, landlord waivers and access letters, appraisals and environmental reports), (iv) all governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations shall have been obtained and shall be in full force and effect, (v) there shall not be any material pending or threatened litigation, bankruptcy or other proceeding, (vi) satisfactory review of all organizational documentation of the Loan Parties and (vii) all fees and expenses due to the Lenders, Administrative Agent and counsel to the Administrative Agent will have been paid.

(b) Confirmation of Plan of Reorganization. The restructuring transactions shall be consummated in accordance with the terms of a Chapter 11 plan of reorganization (the "Plan of Reorganization") prepared in accordance with the Restructuring Support Agreement (as defined below) and the exhibits attached thereto and such Plan of Reorganization shall be in all respects reasonably satisfactory to the Administrative Agent and all conditions precedent to the effectiveness of the Plan of Reorganization (other than the funding of the Loans under the First Out Credit Facilities) shall have been satisfied in the judgment of the Administrative Agent (or waived with the prior written consent of the Administrative Agent), and the Plan of Reorganization shall be substantially consummated (as defined in Section 1101 of the Bankruptcy Code), and the effective date thereunder shall occur, concurrently with the effectiveness of the First Out Credit Facilities. No changes, modifications, amendments or waivers (other than those reasonably satisfactory to the Administrative Agent) shall have been made to such Plan of Reorganization since the initial filing thereof with the Bankruptcy Court. The Plan of Reorganization shall provide that with respect to any and all equity interests or other recoveries that the Existing Noteholders receive thereunder on account of the Prepetition Notes, the Existing Noteholders shall not be entitled to, or shall receive, any distributions, dividends, redemptions or any other payments on account of such equity interests or other recoveries until such time that the First Out Credit Facilities shall have been

paid in full in cash and the L/C Commitment shall have been terminated. As used herein, "Existing Noteholders" means each holder of the senior secured notes (the "Prepetition Notes") issued pursuant to that certain indenture, dated February 11, 2010 by and among the Borrower, certain of its affiliates and the purchasers party thereto from time to time.

(c) Confirmation Order. The confirmation order (the "Confirmation Order") in respect of the Plan of Reorganization shall (i) have been entered by the United States Bankruptcy Court for the Southern District of New York, White Plains Division (the "Bankruptcy Court") and shall not have been reversed, modified, amended, vacated or subject to any stay pending appeal, (ii) provide for terms and conditions substantially similar to those provided in the Plan of Reorganization and otherwise be reasonably satisfactory to the Administrative Agent and (iii) be in full force and effect. All appeals of the Confirmation Order, and the Plan of Reorganization, shall have been dismissed or resolved in a manner reasonably satisfactory to the Administrative Agent. No changes, modifications, amendments or waivers shall have been made to the Confirmation Order since the entry thereof by the Bankruptcy Court (other than those reasonably satisfactory to the Administrative Agent). Notwithstanding anything to the contrary in the Plan of Reorganization or Confirmation Order, the Bankruptcy Court's retention of jurisdiction under the Plan of Reorganization and the Confirmation Order shall not govern the enforcement of the First Out Credit Facilities or the related loan documents or any rights or remedies of the parties related thereto or arising thereunder.

(d) Effective Date of Plan of Reorganization. The effective date of the Plan of Reorganization shall occur no later than 180 days after the Petition Date. The Closing Date shall have occurred on or prior to the date that is 180 days after the Petition Date.

(e) Financial Statements. The Administrative Agent will have received, in form and substance reasonably satisfactory to the Administrative Agent, (i) copies of audited consolidated financial statements for the Borrower and its subsidiaries for the three fiscal years most recently ended before the Closing Date (including, for the avoidance of doubt, the fiscal year ended December 31, 2012) and (ii) projections prepared by management of balance sheets, income statements and cashflow statements of the Borrower and its subsidiaries, which will be quarterly for the first year after the Closing Date and annually thereafter for the term of the First Out Credit Facilities.

(f) No Material Adverse Effect. (i) Since December 31, 2012, there shall not have occurred any event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect. "Material Adverse Effect" means (A) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its subsidiaries, taken as a whole, (B) a material adverse effect on the rights and remedies of the Administrative Agent or any Lender under any Financing Documentation, or of the ability of any Loan Party to perform its obligations under any Financing Documentation to which it is a party or (C) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Financing Documentation to which it is a party, but in each case of the foregoing other than as a result of the commencement of the Borrower's chapter 11 proceeding, any events directly causing the filing of the Cases or any events which customarily occur following the commencement of a reorganization proceeding under Chapter 11 of the Bankruptcy Code.

(g) Capital Structure. The Administrative Agent will be reasonably satisfied with the terms and amounts of any intercompany loans among the Loan Parties. The Administrative Agent will be satisfied with the flow of funds in connection with the closing. The Administrative Agent will be reasonably satisfied with senior management of the Loan Parties.

