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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
RDA HOLDING CO., *et al.*,	:	**13-22233 (RDD)**
Debtors.[1]	:	**(Jointly Administered)**

MOTION OF DEBTORS FOR ENTRY OF AN INTERIM ORDER UNDER 11 U.S.C. §§ 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), AND 364(e), FED. R. BANKR. P. 2002, 4001, AND 9014, AND LOCAL RULE 4001-2 (I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING ADEQUATE PROTECTION TO PRIMED LENDER AND PRIMED NOTEHOLDERS AND (IV) SCHEDULING A FINAL HEARING PURSUANT TO FED. R. BANKR. P. 4001(b) AND (c)

[1] The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are RDA Holding Co. (7045); The Reader's Digest Association, Inc. (6769); Ardee Music Publishing, Inc. (2291); Direct Entertainment Media Group, Inc. (2306); Pegasus Sales, Inc. (3259); Pleasantville Music Publishing, Inc. (2289); R.D. Manufacturing Corporation (0230); Reiman Manufacturing, LLC (8760); RD Publications, Inc. (9115); Home Service Publications, Inc. (9525); RD Large Edition, Inc. (1489); RDA Sub Co. (f/k/a Books Are Fun, Ltd.) (0501); Reader's Digest Children's Publishing, Inc. (6326); Reader's Digest Consumer Services, Inc. (8469); Reader's Digest Entertainment, Inc. (4742); Reader's Digest Financial Services, Inc. (7291); Reader's Digest Latinoamerica S.A. (5836); WAPLA, LLC (9272); Reader's Digest Sales and Services, Inc. (2377); Taste of Home Media Group, LLC (1190); Reiman Media Group, LLC (1192); Taste of Home Productions, Inc. (1193); World Wide Country Tours, Inc. (1189); W.A. Publications, LLC (0229); WRC Media Inc. (6536); RDCL, Inc. (f/k/a CompassLearning, Inc.) (6535); RDA Digital, LLC (5603); RDWR, Inc. (f/k/a Weekly Reader Corporation) (3780); Haven Home Media, LLC (f/k/a Reader's Digest Sub Nine, Inc.) (2727); Weekly Reader Custom Publishing, Inc. (f/k/a Lifetime Learning Systems, Inc.) (3276); and World Almanac Education Group, Inc. (3781).

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

RDA Holding Co. ("**Holding**"), The Reader's Digest Association, Inc. ("**Reader's Digest**" or "**Borrower**"), and certain of their subsidiaries and affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**" or the "**Loan Parties**," and together with their non-Debtor subsidiaries, "**RDA**"), respectfully represent:

Background

1. Commencing on February 17th, 2013 (the "**Petition Date**") and continuing immediately thereafter, the Debtors each commenced with this Court a voluntary case (Reader's Digest's case, the "**Borrower's Case**," all other cases, the "**Guarantors' Cases**," and the Borrower's Case together with the Guarantors' Cases, the "**Cases**") under chapter 11 of title 11, United States Code (the "**Bankruptcy Code**"). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory creditors' committee has been appointed in these chapter 11 cases.

2. On the Petition Date, the Debtors filed a motion requesting joint administration of the chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**").

3. Information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Declaration of Robert E. Guth Pursuant to Rule 1007-2 of the Local Bankruptcy Rules (the "**Local Rules**") of the Southern District of New York, sworn to on the date hereof (the "**Guth Declaration**"), which was filed with the Court on the Petition Date.

Jurisdiction

4. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested[2]

5. By this Motion, the Debtors request entry of an interim order (the "**Interim Order**"), substantially in the form attached hereto as **Exhibit "A,"** and final order (the "**Final Order**," and together with the Interim Order, the "**DIP Orders**"):

(A) Authorizing the Debtors to:

(i) obtain senior secured, superpriority, postpetition financing in the form of a first lien new money superpriority priming credit facility in an aggregate amount of approximately $105 million (the "**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 principal amount of not less than 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 14 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 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**")[3] pursuant to the terms and conditions of a certain detailed Summary of Terms and Conditions for Senior Secured Priming Debtor-in-Possession Credit Facility (the "**Term Sheet**") attached as **"Annex 1"** to a certain DIP Commitment Letter, dated

[2] Capitalized terms used in this Motion but not otherwise defined shall have the meanings ascribed to them in the Credit Agreement.

[3] The aggregate amount of the Refinancing Loan remains subject to adjustment and will be determined as set forth on a final basis in the Final Order. For the avoidance of doubt, all unfunded commitments in respect of letters of credit under the Existing Credit Agreement shall be terminated and cancelled upon entry into the Refinancing Loan.

as of February 17, 2013 (the "**DIP Commitment Letter**"), annexed to this Motion as **"Exhibit B"** and a certain *Credit and Guarantee Agreement* to be filed under separate cover (as may be amended, modified, or supplemented, the "**Credit Agreement**") by and between Reader's Digest, as borrower; the other Debtors party thereto, as guarantors; an entity to be selected by the DIP Lenders in consultation with the Borrower, as administrative agent and collateral agent (in such capacity, and together with its successors in such capacity, the "**Administrative Agent**") for certain Secured Noteholders (as defined below) the DIP 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) execute and deliver the definitive loan documentation relating to the Facility, including the Credit Agreement and related security and closing documents (collectively, the "**Definitive Documentation**"), and pay all requisite fees and obligations thereunder;

(iii) use proceeds of the Loans:

(a) 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 general accordance with the Cash Flow Forecast (as herein defined); (b) to pay transaction costs, fees and expenses incurred in connection with the DIP Facility and the transactions contemplated thereunder; and (c) to provide Lender Protection (as defined below), Noteholder Protections (as defined below), and other adequate protection expenses, if any, to the extent set forth in the Interim Order; and

(b) in respect of the Refinancing Loan, to repay in full the loans and obligations under the Existing Credit Agreement;

(iv) use cash collateral for working capital and general corporate purposes and to provide adequate protection to:

(a) the lender (the "**Primed Lender**") under that certain Credit and Guarantee Agreement, dated as of March 30, 2012 (the "**Existing Credit Agreement**") by and among the Borrower, the Primed Lender and Wells Fargo Bank, N.A.,

as administrative agent (in such capacity, the "**Prepetition Administrative Agent**"); and

(b) the noteholders under that certain Indenture, dated February 11, 2010 (the "**Prepetition Indenture**") by and among the Borrower, Holding, certain domestic subsidiaries of the Borrower, Wells Fargo Bank, N.A., as indenture trustee (in such capacity, the "**Prepetition Indenture Trustee**"), Wilmington Trust FSB, as collateral agent (the "**Prepetition Collateral Agent**") and the purchasers party thereto from time to time (the "**Secured Noteholders**" or the "**Primed Noteholders**," and together with the Primed Lender, the Prepetition Administrative Agent, the Prepetition Collateral Agent, and the Prepetition Indenture Trustee, the "**Prepetition Secured Parties**") on account of the priming of their existing liens (the "**Existing Primed Secured Facilities**," the liens thereunder, the "**Primed Liens**") by the Loans, and for any diminution in value of the Primed Noteholders' respective prepetition collateral, including cash collateral;