(h) Information Required by Regulatory Authorities. The Loan Parties will have provided the documentation and other information to the Lender that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(i) Representations and Warranties. All representations and warranties made by the Loan Parties in the First Out Credit Facilities shall be true and correct in all material respects (unless already qualified by materiality or material adverse effect in which case they shall be true and correct in all respects) and the Administrative Agent shall not have become aware that any information previously delivered is inaccurate or incomplete in any material respect.

(j) No Default. No default or event of default under the First Out Credit Facilities shall have occurred or be continuing after giving effect to the closing and funding of the First Out Credit Facilities. Without giving effect to the applicability, if any, of Section 362 of the Bankruptcy Code, immediately prior to closing of the First Out Credit Facilities, the Restructuring Support Agreement shall be in full force and effect and shall not have been terminated and no default or event of default thereunder (other than a default or event of default by Wells Fargo) shall have occurred or be continuing, in each case in accordance with its terms. Furthermore, none of the Termination Events (as defined in the Restructuring Support Agreement) set forth in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(e), 4.1(f), 4.1(g), 4.1(h), 4.1(i), 4.1(j), 4.1(l), 4.1(m), 4.1(n), 4.1(o), 4.1(u) or 4.1(v) shall have occurred (and irrespective of whether or not the occurrence of any of the foregoing has led to a termination of the Restructuring Support Agreement). Immediately prior to closing the First Out Credit Facilities, no default or event of default shall have occurred and be continuing under the Borrower's debtor-in-possession credit facility.

(k) Business Plan. The Administrative Agent shall have received a post-reorganization business plan of Holding and its subsidiaries satisfactory to the Administrative Agent.

(l) Outstanding Indebtedness. Immediately following the restructuring transactions, neither Holding, the Borrower nor any of their respective subsidiaries will have any Indebtedness (as defined in the Financing Documentation) outstanding except for the loans under (i) the First Out Credit Facilities and (ii) the Second Out Term Loan Facility and ordinary course Indebtedness to the extent permitted under the Financing Documentation.

(m) Second Out Term Loan Facility. The definitive documentation for the Second Out term Loan Facility shall be in form and substance reasonably satisfactory to the Administrative Agent (it being acknowledged and agreed that the terms set forth in the term sheet for the Second Out Term Loan Facility attached as Annex 3 to the commitment letter dated as of February 17, 2013 (the "Commitment Letter"), with respect to the Borrower's debtor-in-possession credit facility (the "Second Out Exit Term Sheet"), are satisfactory). The Second Out Term Loan Facility shall provide that, prior to the payment in full in cash (other than unasserted indemnification and contingent obligations) of the First Out Credit Facilities and the termination of the L/C Commitment, no payments of principal (whether mandatory, optional, amortizing or others) shall be made under the Second Out Term Loan Facility. The closing and funding of the Second Out Term Loan Facility shall have occurred or shall occur concurrently with the closing of the First Out Term Loan Facility.

(n) DIP Facility. The Borrower's debtor-in-possession credit facility (the "DIP Facility") shall be in form and substance reasonably satisfactory to Wells Fargo Bank, N.A. ("Wells Fargo") and shall provide for the refinancing in full (in the form of roll-up term loans and letter of credit facility under the DIP Facility) of all commitments and amounts outstanding (including any and all principal, reimbursement obligations in respect of outstanding letters of credit (assuming drawn), fees, commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the

commencement of the Chapter 11 Cases (as defined below), including to the issuing lender) under the Existing Credit Agreement (the loans and letter of credit facility under the DIP Facility used to refinance in full all amounts outstanding under the Existing Credit Agreement in connection with the entry of the Final Order (as defined below), the "Refinancing Loans"). It is understood that (A) the Refinancing Loans shall be in an aggregate amount equal to the sum of (i) $49,625,000 plus (ii) the aggregate amount of all letters of credit outstanding under the Existing Credit Agreement as of February 17, 2013 equal to $9,516,267 plus (iii) the aggregate amount of all outstanding fees, letter of credit standby fees and commissions, premiums, expenses, indemnification amounts and interest accrued prior to, on and after the commencement of the Chapter 11 Cases under the Existing Credit Agreement and immediately prior to the date when the Refinancing Loans become effective and (B) the indemnification obligations under the Existing Credit Agreement will survive as obligations under the DIP Facility notwithstanding the refinancing or termination of the facilities under the Existing Credit Agreement. The DIP Facility shall provide that the Refinancing Loans shall be paid in full in cash if the conditions precedent set forth in this Annex A are not satisfied or waived with the consent of the Administrative Agent.