(B) authorizing Holding, and each direct and indirect, existing and future domestic subsidiary of the Borrower (collectively with Holding, the "**Guarantors**") to guaranty the Obligations to be secured by the interests referred to in section (a)(iv) hereof;

(C) granting to the Administrative Agent and the DIP Lenders superpriority administrative expense claims in each of these Cases with respect to the Obligations, subject only to the Carve-Out;

(D) 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;

(E) granting 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**");

(F) authorizing the Administrative Agent to accelerate the Loans and terminate the Commitments under the Credit Agreement (subject to the terms thereof) upon the occurrence and continuance of an Event of Default;

(G) subject to entry of the Final Order, authorizing the grant of liens to the DIP Lenders on the Debtors' claims and causes of action, including any proceeds thereof, arising under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code (collectively, the "**Avoidance Actions**");

(H) subject to entry of the Final Order, authorizing waiver by the Debtors of any right to seek to surcharge the Collateral pursuant to section 506(c) of the Bankruptcy Code or any other law or principle of equity;

(I) in connection with entry of the Final Order, authorizing the refinancing of all obligations under the Existing Credit Agreement into the Refinancing Loan under the Credit Agreement; and

(J) scheduling a final hearing (the "**Final Hearing**") for this Court to consider entry of the Final Order authorizing and approving on a final basis the relief requested in this Motion, including without limitation, for the Borrower on a final basis to utilize the Facility, for the Borrower to enter into the Refinancing Loan, and for the Debtors to continue to use the Cash Collateral and the other Prepetition Collateral subject to the terms in the Definitive Documentation.

Bankruptcy Rule 4001 and Local Rule 4001-2 Concise Statement[4]

6. Material provisions of the Credit Agreement are set out at the following sections of the Credit Agreement and/or the Interim Order, pursuant to Bankruptcy Rules 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) (relating to the use of cash collateral and obtaining credit):

[4] The summaries and descriptions of the terms and conditions of the Credit Agreement and the Interim Order set forth in this Motion are intended solely for informational purposes. The summaries and descriptions are qualified in their entirety by the Credit Agreement and the Interim Order. In the event there is a conflict between this Motion and Credit Agreement or the Interim Order, the Credit Agreement or the Interim Order, as applicable, shall control in all respects.

TERM	DESCRIPTION	CITATION[5]
Borrower	Reader's Digest	Credit Agreement Recitals; Interim Order Recitals; Bankruptcy Rule 4001(c)(1)(B).
Guarantors	RDA Holding, and each direct and indirect, existing and future domestic subsidiary of Reader's Digest	Credit Agreement Recitals; Interim Order Recitals ¶ (I); Bankruptcy Rule 4001(c)(1)(B).
DIP Lenders	The NM Lenders in respect of the New Money Loan, and the Refinancing Loan Lender in respect of the Refinancing Loan.	Credit Agreement Recitals; Interim Order Recitals ¶1 (I); Bankruptcy Rule 4001(c)(1)(B).
Administrative Agent	An entity to be selected by the DIP Lenders in consultation with the Borrower.	Credit Agreement Recitals; Interim Order Recitals ¶ (I); Bankruptcy Rule 4001(c)(1)(B).
Closing Date	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**").	Credit Agreement §§ 1.01, 5.01; Term Sheet p. 3; Bankruptcy Rule 4001(c)(1)(B).
Borrowing Limits	Interim: $11,000,000 Total: $45,000,000 plus the entirety of the Refinancing Loan	Credit Agreement Recitals, § 1.01; Interim Order Recitals ¶ (I), ¶ 5; Bankruptcy Rule 4001(c)(1)(B).
Stipulations	The Debtors stipulate that, as of the Petition Date, they were truly and justly indebted (i) to the Primed Lender in the aggregate principal amount of not less than $49,625,000 in respect of loans made under the Existing Credit Agreement, plus $9,516,267 plus accrued and unpaid fees in respect of letters of credit outstanding under the Existing Credit Agreement (the "**Existing Credit Agreement Obligations**"), and (ii) to the Primed Noteholders in the aggregate principal amount of not less than $464,000,000 in respect of loans made under the Prepetition Indenture (the "**Prepetition Indenture Obligations**," and together with the Existing Credit Agreement Obligations, the "**Prepetition Obligations**," and the Prepetition Obligations together with the Cash Collateral, the "**Prepetition Collateral**"). The Debtors further stipulate that the liens and security interests granted to the Prepetition Secured Parties to secure the Prepetition Obligations are valid, binding, perfected, enforceable, first priority liens on and security interests in the personal and real property constituting "Collateral" under	Interim Order ¶ 3; Bankruptcy Rule 4001(c)(1)(B)(iii).
Refinancing	Proceeds of the Refinancing Loan shall be used to repay in full the loans and obligations outstanding under Existing Credit Agreement, including the aggregate amount of all letters of	Credit Agreement Recitals, § 7.13; Interim Order Recitals ¶¶ (I), (VII); Local Rule 4001-

[5] Citations to the Credit Agreement are subject to change, and are provided solely for ease of reference upon the filing thereof.

TERM	DESCRIPTION	CITATION[5]
	credit outstanding under the Existing Credit Agreement as of February 14, 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. No unused letter of credit commitments will be refinanced into the Refinancing Loans; rather all unused commitments shall be deemed to terminate simultaneously with the effectiveness of the Refinancing Loan. The indemnification obligations under the Existing Credit Agreement shall survive as obligations under the Facility notwithstanding the refinancing or termination of the facilities under the Existing Credit Agreement.	2(a)(6)-(a)(7).
Interest Rate	Refinancing Loan: LIBOR plus 5.0% per annum but with a floor of 3.0% Base Rate plus 4.0% per annum but with a floor of 3.0% New Money Loan: LIBOR plus 9.50% per annum but with a floor of 1.5% Base Rate plus 8.50% per annum but with a floor of 1.5% Default Rate: Additional 2.0% per annum	Credit Agreement §§ 1.01, 2.07; Bankruptcy Rule 4001(c)(1)(B).
Fees and Reimbursement of Expenses	Commitment Fee: 2% of the aggregate amount of the commitments in respect of the New Money Loan (*i.e.*, $45 million), payable on or prior to the date of execution of the DIP Commitment Letter. Ticking Fees: 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: 2% of the aggregate principal amount of the total commitment for the New Money Loan (*i.e.* $45 million) payable to the NM Lenders in the event Borrower shall repay and terminate the New Money Loan prior to 60 days after the Petition Date. Administrative Agency Fee: Not more than $30,000 per year, with the first payment becoming due and payable on the Closing Date.	Credit Agreement §§ 2.08, [13.04];Interim Order ¶¶ 5(iii)-(iv); Local Rule 4001-2(a)(3)