(o) Final Order. Not later than 40 days after the Interim Order Entry Date (as defined below), the Bankruptcy Court shall have entered, upon motion in form and substance reasonably satisfactory to Wells Fargo, a final order (the "Final Order", and the date of entry of the Final Order being hereinafter referred to as the "Final Order Entry Date"), in form and substance reasonably satisfactory to Wells Fargo, which Final Order shall, among other things, authorize (i) the making of the Refinancing Loans in full on the Final Order Entry Date and (ii) the Borrower using the Refinancing Loans on the Final Order Entry Date to refinance in full all amounts outstanding under the Existing Credit Agreement, which authorization shall be final and irrevocable in all respects and binding on all parties in interest in the Chapter 11 Cases. Each of the foregoing shall have been consummated in a manner reasonably satisfactory to Wells Fargo. The Final Order shall be in full force and effect and shall not have been reversed, vacated, appealed, or made subject to a stay. No changes, modifications, amendments or waivers shall have been made to the Final Order since the Final Order Entry Date (other than those reasonably satisfactory to the Administrative Agent). The Refinancing Loans, the authorization under the Final Order specified in clauses (i) and (ii) above and the consummation thereof shall not have been reversed, vacated, appealed, or made subject to a stay, or otherwise objected to or challenged.

(p) Interim Order. The Bankruptcy Court shall have entered, upon motion in form and substance reasonably satisfactory to Wells Fargo, an interim order (the "Interim Order", and the date of entry of the Interim Order being hereinafter referred to as the "Interim Order Entry Date"), in form and substance reasonably satisfactory to Wells Fargo, no later than five (5) calendar days after the Petition Date (or such later date agreed to by Wells Fargo), which Interim Order shall authorize (i) the "new money loans" under the Borrower's debtor-in-possession credit facility and (ii) in consideration for the consensual priming of the liens securing the Existing Credit Agreement by the liens securing the DIP Facility, that Wells Fargo shall receive prior to the Final Order Entry Date current cash pay interest, fees and commissions in respect of the Existing Credit Agreement at the non-default rate, a superpriority claim, and superpriority replacement liens (in each case ranking junior only to the liens and claims in respect of the DIP Facility) on the collateral securing the DIP Facility and the current payment of the fees and expenses of counsel to Wells Fargo. The Interim Order shall not have been reversed, vacated, appealed, or made subject to a stay. No changes, modifications, amendments or waivers shall have been made to the Interim Order since the Interim Order Entry Date (other than those reasonably satisfactory to the Administrative Agent). The authorization under the Interim Order specified in clauses (i) and (ii) above and the granting and receipt by Wells Fargo of current cash pay interest, fees and commissions in respect of the Existing Credit Agreement at the non-default rate, a superpriority claim, and superpriority replacement liens (in each case ranking junior only to the liens and claims in respect of the DIP Facility) on the collateral securing the DIP Facility and the current payment of the fees and expenses of counsel to

Wells Fargo shall not have been reversed, vacated, appealed, or made subject to a stay, or otherwise objected to or challenged.

(q) Refinancing Loans. The Refinancing Loans shall (i) accrue interest at libor plus 5.0% per annum, and the libor rate shall have a floor of 3.0%; (ii) constitute a superpriority claim ranking pari passu with the superpriority claim of all other loans under the DIP Facility and (iii) be secured by first priority liens ranking pari passu with the liens securing all other loans under the DIP Facility.

(r) Existing Credit Agreement Fees and Expenses. On or prior to the closing date of the DIP Facility, all fees and expenses of Wells Fargo, and of Milbank, Tweed, Hadley & McCloy LLP shall have been paid in full.

(s) Certain Documentation. The following documentation shall be in form and substance reasonably satisfactory to Wells Fargo: (i) the restructuring support agreement (the "Restructuring Supporting Agreement") entered into among the lenders under the DIP Facility in connection with the reorganization of the Borrower and its affiliates pursuant to the chapter 11 cases of the Borrower and its subsidiaries (the "Chapter 11 Cases"); (ii) the definitive loan documentation relating to the DIP Facility (including a credit agreement and related security and closing documents, the term sheet for the DIP Facility attached as Annex 1 to the Commitment Letter (the "DIP Term Sheet") and the Second Out Exit Term Sheet), it being acknowledged and agreed that the DIP Term Sheet and the Second Out Exit Term Sheet are satisfactory; (iii) all of the "first day orders" and all related pleadings to be entered at the time of commencement of the Chapter 11 Cases or shortly thereafter, including in respect of amounts of critical vendor payments; and (iv) the Plan of Reorganization, the related disclosure statement and the Confirmation Order, including any amendments, modifications or supplements made from time to time thereto.

(t) Transaction Fees and Expenses. All fees and expenses of Wells Fargo, and of Milbank, Tweed, Hadley & McCloy LLP, in connection with the transactions hereunder have been paid in full.

All conditions precedent to the effectiveness of the Second Out Term Loan Facility are hereby incorporated herein, mutatis mutandis, as additional conditions precedent to the effectiveness of the First Out Credit Facilities and as so incorporated shall have been satisfied and have not been waived without the consent of Wells Fargo.

Annex 3
Subject to Rule 408 of the Federal Rules of Evidence
Execution Copy

Second Out Exit Term Sheet[1]
February 17, 2013

Borrower:	The Reader's Digest Association, Inc., a Delaware corporation (the "Borrower").
Lenders:	The lenders in respect of the New Money Loans under the Borrower's DIP Facility (the "Lenders").
Administrative Agent:	An entity designated by the Lenders in consultation with the Borrower (in such capacity, the "Administrative Agent").
Facility:	Senior secured term loan credit facility (the "Second Out Term Loan Facility") converted from the New Money Loans under the Borrower's DIP Facility in an amount equal to the aggregate amount of the New Money Loans outstanding under the DIP Facility on the date of conversion.
Use of Proceeds:	The Second Out Term Loan Facility will be used to refinance the New Money Loans outstanding under the DIP Facility.
Closing Date and Closing Conditions:	The Second Out Term Loan Facility shall close and become effective on the date (the "Closing Date") of (i) the execution and delivery of the Financing Documentation (as defined below) by the Borrower, the Guarantors (as defined below), the Administrative Agent and the respective Lenders party thereto, (ii) the satisfaction of the conditions precedent to effectiveness of the Second Out Term Loan Facility specified herein (including, without limitation, the ones specified on Annex A) and in the Commitment Letter and (iii) the

[1] Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the term sheet dated as of the date hereof for the senior secured priming debtor-in-possession credit facility for the Borrower attached to the Commitment Letter as Annex 1 (the "DIP Term Sheet"). As used herein, the term "Commitment Letter" shall mean the commitment letter dated February 17, 2013 by and among the Borrower, the Borrower's affiliates party thereto, Wells Fargo Principal Lending, LLC, Goldentree Asset Management LP, Apollo Investment Management, L.P. and Empyrean Capital Partners, LP; and the term "Restructuring Support Agreement" shall mean that certain Restructuring Support Agreement dated February 17, 2013 by and among the Borrower, the Borrower's affiliates party thereto, Wells Fargo Principal Lending, LLC, Goldentree Asset Management LP, Apollo Investment Management, L.P. and Empyrean Capital Partners, LP.

	effectiveness of a plan of reorganization (pursuant to a confirmation order that is reasonably satisfactory in form and substance to the Required Lenders) for the Borrower and the Guarantors, that is reasonably satisfactory in form and substance to the Required Lenders.
Availability:	The Second Out Term Loan Facility will be available to the Borrower upon the Closing Date to refinance (without cash payment) the New Money Loans outstanding under the DIP Facility immediately prior to the Closing Date.
Amortization:	None.
Documentation:	The documentation for the Second Out Term Loan Facility (which shall be satisfactory in form and substance to the Required Lenders), the definitive terms of which shall be negotiated in good faith, will include, among other items, a credit agreement and guarantees (collectively, the "Financing Documentation"), which shall be based on the Existing Credit Agreement Documentation (as defined below) to the extent possible and will be modified fully, as appropriate, to reflect the terms set forth in this term sheet, the Commitment Letter, the First Out Credit Facilities and agency and other changes reasonably requested by the Required Lenders. "Existing Credit Agreement Documentation" shall mean the documentation relating to that certain Credit and Guarantee Agreement dated as of March 30, 2012 (as amended, the "Existing Credit Agreement"), among RDA Holding Co. ("Holding"), the Borrower, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent for the lenders.
Guarantors:	Consistent with the Existing Credit Agreement and the DIP Facility, the obligations of the Borrower under the Second Out Term Loan Facility will be unconditionally guaranteed, on a joint and several basis, by Holding and each existing and subsequently acquired or formed direct and indirect domestic subsidiaries providing guarantees in connection with the Existing Credit Agreement and the Borrower's DIP Facility (each a "Guarantor"; and such guarantee being referred to herein as a "Guarantee"). All Guarantees shall be guarantees of payment and not of collection. The Borrower and the Guarantors are herein referred to as the "Loan Parties" and, individually, as a "Loan Party."