TERM	DESCRIPTION	CITATION[5]
	Reimbursement of Fees/Costs: Out-of-pocket expenses of the Administrative Agent, the Refinancing Loan Lender and the Specified DIP Lenders.[6]	
Termination Events	The earliest of (a) October 31, 2013, (b) the 40th day after entry of the Interim Order (or such later date agreed to by the DIP Lenders 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 in accordance with the Credit Agreement (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 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 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).	Credit Agreement §§1.01, 2.05; Bankruptcy Rule 4001(c)(1)(B).
Exit Financing	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" (in respect of the Refinancing Loan Lender) attached to the Commitment Letter as Annex 2, and in the "Second Out Exit Facility Term Sheet" (in respect of the NM Lenders) annexed to the Commitment Letter as Annex 3 and otherwise in accordance therewith and pursuant to the terms of the definitive documentation thereof, the Loans shall be continued as or converted into, exit financing of the reorganized Debtors (the "**Exit Financing**").	Credit Agreement § 2.17; Term Sheet p. 3.
Use of Cash Collateral	All of the Debtors' cash, including, without limitation, all cash and other amounts from time to time on deposit or maintained by the Debtors in any account or accounts with any Prepetition Secured Party and any cash proceeds of the disposition of any Prepetition Collateral, constitutes proceeds of the Prepetition Collateral, and, therefore, are cash collateral of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code (the "**Cash Collateral**"). The Debtors are	Interim Order ¶¶ 12, 13; Bankruptcy Rule 4001(b)(1)(B)(ii)-(iii).

[6] "**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 Facility and the ongoing administration of the Cases.

TERM	DESCRIPTION	CITATION[5]
	authorized to use the Prepetition Collateral, including the Cash Collateral, during the period from the Petition Date through and including the Termination Date under the Credit Agreement for working capital and general corporate purposes in accordance with and subject to the terms and conditions of the Interim Order and the Credit Agreement.	
Use of Loans	(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 Facility and the transactions contemplated thereunder, and (c) to pay the Noteholder Protections (as defined below), Lender Protection (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 described next to the "Refinancing" heading, above.	Credit Agreement § 7.13; Interim Order Recitals ¶ (VIII), ¶ 13; Bankruptcy Rule 4001(c)(1)(B).
Events of Default	(a) Those events of default set forth in the Existing Credit Agreement, modified as necessary to refer to the 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; (b) The additional customary events of default the DIP Lenders may require in the Definitive Documentation; (c) The occurrence of any insolvency or bankruptcy proceeding with respect to any subsidiary of RDA Holding that is not a debtor in the Cases (other than certain subsidiaries to be agreed); (d) The Final Order entry date shall not have occurred by the 40th day after the date of entry of the Interim Order (the "**Interim Order Entry Date**") (or such later date as the Required DIP Lenders[7] may agree); (e) Any of the Cases shall be dismissed or converted to a Chapter 7 Case; a trustee, receiver, interim receiver or receiver	Credit Agreement § 9.01; Interim Order ¶ 8; Bankruptcy Rule 4001(c)(1)(B).

[7] 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 Facility, and for the avoidance of doubt, shall in any event include the Refinancing Loan Lender at all times until the Refinancing Loan is fully drawn, provided that in any event the Required DIP Lenders shall include the Required NM Lenders.

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 New Money Loan and (ii) the aggregate unused Commitments in respect of the New Money Loan.

TERM	DESCRIPTION	CITATION[5]
	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; 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 Facility shall be granted in any of the Cases without the consent of the Administrative Agent and the Required DIP Lenders; (f) 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; (g) 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 effect on the Loan Parties or their estates; (h) 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 Facility shall cease to be in full force and effect; (i) 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; (j) Except as provided under Exit Financing provisions, the	

TERM	DESCRIPTION	CITATION[5]
	Debtors shall file any plan in any of the Cases that does not provide for termination of the Commitments under the 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 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; (k) 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; (l) Any of the Loan Parties or their affiliates shall fail to comply with the Interim Order or Final Order, as applicable; and (m) 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 (n) The Borrower shall have failed to comply with the DIP Milestones.	
Change of Control	As more fully described in the Credit Agreement, shall occur upon the acquisition of ownership equity interests representing 50% or more of the aggregate voting power represented by the issued and outstanding equity interests of Holding (other than in each case as a result of an acquisition of such equity interests contemplated by the Plan of Reorganization); or (b) the board of directors of Holding ceasing to consist of a majority of the continuing directors; or (c) Holding ceasing to own, directly, all of the outstanding Equity Interests in the Borrower.	DIP Credit Agreement § 1.01; Bankruptcy Rule 4001(c)(1)(B); Local Rule 4001-2(a)(11).
DIP Milestone	Failure to comply with any of the following milestones (the "**DIP Milestones**") constitutes an Event of Default: (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	Credit Agreement § 9.01(q); Interim Order ¶ 8; Bankruptcy Rule 4001(c)(1)(B)(vi).

TERM	DESCRIPTION	CITATION[5]
	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 (vii) 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..	
Liens	The DIP Lenders will receive perfected liens and security interests pursuant to sections 361, 362, 364(c)(2), 364(c)(3), and 364 of the Bankruptcy Code on all Collateral of the Debtors. The liens will prime the liens currently securing the Existing Primed Secured Facilities, but will be subject to all other valid and enforceable senior liens of record, and to the Carve-Out (as defined below).	Credit Agreement § 2.12; Interim Order ¶ 7; Bankruptcy Rule 4001(c)(1)(B)(i).
Superpriority Claims	All of the Obligations shall constitute first-priority administrative expense claims against each of the Debtors, with priority over any and all administrative expenses, and all other claims against the Debtors or their estates now existing or hereinafter arising, subject only to the Carve-Out.	Credit Agreement § 2.12; Interim Order ¶ 6; Bankruptcy Rule 4001(c)(1)(B(i).
Waiver of the Automatic Stay	Modified (i) to permit the creation and perfection of the liens in favor of the DIP Lenders on the Collateral; and (ii) to permit the enforcement of the DIP Lenders' remedies under the Facility, including without limitation the enforcement, upon seven (7) business days' prior written notice, of such remedies against the Collateral.	Credit Agreement § 9.02; Interim Order ¶¶ 8, 9; Bankruptcy Rule 4001(c)(1)(B)(iv); Local Rule 4001-2(c).
Funding of Non-Debtor Affiliates	No proceeds of the Loans may be used to fund any subsidiary that is not a Loan Party, other than as specified in the Definitive Documentation.	Credit Agreement §§ 8.06, 8.08; Local Rule 4001-2(a)(15).
Indemnification	The Administrative Agent and the DIP Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) 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 Facility or the use or the proposed use of proceeds thereof,	Credit Agreement § 13.05; Bankruptcy Rule 4001(c)(1)(B)(ix).

TERM	DESCRIPTION	CITATION[5]
	except to the extent (i) 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 (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.	
Waiver of Section 506(c)	To be waived against Secured Noteholders upon entry of Final Order.	Credit Agreement § 1.01; Interim Order Recitals ¶¶ (VI), 10; Bankruptcy Rule 4001(c)(1)(B)(x).
Limitation on Use of Financing Proceeds and Collateral	No more than $50,000 of the proceeds of Prepetition Collateral (including the Cash Collateral) may be used by the Committee to investigate the validity, enforceability, or priority of the Prepetition Obligations, the liens on the Prepetition Collateral securing the Prepetition Obligations, the liens on the Prepetition Collateral securing the Prepetition Obligations, or the liens on the Prepetition Collateral securing the Prepetition Obligations, or to investigate any claims or defenses or other causes of action against the Prepetition Secured Parties.	Credit Agreement § 8.18; Interim Order ¶ 19; Bankruptcy Rule 4001(c)(1)(B)(iii); Local Rule 4001-2(a)(9).
Adequate Protection	The Prepetition Secured Parties are entitled, pursuant to sections 361, 363(c), 363(c)(2) and 364(d)(1) of the Bankruptcy Code, to adequate protection of their interests in the Prepetition Collateral and the use of Cash Collateral in an amount equal to the aggregate diminution in value of the Prepetition Collateral, including, without limitation, any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of any Prepetition Collateral, including the Cash Collateral, the priming of the Prepetition Secured Parties' liens on the Prepetition Collateral by the DIP Liens, the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, to the extent provided for under section 507(b) of the Bankruptcy Code (such diminution in value, and together with any and all obligations related to adequate protection, the "**Adequate Protection Obligations**." Adequate protection shall be provided in the form of Adequate Protection Liens, superpriority 507(b) Claims, and fees and expenses of the parties to the Existing Secured Credit Facilities (all as further described in ¶ 14 of the Interim Order).	Interim Order ¶ 14; Term Sheet pps. 6-7; Bankruptcy Rule 4001(c)(1)(B)(ii).
Material Conditions to Closing and Borrowing	Customary borrowing conditions, including but not limited to, all Definitive Documentation shall be in form and substance satisfactory to the DIP Lenders and the Administrative Agent, payment of all fees and expenses that are required to be paid on or before the Closing Date pursuant to the Credit Agreement, all first day orders satisfactory in form and substance to the DIP Lenders shall have been entered, delivery of the initial Budget	Credit Agreement, Article V; Bankruptcy Rule 4001(c)(1)(B); Local Rule 4001-2(a)(2).

TERM	DESCRIPTION	CITATION[5]
	and Cash Flow Forecast, and all the requisite consents and internal corporate approvals and Bankruptcy Court approvals in connection with the filing of these chapter 11 cases have been obtained. In addition, 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 breach by the NM Lenders party thereto) thereunder shall have occurred or be continuing.	
Budget and Cash Flow Forecast	The Loan Parties will submit a budget (the "**Budget**") every month 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 Loan Parties will deliver bi-weekly updates of a 13-week cash flow projection (the "**Cash Flow Forecast**") 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.	Credit Agreement §§ 1.01, 8.01; Bankruptcy Rule 4001(c)(1)(B); Local Rule 4001-2(a)(2).
Carve-Out Expenses	The "**Carve-Out**" expenses 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, (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.	Interim Order ¶6(b); Credit Agreement § 1.01; Local Rule 4001-2(a)(5).
Mandatory Prepayment	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	Credit Agreement § 2.04(b); Bankruptcy Rule 4001(c)(1)(B); Local Rule 4001-2(B)

TERM	DESCRIPTION	CITATION[5]
	indebtedness (other than certain permitted indebtedness to be agreed) after the Closing Date by RDA 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 RDA 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 RDA 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 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. 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.	
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[8] shall also require the consent of the Refinancing Loan Lender.	[Credit Agreement § 13.01]; Interim Order ¶ 5.

[8] As used herein, the term "**Specified Voting Items**" refers to each and all of the following: (1) amendments, changes, postponements, extensions, modifications or waivers relating to (a) the Interim or Final Order, (b) Lender Protections, (c) maturity of the 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 Loan, (e) amount of availability of the New Money Loan, (f) terms on which the Refinancing Loan converts into an exit financing, (g) amendments or changes (including deletion) 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, (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 Facility, (k) pro rata sharing provisions, (l) assignment provisions or to otherwise permit assignments to the Borrower or its affiliates, (m) provisions relating to administration of Refinancing Loans; (2) any waiver of any defaults related to the Interim Order or Final Order being stayed, reversed, etc., for any reason, (3) any priming of any of the Refinancing Loan or New Money Loan, (4) any amendment or waiver of any condition precedent to effectiveness of the 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, (9) changes that would add/permit new obligations to those obligations secured by the liens in favor of the DIP Lenders, (10) changes/amendments/waivers that would permit (a) an asset sale

Prepetition Funding of the Debtors' Operations

7. The Debtors' primary prepetition funding consisted mainly of the Senior Secured Notes, the 2012 Secured Credit Facility, and the 2011 Unsecured Term Loan, as described further below.

A. 2012 Secured Credit Facility.

9. On March 30, 2012, Reader's Digest entered into the Existing Credit Agreement with Wells Fargo Bank, N.A., as administrative agent, the Guarantors (as therein defined), Wells Fargo Principal Lending, LLC, as issuing lender, and the other lenders (defined earlier in this motion as the Primed Lenders) thereunder, providing Reader's Digest with a $50.0 million 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**"). The 2012 Secured Credit Facility matures on March 30, 2015. The Existing Credit Agreement has a short-term repayment of $125,000 due quarterly.

10. The term loan under the Existing Credit Agreement bears 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 4.0% in the case of prime rate borrowings and 5.0% in the case of LIBOR borrowings. The drawn letters of credit under the Letter of Credit Facility bear an interest rate of 6.0% 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

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otherwise prohibited under the Facility (as in effect on the Closing Date), (b) incurrence of debt that is *pari passu* with the Facility, (c) a change of control, (11) any action that disproportionately aversely affects the Refinancing Loans vis-à-vis the New Money Loans, (12) credit bidding of the Refinancing Loan, (13) any restriction on transferring the Refinancing Loan.

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.

11. As of the Petition Date, there was approximately $49,625,000 million outstanding and $9,516,267 of letters of credit issued under the 2012 Secured Credit Facility.

B. Senior Secured Notes.

12. On February 11, 2010, RD Escrow Corporation entered into the Prepetition Indenture with Reader's Digest, RDA Holding, and substantially all of their existing wholly-owned direct and indirect domestic subsidiaries, Wells Fargo Bank, N.A., 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 (the "**Senior Secured Notes**," and the noteholders thereunder defined earlier in this motion as the Primed Noteholders) 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.

12. 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. As of the Petition Date, there was approximately $464.4 million outstanding in Senior Secured Notes.

C. Prepetition Collateral.

13. To secure the Debtors' obligations under the Existing Credit Agreement and the Prepetition Indenture, the Debtors granted security interests in and liens on substantially

all of its personal property, including items defined as "Collateral" in the Existing Credit Agreement (referred to earlier as the Primed Liens). The security agreement related to the Existing Credit Agreement, in Section 5.5, sets forth a certain waterfall distribution scheme with respect to realization of the collateral. The Primed Lender is to receive payment in full, prior to the Primed Noteholders, in the event of any distribution on account of the collateral in a bankruptcy case. This "first out" payment structure was a significant consideration in the course of negotiating postpetition financing, as the Primed Lender is contractually entitled to receive payment prior to the Primed Noteholders.