Security:	The Second Out Term Loan Facility shall be secured by a perfected first priority security interest in all of the present and future tangible and intangible assets of the Loan Parties (including, without limitation, accounts receivable, inventory, intellectual property, real property (whether owned or leased), 100% of the capital stock of the Borrower and the Guarantors and 65% (or, in the absence of material adverse tax consequences to the Borrower, 100%) of the capital stock of each first tier foreign subsidiary of the Borrower, except for those assets excluded from the collateral under the Existing Credit Agreement Documentation (the "Collateral"). On the Closing Date, the Borrower shall concurrently enter into senior secured "first out" credit facilities (the "First Out Credit Facilities") converted from the Refinancing Loans under the DIP Facility subject to the terms set forth in the "First Out Exit Term Sheet" attached as Annex 2 to the Commitment Letter (the "First Out Exit Term Sheet") and otherwise on terms and conditions reasonably satisfactory to the Required Lenders. The First Out Credit Facilities shall be secured by first priority security interest in the Collateral, *pari passu* with the liens securing the Second Out Term Loan Facility. All obligations in connection with the First Out Credit Facilities (other than unasserted indemnification and contingent obligations) shall be paid in full prior to any obligations under the Second Out Term Loan Facility on a "first out" basis on terms substantially similar to those set forth in the Existing Credit Agreement Documentation (for the avoidance of doubt, cash interest payments under the Second Out Term Loan Facility shall be permitted).
Final Maturity:	September 30, 2015 (the "Maturity Date").
Interest Rates and Fees:	As specified on Schedule I attached hereto.
Mandatory Prepayments:	The Second Out Term Loan Facility will be required to be prepaid, without premium or penalty (except LIBOR breakage costs), with: (a) 100% of the net cash proceeds from the incurrence of indebtedness (other than certain permitted indebtedness to be agreed) after the Closing Date by Holding or any of its subsidiaries; and

(b) 100% of the net cash proceeds of sales or other dispositions (including (a) by issuance or sale of stock of Holding or any of its subsidiaries, (b) as a result of casualty or condemnation, net of remediation or replacement costs, (c) any extraordinary receipts (to be mutually defined) and (d) licensing transactions) by Holding or any of its subsidiaries of any assets (except for sales of inventory in the ordinary course of business and certain other dispositions, thresholds and exceptions to be agreed on), in each case only to the extent such net cash proceeds are received by Holdings or any other Loan Party; provided that the Borrower and other Loan Parties shall be permitted to reinvest (or commit to reinvest) an aggregate amount for all such sales, casualty events, extraordinary receipts and licensing proceeds not exceeding $15 million within six months;

provided that no such mandatory prepayments shall be made prior to the payment in full of the obligations (other than unasserted indemnification and contingent obligations) and the termination of the letter of credit commitment under the First Out Credit Facilities (but not including any refinancing thereof).

Optional Prepayments:	Loans under the Second Out Term Loan Facility may be prepaid from time to time, in whole or in part, at the option of the Borrower, upon notice and in minimum principal amounts and in multiples to be agreed upon, without premium or penalty (except LIBOR breakage costs and the applicable Early Termination Fee (referenced below)), *provided* that no such optional prepayments shall be made prior to the payment in full of the obligations (other than unasserted indemnification and contingent obligations) and the termination of the letter of credit commitment under the First Out Credit Facilities (but not including any refinancing thereof). Any optional prepayment of the Second Out Term Loan Facility will be applied to the remaining scheduled amortization payments as directed by the Borrower.
Representations and Warranties:	The Financing Documentation will contain representations and warranties substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Required Lenders, but in no event more favorable to the Loan Parties than the equivalent terms under the First Out Credit Facilities.

Affirmative Covenants:	The Financing Documentation will contain affirmative covenants substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Required Lenders, but in no event more favorable to the Loan Parties than the equivalent terms under the First Out Credit Facilities.
Negative Covenants:	The Financing Documentation will contain negative covenants substantially similar to the Existing Credit Agreement and such others as may be reasonably requested by the Required Lenders (in each case subject to exceptions, carveouts and thresholds to be mutually agreed), but in no event more favorable to the Loan Parties than the equivalent terms under the First Out Credit Facilities, including, but not limited to, the following: • restriction on dividends, distributions, issuances of equity interests, redemptions and repurchases of equity interests; • restriction on incurring addition first out or first lien secured indebtedness and limitation on incurring other indebtedness (with customary exceptions to be agreed; any additional second lien or unsecured indebtedness shall be on terms satisfactory to the Required Lenders; it being agreed that there will be a debt carveout for letters of credit up to $5 million and a corresponding lien carveout for the cash collateral for such letters of credit); • limitation on capital expenditures of $10 million per 12-month period; • restriction on (i) amending, supplementing or otherwise modifying the definitive documentation governing the First Out Credit Facilities in any manner materially adverse to the Lenders without the consent of the Required Lenders (it being agreed that any amendments, supplements or other modifications resulting in a change to maturity, an increase in interest rates, fees, principal or scheduled amortization payments, or any amendments, supplements or other modifications changing any payment priority or lien priority of the Second Out Term Loan Facility vis-à-vis the First Out Credit