14. Prior to the Petition Date, the Primed Liens had priority over all other liens except any liens that are valid, properly perfected, unavoidable, and senior to the Primed Liens or set forth in Section 3.2 of the Existing Credit Agreement (collectively, the "**Permitted Prior Liens**").

Debtors' Proposed DIP Facility

A. Need for Postpetition Financing

15. As described more fully in the Guth Declaration, without the requested Facility, the Debtors lack sufficient unencumbered funds with which to operate their business. The Debtors, therefore, have an urgent and immediate need for postpetition financing for, among other things, working capital, other general corporate purposes of the Debtors, and the costs of administration of these Cases.

16. Absent authorization from the Court to enter into the Facility, the Debtors will be immediately and irreparably harmed. The Debtors face an immediate liquidity crisis that, absent approval of the proposed Facility, will severely impact their ability to meet their ongoing obligations and their ability to operate as a going concern. The Debtors' ability to meet payroll

and other operating expenses (including postpetition obligations to their vendors and landlords) is essential to their ability to continue to operate during the Cases. Moreover, without access to postpetition financing, the Debtors' vendors would refuse to extend credit to the Debtors during these cases, which would severely impact the Debtors' ability to continue to operate. Accordingly, approval of the proposed Facility is critical both to the Debtors' ability to continue to operate during the Cases and, ultimately, to their ability to achieve a meaningful and successful reorganization.

B. Background of the DIP Facility

17. Prior to the Petition Date, the Debtors surveyed various sources of postpetition financing to fund the Debtors' operations and to fund the chapter 11 process, including financing from the Primed Lenders and the Primed Noteholders (together, the "**Prepetition Lenders**"), and unrelated third parties. Evercore, the Debtors' investment bankers, contacted several traditional and non-traditional lending sources to solicit offers to provide debtor in possession financing. In exploring those options, the Debtors recognized that the obligations owed to both the Primed Lender and the Primed Noteholders are secured by substantially all of the Debtors' assets and that such collateral was shared by both on a *pari passu* basis, except in connection with an exercise of remedies where the Primed Lender enjoyed a first out position. *See* Existing Security Agreement § 5.5. As a result, the Debtors would need the consent of all of the Prepetition Lenders to prime them or be subject to a risky adequate protection dispute. Alternatively, the Debtors would have to find a postpetition lender willing to extend credit that would be junior to the liens of the Prepetition Lenders.

18. No prospective lender approached the Debtors or their advisors and offered a postpetition financing proposal that provided for liens junior to those of the Prepetition

Lenders. Accordingly, borrowing from another postpetition lender or lending group that required security interests senior to the Prepetition Lenders likely could only be accomplished through a contested hearing on whether the adequate protection requirements of section 364(d) of the Bankruptcy Code would be satisfied.

19. In view of these circumstances, the DIP Lenders, consisting of many of the same entities that constitute the group of Prepetition Lenders, were willing to extend postpetition financing, but only on the terms and conditions described herein. Specifically, the Primed Noteholders and Primed Lender insisted that they maintain their *pari passu* status, with the 2012 Secured Credit Facility refinanced into the new facility—which new facility provides for better economics and a lower cost of capital—upon entry of the Final Order, side by side with the new money supplied by the Primed Noteholders. Ultimately, the Debtors concluded that the Facility proposed by the DIP Lenders is desirable because, among other things, the Facility permits the Debtors to secure the postpetition financing required for their chapter 11 process without having to prime the Prepetition Lenders after a contested hearing – with an uncertain result – as to whether the requirements of section 364(d) of the Bankruptcy Code have been satisfied. Such a hearing would cause the Debtors to incur significant costs and expenses, as well as require significant time and attention on behalf of the Debtors' senior management whose efforts would be better spent focusing on the Debtors' business and operations at a critical time in the chapter 11 cases. Moreover, in addition to the cost and expense of such a hearing, the uncertainty it would present to the market place, including the Debtors' vendors, suppliers, and other partners, would further hinder the Debtors' ability to continue to operate during the Cases. Accordingly, the Debtors determined that the principal amount, pricing, fee structure and

certainty of closing of any alternative proposal would be, in the aggregate, less favorable than that offered by the DIP Lenders.

20. Consequently, the Debtors have determined that entering into the Credit Agreement with the DIP Lenders is appropriate and is necessary under the circumstances, addresses the Debtors' liquidity needs, and should be approved.

C. Implementation of the DIP Facility

21. The Debtors and the DIP Lenders have engaged in extensive, good faith, arm's length negotiations with respect to the terms and conditions of the proposed Facility and the use of cash collateral. These negotiations culminated in agreement upon the proposed financing, including the Facility. Significantly, the DIP Facility allows the Debtors to draw approximately $45 million in new financing. This commitment should allow the Debtors to meet all of its administrative obligations during this chapter 11 case.

22. The Debtors and the DIP Lender have agreed upon an initial Budget, and the Debtors believe that the Budget is achievable and will allow the Debtors to operate without the accrual of unpaid administrative expenses.

D. The Restructuring Support Agreement

23. The commencement of these chapter 11 cases and the proposed Loans are the result of and consistent with the Debtors' negotiations with the Prepetition Lenders over the terms of an overall restructuring. Specifically, on February 17, 2013, the Debtors, Wells Fargo and the Secured Noteholders party thereto executed a certain Restructuring Support Agreement (the "**Restructuring Support Agreement**"), pursuant to which the Secured Noteholders have agreed to, among other things, a conversion of all the Secured Notes to equity. The Restructuring Support Agreement also contains a commitment by the DIP Lenders for the

Facility and Exit Financing, provided that the Debtors can confirm and consummate their Plan of Reorganization within 6 months.

E. Liens and Claims

24. Pursuant to the Interim Order, and upon entry of the Final Order, all loans and obligations under the Facility shall receive the following treatment (the "**DIP Liens**"):

(A) pursuant to sections 361, 362, 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code, be secured by a first priority, senior priming 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 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**"), except as otherwise provided in the Interim DIP Order, upon and to all Collateral and

(B) constitute claims entitled to superpriority administrative status, with priority in payment over any and all other administrative expenses and unsecured claims against the Debtors and their estates now existing or hereafter arising, of any kind or nature whatsoever.

Notwithstanding the foregoing, the liens and security interests and the superpriority claims of the DIP Lenders shall be subject to the Carve-Out.

F. The Refinancing

25. Upon the closing and funding of the Facility, and subject to entry of the Final DIP Order, certain proceeds from the DIP Facility will be tendered to the DIP Lenders for the benefit of the lenders under the Existing Credit Agreement and applied against the obligations arising under and in connection with the 2012 Secured Credit Facility (the

"**Refinancing**"). Specifically, under the proposed Refinancing, all amounts outstanding under the 2012 Secured Credit Facility will be paid off with proceeds from the Facility.

26. The Refinancing, as a material condition to approval of the Facility, comports with the expectations held by the Debtors and the lenders under the Existing Credit Agreement prior to the Petition Date, and is necessary to obtain consensual postpetition financing as well as comply with the requirements of the Restructuring Support Agreement. Without the Refinancing, the lenders under the Existing Credit Agreement would not have entered into the Restructuring Support Agreement or committed to provide Exit Financing (subject to the terms and conditions set forth in the DIP Commitment Letter), and without such consent, the Debtors would be in the untenable position of defending alternative financing in an inevitable priming fight. Additionally, the terms of the Refinancing Provide the Debtors with a lower cost of capital when compared to the Existing Credit Agreement.

27. The terms of the proposed refinancing are being disclosed pursuant to Local Rule 4001-2(a)(7). Refinancings are commonly approved in the Bankruptcy Court for the Southern District of New York. *See, e.g.*, *In re Daffy's, Inc.*, Case No. 12-13312 (MG) (Bankr. S.D.N.Y. Aug. 2, 2012); *In re Patriot Coal Corp.*, Case No. 12-12900 (SCC) (Bankr. S.D.N.Y. Jul. 9, 2012); *In re Velo Holdings, Inc.*, Case No. 12-11384 (MG) (Bankr. S.D.N.Y. Apr. 3, 2012); *In re Blockbuster Inc.*, Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Oct. 27, 2010); *In re Uno Rest. Holdings Corp.*, Case No. 10-10209 (MG) (Bankr. S.D.N.Y. Feb. 18, 2010); *In re Tronox Inc.*, Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Jan. 12, 2009); *In re Lyondell Chem. Co.*, Case No. 09-10023 (REG) (Bankr. S.D.N.Y. Jan. 6, 2009).

G. Use of Cash Collateral

28. In order to address their working capital needs and fund their reorganization efforts, the Debtors also require the immediate use of Cash Collateral. The use of Cash Collateral will provide the Debtors with the additional necessary capital to operate their business, pay their employees, maximize value, and successfully reorganize under chapter 11.

29. As noted above, the Prepetition Lenders have consented or have been deemed to consent to the Debtors' use of Cash Collateral subject to the grant of the Adequate Protection as described herein.

H. Adequate Protection of the Primed Noteholders and Primed Lender

30. Pursuant to sections 361, 363(e), and 364(d)(1) of the Bankruptcy Code, the Prepetition Secured Parties are entitled to adequate protection of their interests in their respective Prepetition Collateral, including the Cash Collateral, for and equal in amount to the aggregate diminution in the value (each such diminution, a "**Diminution in Value**") of the Prepetition Secured Parties' security interests in the Prepetition Collateral as a result of, among other things, the Debtors' sale, lease or use of Cash Collateral, the priming of the Prepetition Secured Parties' security interests and liens by the Administrative Agent and the DIP Lenders pursuant to the Definitive Documentation and the DIP Orders, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code or otherwise. As adequate protection, the Prepetition Secured Parties are granted those protections set forth in the Concise Statement provided above, the DIP Orders, and the Term Sheet.

31. The provisions of the DIP Orders also provide for the relative priorities of the liens and superpriority claims of the Loans. In essence, the Loans hold the most senior liens and are first priority administrative expenses, and the New Money Loan and the Refinancing

Loan shall rank *pari passu* in terms of right to payment, followed by the Primed Noteholders' and Primed Lender's claims. The collateral security granted and the superpriority status conferred are in each case subject to the Carve-Out expenses.

The Proposed Loan Should be Approved

A. The Loans Provide the Debtors with the Financing Necessary to Administer these Chapter 11 Cases and Effectuate the Plan

32. 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. The funding to be provided by the Loans and the Debtors' use of Cash Collateral will enable the Debtors to continue to satisfy their customers' needs, pay their employees, and operate their business in the ordinary course and in an orderly and reasonable manner with the ability to preserve and enhance the value of their estates for the benefit of all parties in interest. The implementation of the Loans will be viewed favorably by the Debtors' employees and customers, thereby promoting a successful reorganization. Lastly, the availability of credit under the Loans will provide confidence to the Debtors' creditors that will enable and encourage them to continue their critical relationships with the Debtors.

33. Section 364(c) of the Bankruptcy Code provides, among other things, that if a debtor is unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, the Court may authorize the debtor to obtain credit or incur debt (a) with priority over any and all administrative expenses as specified in section

503(b) or 507(b) of the Bankruptcy Code, (b) secured by a lien on property of the estate that is not otherwise subject to a lien, or (c) secured by a junior lien on property of the estate that is subject to a lien. 11 U.S.C. § 364(c). Section 364(d) of the Bankruptcy Code allows a debtor to obtain credit secured by a senior or equal lien on property of the estate that is subject to a lien, provided that (i) the debtor is unable to obtain such credit otherwise, and (ii) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted. 11 U.S.C. § 364(d). The Debtors propose to obtain the financing set forth in the Credit Agreement by providing, inter alia, superpriority claims, security interests, and priming liens pursuant to sections 364(c)(1)–(3) and 364(d) of the Bankruptcy Code, all as described above.

34. The Debtors' liquidity needs can be satisfied only if the Debtors are immediately authorized to borrow up to $45 million (with up to $11 million available on an interim basis) under the Loans and to use such proceeds to fund their operations. Despite their best efforts, the Debtors have been unable to procure sufficient financing in the form of unsecured credit allowable under section 503(b)(1) or as an administrative expense under section 364(a) or (b) of the Bankruptcy Code. 11 U.S.C. §§ 503(b)(1), 364(a)-(b). The Debtors have not been able to obtain postpetition financing or other financial accommodations from any alternative prospective lender or group of lenders on more favorable terms and conditions than those for which approval is sought herein.

35. Having determined that financing is available only under sections 364(c) and (d) of the Bankruptcy Code, the Debtors negotiated with the Prepetition Lenders and the Administrative Agent, on behalf of the DIP Lenders, extensively, in good faith, and at arms'-length. Provided that a debtor's judgment in choosing its postpetition financing does not run

afoul of the provisions of, and policies underlying the Bankruptcy Code, courts grant a debtor considerable deference in acting in accordance therewith. *See, e.g.*, *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party in interest"); *Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co., Inc.)*, 789 F.2d 1085, 1088 (4th Cir. 1986); *see also In re Berry Good, LLC*, 400 B.R. 741, 747 (Bankr. D. Ariz. 2008).

36. Furthermore, section 364(d) of the Bankruptcy Code does not require that a debtor seek alternative financing from every possible lender; rather, the debtor must simply demonstrate sufficient efforts to obtain financing without the need to grant a senior lien. *In re Snowshoe Co., Inc.*, 789 F.2d at 1088 (demonstrating that credit was unavailable absent the senior lien by establishment of unsuccessful contact with other financial institutions in the geographic area); *In re 495 Central Park Ave. Corp.*, 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) (debtor testified to numerous failed attempts to procure financing from various sources, explaining that "most banks lend money only in return for a senior secured position"); *In re YL West 87th Holdings I LLC*, 423 B.R. 421, 441 n. 44 (Bankr. S.D.N.Y. 2010) (noting that courts require only a showing of "reasonable effort" to obtain credit otherwise).