	Facilities shall be deemed to be materially adverse to the Lenders) and (ii) any prepayments of junior financing.
Financial Covenants:	The Financing Documentation will contain a "Second Out Leverage Ratio", pursuant to which the Borrower shall not permit the ratio of total "second out" funded indebtedness to last twelve months EBITDA to exceed, as of the last day of any fiscal quarter of the Borrower, a ratio to be mutually agreed (which financial covenant shall be first tested as of December 31, 2013). The definition of "EBITDA", and the related financial definitions, shall be substantially similar to the Existing Credit Agreement, with such changes as may be requested by the Required Lenders.
Events of Default:	The Financing Documentation will contain events of default substantially similar to the Existing Credit Agreement and such others as may be requested by the Required Lenders.
Defaulting Lender Provisions, Yield Protection and Increased Costs:	Customary for facilities of this type, including, without limitation, in respect of breakage or redeployment costs incurred in connection with prepayments, changes in capital adequacy and capital requirements or their interpretation, illegality, unavailability, reserves without proration or offset and payments free and clear of withholding or other taxes.
Assignments and Participations:	The Lenders will be permitted to make assignments in minimum amounts to be agreed. Participations will be permitted without the consent of the Borrower or the Administrative Agent. No assignment or participation may be made to natural persons, Holding or any of its subsidiaries.
Required Lenders:	Lenders holding more than 50% of the outstanding principal amount of the loans under the Second Out Term Loan Facility (the "Required Lenders").
Amendments and Waivers:	The Financing Documentation will contain provisions regarding amendments and waivers substantially similar to the Existing Credit Agreement with such changes as the Required Lenders may reasonably request.

Indemnification:	The Financing Documentation will contain provisions regarding indemnification substantially similar to the Existing Credit Agreement with such changes as the Required Lenders may reasonably request.
Expenses:	The Loan Parties will reimburse the Lenders and Administrative Agent for all reasonable and documented out-of-pocket costs and expenses in connection with the syndication, negotiation, execution, delivery and administration of the Financing Documentation and any amendment or waiver with respect thereto (including, without limitation, reasonable and documented fees and expenses of counsel thereto, including any conflicts counsel, special counsel and local counsel retained) and any enforcement of remedies with respect thereto.
Governing Law and Forum:	New York.
Waiver of Jury Trial and Punitive and Consequential Damages:	All parties to the Financing Documentation waive the right to trial by jury and the right to claim punitive or consequential damages.
Counsel for the Lenders:	Kirkland & Ellis LLP

SCHEDULE I
INTEREST AND FEES

Interest:	Loans under the Second Out Term Loan Facility shall accrue interest at LIBO Rate plus 11.0% per annum, or Base Rate plus 10.0% per annum. As used herein: "LIBO Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 1.50%. "Base Rate" has the meaning as defined in the Existing Credit Agreement but with a floor of 2.50%.
Default Interest:	Upon the occurrence and during the continuance of an Event of Default under the Financing Documentation, interest shall accrue on the outstanding amount of the obligations under the Financing Documentation and shall be payable on demand at 2.0% per annum above the then applicable rate.
Upfront Fee:	2.0% of the aggregate principal amount of the New Money Loans converted into the Second Out Term Loan Facility.
Early Termination Fee:	In the event of any prepayment of the New Money Loan, such prepayment shall be subject to an early termination fee equal to (a) 2.0% of the aggregate principal amount of the New Money Loan prepaid, if such prepayment in made prior to the first anniversary of the Closing Date, (b) 1.0% of the aggregate principal amount of the New Money Loan prepaid, if such prepayment in made prior to the second anniversary of the Closing Date but on or after the first anniversary of the Closing Date, and (c) 0.0%, if such prepayment in made on or after the third anniversary.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days for actual days elapsed, *provided* that computations of interest for Base Rate Loans when the Base Rate is determined by the prime rate shall be made on the basis of the number of actual days elapsed in a year of 365 or 366 days, as the case may be.

ANNEX A

SUMMARY OF CONDITIONS PRECEDENT TO EFFECTIVENESS OF THE SECOND OUT TERM LOAN FACILITY

Closing and the availability of the Second Out Term Loan Facility will be subject to the satisfaction of conditions precedent usual and customary for facilities of this type including the following:

(a) Financing Documentation and Customary Closing Documentation. (i) Financing Documentation reflecting and consistent with the terms and conditions set forth herein and otherwise reasonably satisfactory to the Borrower and the Lenders, will have been executed and delivered, (ii) the Administrative Agent and the Required Lenders will have received such customary legal opinions (including, without limitation, opinions of special counsel and local counsel as may be reasonably requested by the Administrative Agent and the Required Lenders) which such opinions shall permit reliance by permitted assigns of each of the Administrative Agent and the Lenders, documents and other instruments as are customary for transactions of this type including, without limitation, a certificate of the chief financial officer of Holding as to the solvency of each Loan Party after giving effect to each element of the restructuring transactions, (iii) all documents, instruments, reports and policies required to perfect or evidence the Administrative Agent's and the Lenders' first priority security interest in and liens on the Collateral (including, without limitation, all certificates evidencing pledged capital stock or membership or partnership interests, as applicable, with accompanying executed stock powers, all UCC financing statements to be filed in the applicable government UCC filing offices, all intellectual property security agreements to be filed with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, and all deposit account and securities account control agreements) will have been executed and/or delivered and, to the extent applicable, be in proper form for filing (including UCC and other lien searches, intellectual property searches, insurance policies, surveys, title reports and policies, landlord waivers and access letters, appraisals and environmental reports), (iv) all governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations shall have been obtained and shall be in full force and effect, (v) there shall not be any material pending or threatened litigation, bankruptcy or other proceeding, (vi) satisfactory review of all organizational documentation of the Loan Parties and (vii) all fees and expenses due to the Lenders, Administrative Agent and counsels to the Administrative Agent and the Lenders will have been paid.