37. The prepetition collateral is encumbered in its entirety by the existing liens of the Prepetition Lenders, and the Debtors have been unable to procure the required funding absent the proposed superpriority claims and DIP Liens. The Debtors submit that the circumstances of these cases require the Debtors to obtain financing under sections 364(c) and

(d) of the Bankruptcy Code, and accordingly, the Loans reflect the exercise of their sound business judgment. 11 U.S.C. § 364(c)-(d).

38. The terms and conditions of the Loans are fair and reasonable, and were negotiated extensively among the Debtors, the Prepetition Lenders, and the Administrative Agent, on behalf of the DIP Lenders. Moreover, the Prepetition Secured Parties have consented to the DIP Liens. Further, consummation of the Loans is in the best interest of the Debtors' estates, their creditors, and all parties in interest in these chapter 11 cases and is consistent with the Debtors' exercise of their fiduciary duty. Accordingly, the DIP Lenders and all obligations incurred under the Loans should be accorded the benefits of section 364(e) of the Bankruptcy Code. 11 U.S.C. § 364(e).

B. The Use of Cash Collateral Should Be Approved

39. Under section 363(c)(2) of the Bankruptcy Code, a debtor may not use cash collateral unless "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2). The Debtors require the use of the Cash Collateral to fund their day-to-day operations. Indeed, absent such relief, the Debtors' business could be brought to an immediate halt, with damaging consequences for the Debtors and their estates and creditors. The interests of the Prepetition Lender in the Debtors' Cash Collateral will be protected by the adequate protection set forth above. The Prepetition Lenders have consented to the use of the Cash Collateral on the terms set forth herein and in the DIP Orders. Accordingly, this Court should approve the Debtors' request to use Cash Collateral in the operation of their business and administration of the chapter 11 cases.

C. The Proposed Adequate Protection Should Be Authorized

40. Section 363(e) of the Bankruptcy Code provides that, "on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold, or leased, by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e). Section 361 of the Bankruptcy Code delineates the permissible forms of adequate protection, which include periodic cash payments, additional liens, replacement liens, and other forms of relief. 11 U.S.C. § 361.

41. What constitutes adequate protection must be decided on a case-by-case basis. *See In re O'Connor*, 808 F.2d 1393, 1396 (10th Cir. 1987); *In re Martin*, 761 F.2d 472, 474 (8th Cir. 1985). The focus of the requirement is to protect a secured creditor from diminution in the value of its interest in the particular collateral during the period of use. *In re Kain*, 86 B.R. 506, 513 (Bankr. W.D. Mich. 1988); *see also Delbridge v. Production Credit Assoc. and Fed. Land Bank*, 104 B.R. 824, 827-28 (E.D. Mich. 1989); *In re Ledgemere Land Corp.*, 116 B.R. 338, 343 (Bankr. D. Mass. 1990).

42. The Prepetition Lenders have agreed to the Debtors' use of Cash Collateral and the Debtors' entry into the Credit Agreement in consideration for the adequate protection proposed by this Motion. Moreover, the replacement liens, the payment of reasonable fees and expenses of the Prepetition Lenders' professionals, and other protections offered to the Prepetition Lenders will sufficiently protect their interest in any collateral which is provided as security under the Loans. Accordingly, the adequate protection proposed herein is fair and reasonable and sufficient to satisfy the requirements of Bankruptcy Code sections 363(c)(2) and (e).

D. The Automatic Stay Should Be Modified on a Limited Basis

43. The relief requested herein contemplates a modification of the automatic stay (to the extent applicable) to permit the Debtors to: (i) grant the security interests, liens, and superpriority claims described above with respect to the DIP Lenders and to perform such acts as may be requested to assure the perfection and priority of such security interests and liens, (ii) permit the DIP Lenders to exercise, upon the occurrence and during the continuance of an Event of Default, after the expiration of the applicable grace period, if any, or the occurrence of a Termination Event, (a) certain immediate remedies, as further detailed in the Interim Order, with respect to the Loans, and (b) certain other remedies under the Definitive Documentation at any time five (5) business days' after giving notice; and (iii) implement the terms of the proposed DIP Orders.

44. Stay modifications of this kind are ordinary and standard features of postpetition debtor financing facilities and, in the Debtors' business judgment, are appropriate under the present circumstances.

Notice

42. Notice of this Motion has been provided to (i) the Office of the United States Trustee for the Southern District of New York, (ii) the holders of the five largest secured claims against the Debtors (on a consolidated basis); (iii) the holders of the forty largest unsecured claims against the Debtors (on a consolidated basis), (iv) the attorneys for Wells Fargo, N.A., as administrative agent under that certain Credit and Guarantee Agreement dated as of March 30, 2012, (v) the attorneys for Wells Fargo, N.A., as trustee under that certain Indenture dated as of February 11, 2010, (vi) the attorneys for Wilmington Trust FSB, as collateral agent under that certain Security Agreement dated as of February 19, 2010, (vii) the attorneys for the Ad Hoc Committee of Senior Secured Noteholders, (viii) the Internal Revenue

Service, (ix) the Securities and Exchange Commission, (x) the United States Attorney's Office, Southern District of New York, and (xi) the Federal Trade Commission. The Debtors submit that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

43. No previous request for the relief sought herein has been made by the Debtors to this or any other Court.

WHEREFORE the Debtors respectfully request entry of an order granting the relief requested herein and such other and further relief as is just.

Dated: New York, New York
February 18, 2013

/s/ Joseph H. Smolinsky
Marcia L. Goldstein
Joseph H. Smolinsky

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Attorneys for Debtors
and Debtors in Possession

Exhibit A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11 Case No.**
RDA HOLDING CO., *et al.*,	:	**13-22233 (RDD)**
Debtors.[1]	:	**(Jointly Administered)**

INTERIM ORDER UNDER 11 U.S.C. §§ 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) AND 364(e), FED R. BANKR. P. 2002, 4001 AND 9014, AND LOCAL RULE 4001-2 (I) AUTHORIZING THE DEBTORS TO OBTAIN POSTPETITION FINANCING, (II) AUTHORIZING THE DEBTORS TO USE CASH COLLATERAL, (III) GRANTING ADEQUATE PROTECTION TO PRIMED LENDER AND PRIMED NOTEHOLDERS, AND (IV) SCHEDULING A FINAL HEARING PURSUANT TO FED. R. BANKR. P. 4001(b) AND (c)

Upon the motion, dated February 18, 2013 (the "Motion"), of RDA Holding Co. ("Holding"), The Reader's Digest Association, Inc. (the "Borrower") and certain direct and indirect domestic subsidiaries of the Borrower, each as debtor and debtor in possession (collectively, the "Debtors") in the above-captioned cases (the "Cases") commenced on February 17, 2013 or immediately thereafter (the "Petition Date"), for interim and final orders under