(b) Confirmation of Plan of Reorganization. The restructuring transactions shall be consummated in accordance with the terms of a Chapter 11 plan of reorganization (the "Plan of Reorganization") prepared in accordance with the Restructuring Support Agreement and the exhibits attached thereto and such Plan of Reorganization shall be in all respects reasonably satisfactory to the Administrative Agent and the Required Lenders and all conditions precedent to the effectiveness of the Plan of Reorganization (other than the funding of the Loans under the First Out Credit Facilities) shall have been satisfied in the judgment of the Administrative Agent and the Required Lenders (or waived with the prior written consent of the Administrative Agent and the Required Lenders), and the Plan of Reorganization shall be substantially consummated (as defined in Section 1101 of the Bankruptcy Code), and the effective date thereunder shall occur, concurrently with the effectiveness of the First Out Credit Facilities and the Second Out Term Loan Facility. No changes, modifications, amendments or waivers (other than those reasonably satisfactory to the Administrative Agent and the Required Lenders) shall have been made to such Plan of Reorganization since the initial filing thereof with the Bankruptcy Court.

(c) Confirmation Order. The confirmation order (the "Confirmation Order") in respect of the Plan of Reorganization shall (i) have been entered by the United States Bankruptcy Court

for the Southern District of New York, White Plains Division (the "Bankruptcy Court") and shall not have been reversed, modified, amended, vacated or subject to any stay pending appeal, (ii) provide for terms and conditions substantially similar to those provided in the Plan of Reorganization and otherwise be reasonably satisfactory to the Administrative Agent and the Required Lenders and (iii) be in full force and effect. All appeals of the Confirmation Order, and the Plan of Reorganization, shall have been dismissed or resolved in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders. No changes, modifications, amendments or waivers shall have been made to the Confirmation Order since the entry thereof by the Bankruptcy Court (other than those reasonably satisfactory to the Administrative Agent and the Required Lenders). Notwithstanding anything to the contrary in the Plan of Reorganization or Confirmation Order, the Bankruptcy Court's retention of jurisdiction under the Plan of Reorganization and the Confirmation Order shall not govern the enforcement of the Second Out Term Loan Facility or the related loan documents or any rights or remedies of the parties related thereto or arising thereunder.

(d) Effective Date of Plan of Reorganization. The effective date of the Plan of Reorganization shall occur no later than 180 days after the date on which the chapter 11 petitions are first filed by the Borrower or its affiliates.

(e) Financial Statements. The Administrative Agent and the Lenders will have received, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, (i) copies of audited consolidated financial statements for the Borrower and its subsidiaries for the three fiscal years most recently ended before the Closing Date (including, for the avoidance of doubt, the fiscal year ended December 31, 2012) and (ii) projections prepared by management of balance sheets, income statements and cashflow statements of the Borrower and its subsidiaries, which will be quarterly for the first year after the Closing Date and annually thereafter for the term of the Second Out Term Loan Facility.

(f) No Material Adverse Effect. (i) Since December 31, 2012, there shall not have occurred any event or condition that has had or could be reasonably expected, either individually or in the aggregate, to have a Material Adverse Effect. "Material Adverse Effect" means (A) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower and its subsidiaries, taken as a whole, (B) a material adverse effect on the rights and remedies of the Administrative Agent or any Lender under any Financing Documentation, or of the ability of any Loan Party to perform its obligations under any Financing Documentation to which it is a party or (C) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Financing Documentation to which it is a party, but in each case of the foregoing other than as a result of the commencement of the Borrower's chapter 11 proceeding, any events directly causing the filing of the Cases or any events which customarily occur following the commencement of a reorganization proceeding under Chapter 11 of the Bankruptcy Code.

(g) Capital Structure. The Administrative Agent and the Required Lenders will be reasonably satisfied with the terms and amounts of any intercompany loans among the Loan Parties and the flow of funds in connection with the closing. The Administrative Agent and the Required Lenders will be reasonably satisfied with senior management of the Loan Parties.

(h) Information Required by Regulatory Authorities. The Loan Parties will have provided the documentation and other information to the Lenders that is required by regulatory authorities under applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(i) Representations and Warranties. All representations and warranties made by the Loan Parties under the Second Out Term Loan Facility shall be true and correct in all material respects (unless already qualified by materiality or material adverse effect in which case they shall be true and correct in all respects) and the Administrative Agent and the Lenders shall not have become aware that any information previously delivered is inaccurate or incomplete in any material respect.

(j) No Default. No default or event of default under the Second Out Term Loan Facility shall have occurred or be continuing after giving effect to the closing and funding of the Second Out Term Loan Facility. Without giving effect to the applicablitliy, if any, of Section 362 of the Bankruptcy Code, immediately prior to closing of the Second Out Term Loan Facility, the Restructuring Support Agreement shall be in full force and effect and shall not have been terminated and no default or event of default (unless as a result of a breach by the Lenders party thereto) thereunder shall have occurred or be continuing. Furthermore, none of the Termination Events (as defined in the Restructuring Support Agreement) set forth in Sections 4.1(a), 4.1(b), 4.1(c), 4.1(e), 4.1(f), 4.1(g), 4.1(h), 4.1(i), 4.1(j), 4.1(l), 4.1(m), 4.1(n), 4.1(o), 4.1(u) or 4.1(v) shall have occurred (and irrespective of whether or not the occurrence of any of the foregoing has led to a termination of the Restructuring Support Agreement). Immediately prior to closing the Second Out Term Loan Facility, no default or event of default shall have occurred and be continuing under the Borrower's DIP Facility.

(k) Business Plan. The Administrative Agent and the Lenders shall have received a post-reorganization business plan of Holding and its subsidiaries satisfactory to the Administrative Agent and the Required Lenders.

(l) Outstanding Indebtedness. Immediately following the restructuring transactions, neither Holding, the Borrower nor any of their respective subsidiaries will have any Indebtedness (as defined in the Financing Documentation) outstanding except for the loans under (i) the First Out Credit Facilities and (ii) the Second Out Term Loan Facility and ordinary course Indebtedness to the extent permitted under the Financing Documentation.

(m) First Out Credit Facilities. The definitive documentation for the First Out Credit Facilities shall be in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders (it being acknowledged and agreed that the terms set forth in the First Out Exit Term Sheet are satisfactory). The closing and funding of the First Out Credit Facilities shall have occurred or shall concurrently occur.

(n) Fees and Expenses. All fees and expenses of the Lenders, the Administrative Agent and of their respective advisors in connection with the transactions hereunder shall have been paid, to the extent due.

(o) Other Closing Conditions under the First Out Credit Facilities. Satisfaction of the conditions precedent to the closing of First Out Credit Facilities (but excluding clause (d) on Annex A to the First Out Exit Term Sheet) which conditions (to the extent the equivalents thereof are not included on this Annex A) are hereby incorporated, mutatis mutandis, as additional conditions precedent to the Second Out Term Loan Facility (as so incorporated shall have been satisfied and have not been waived without the consent of the Required Lenders).

Exhibit B to Restructuring Support Agreement

Lender Joinder

LENDER JOINDER

This Lender Joinder to the Restructuring Support Agreement, dated as of February [ ], 2013, by and among RDA Holding Co., The Reader's Digest Association, Inc. (the "Company"), and certain of the Company's subsidiaries and affiliates set forth on Schedule 1 of the Support Agreement (as defined herein and annexed hereto on Annex I), the Consenting Lender signatory thereto and the Consenting Secured Noteholders signatory thereto (the "Support Agreement), is executed and delivered by [_____] (the "Joining Lender Party") as of [_____], 2013. Each capitalized term used herein but not otherwise defined shall have the meaning set forth in the Support Agreement.

1. Agreement to be Bound. The Joining Lender Party hereby agrees to be bound by all of the terms of the Support Agreement, attached to this Lender Joinder as Annex I (as the same may be hereafter amended, restated or otherwise modified from time to time). The Joining Party shall hereafter be deemed to be a "Consenting Secured Party" and a party for all purposes under the Support Agreement.

2. Representations and Warranties. With respect to the aggregate principal amount of prepetition Secured Notes, Credit Agreement obligations and/or DIP Loans held by the Joining Lender Party upon consummation of the sale, assignment, transfer, hypothecation or other disposition of such prepetition claims, the Joining Lender Party hereby makes the representations and warranties of the Consenting Secured Parties set forth in Section 6 of the Support Agreement to each of the other Parties in the Support Agreement.

3. Governing Law. This Lender Joinder shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provisions which would require the application of the law of any other jurisdiction.

* * * * *

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IN WITNESS WHEREOF, the Joining Lender Party has caused this Lender Joinder to be executed as of the date first written above.

_____
Entity Name of Joining Lender Party

Authorized Signatory:

By: _____
Name:
Title:

Principal Amount of
Secured Notes $_____

Principal Amount of
Credit Agreement obligations $_____

Principal Amount of
DIP Loans $_____

Address: _____