[1] The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are RDA Holding Co. (7045); The Reader's Digest Association, Inc. (6769); Ardee Music Publishing, Inc. (2291); Direct Entertainment Media Group, Inc. (2306); Pegasus Sales, Inc. (3259); Pleasantville Music Publishing, Inc. (2289); R.D. Manufacturing Corporation (0230); Reiman Manufacturing, LLC (8760); RD Publications, Inc. (9115); Home Service Publications, Inc. (9525); RD Large Edition, Inc. (1489); RDA Sub Co. (f/k/a Books Are Fun, Ltd.) (0501); Reader's Digest Children's Publishing, Inc. (6326); Reader's Digest Consumer Services, Inc. (8469); Reader's Digest Entertainment, Inc. (4742); Reader's Digest Financial Services, Inc. (7291); Reader's Digest Latinoamerica S.A. (5836); WAPLA, LLC (9272); Reader's Digest Sales and Services, Inc. (2377); Taste of Home Media Group, LLC (1190); Reiman Media Group, LLC (1192); Taste of Home Productions, Inc. (1193); World Wide Country Tours, Inc. (1189); W.A. Publications, LLC (0229); WRC Media Inc. (6536); RDCL, Inc. (f/k/a CompassLearning, Inc.) (6535); RDA Digital, LLC (5603); RDWR, Inc. (f/k/a Weekly Reader Corporation) (3780); Haven Home Media, LLC (f/k/a Reader's Digest Sub Nine, Inc.) (2727); Weekly Reader Custom Publishing, Inc. (f/k/a Lifetime Learning Systems, Inc.) (3276); and World Almanac Education Group, Inc. (3781).

sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (as amended, the "Bankruptcy Code"), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules"), and the Rule 4001-2 of the Local Bankruptcy Rules (the "Local Rules") for the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), seeking:

> (I) authorization (a) for the Borrower to obtain approximately $105 million in aggregate principal amount of postpetition financing (the "DIP Financing") comprised of (i) a term loan in the aggregate principal amount of $45 million (the "New Money Loan"), $11 million of which is sought upon entry of this Order with the remainder upon entry of the Final Order (defined below) and (ii) a refinancing term loan and letter of credit facility upon entry of the Final Order in the aggregate amount equal to the sum of not less than (A) $49,625,000 plus (B) the aggregate amount of all letters of credit outstanding under the Existing Credit Agreement (as defined below) as of February 17, 2013 equal to $9,516,267 plus (C) 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 (and in accordance with the terms of) the Existing Credit Agreement and immediately prior to the date when the

Refinancing Loan becomes effective (collectively, the "Refinancing Loan";[2] it being understood that the indemnification obligations under the Existing Credit Agreement will survive as obligations under the DIP Agreement (as defined below) notwithstanding the refinancing or termination of the facilities under the Existing Credit Agreement and the term "Refinancing Loan" shall include such indemnification obligations; the Refinancing Loan and the New Money Loan are hereby collectively referred to as the "Loans"), on the terms and conditions set forth in this interim order (this "Order"), the final order (the "Final Order") and the DIP Agreement (substantially in the form annexed to this Order as **Exhibit A**, as hereafter amended, supplemented or otherwise modified from time to time, the "DIP Agreement";[3] together with all agreements, documents and instruments delivered or executed in connection therewith, as hereafter amended, supplemented or otherwise modified from time to time, the "DIP Documents"), among the Borrower, the Guarantors (as defined below), an entity as designated by the DIP Lenders (in consultation with the Borrower), as Administrative Agent (in such capacity, the "DIP Agent"), those Primed Noteholders (as defined below) party to the DIP Commitment Letter in respect of the New Money Loan (the "NM Lenders") and Wells Fargo Principal Lending, LLC in respect of the Refinancing

[2] The aggregate amount of the Refinancing Loan remains subject to adjustment and will be determined and set forth on a final basis in the Final Order (as defined below). For the avoidance of doubt, all unfunded commitments in respect of letters of credit under the Existing Credit Agreement shall be terminated and cancelled upon entry into the Refinancing Loan.

[3] Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the DIP Agreement.

Loan (the "Refinancing Loan Lender", and together with the NM Lenders, the "DIP Lenders"), and (b) for each of the Debtors, other than the Borrower (the "Guarantors"), to guaranty on a secured basis the Borrower's obligations in respect of the DIP Financing;

(II) authorization for the Debtors to execute, deliver and perform the DIP Agreement and the other DIP Documents and to perform such other and further acts as may be necessary or appropriate in connection therewith;

(III) authorization for the Debtors to (a) use the Cash Collateral (as defined in paragraph 12 below) pursuant to sections 361, 362 and 363 of the Bankruptcy Code, and all other Prepetition Collateral (as defined in paragraph 3(c) below) and (b) provide adequate protection on the terms set forth in the DIP Documents to (i) the lender (the "Primed Lender") under the Credit and Guarantee Agreement, dated as of March 30, 2012 (as amended, supplemented or otherwise modified, the "Existing Credit Agreement", and together with any other security, pledge or guaranty agreements and all other documentation executed in connection with any of the foregoing, each as amended, supplemented or otherwise modified, the "Existing Credit Agreement Documents"), among the Borrower, Holding, certain domestic subsidiaries of the Borrower, the Primed Lender and Wells Fargo Bank, N.A., as administrative agent (in such capacity, the "Prepetition Administrative Agent") for the Primed Lender, and (ii) those purchasers and holders of certain senior secured notes (collectively, the "Primed Noteholders," and together with the Primed Lender, the Prepetition

Administrative Agent, the Prepetition Indenture Trustee (as defined below) and the Prepetition Collateral Agent (as defined below), the "Prepetition Secured Parties") issued under that certain indenture, dated as of February 11, 2010 (as amended, supplemented or otherwise modified, the "Prepetition Indenture" and, together with any other security, pledge or guaranty agreements and all other documentation executed in connection with any of the foregoing, each as amended, supplemented or otherwise modified, the "Prepetition Indenture Documents"), among the Borrower, Holding, certain domestic subsidiaries of the Borrower, the Primed Noteholders, Wells Fargo Bank, N.A., as indenture trustee (in such capacity, the "Prepetition Indenture Trustee") and Wilmington Trust FSB, as collateral agent (the "Prepetition Collateral Agent"), in each case to the extent the Prepetition Secured Parties' liens are primed pursuant to section 364(d)(1) of the Bankruptcy Code as set forth herein;

(IV) authorization for the DIP Agent and the DIP Lenders to accelerate the Loans and terminate the Commitments under the DIP Agreement (subject to the terms thereof) upon the occurrence and continuance of an Event of Default;

(V) subject to entry of the Final Order, authorization to grant liens to the DIP Lenders on the Debtors' claims and causes of action, including any proceeds thereof, arising under sections 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code (collectively, the "Avoidance Actions");

(VI) subject to entry of the Final Order, the waiver by the Debtors of any right to seek to surcharge the DIP Collateral (as defined in paragraph 7

below) pursuant to section 506(c) of the Bankruptcy Code or any other applicable law or principle of equity;

(VII) in connection with entry of the Final Order, the refinancing of all obligations outstanding under the Existing Credit Agreement into the Refinancing Loan under the DIP Agreement; and

(VIII) to schedule, pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2, a final hearing (the "Final Hearing") for this Court to consider entry of the Final Order authorizing and approving on a final basis the relief requested in the Motion, including without limitation, for the Borrower on a final basis to utilize the DIP Financing and to borrow the full principal amount of $45 million of the New Money Loan, for the Borrower to enter into the Refinancing Loan, and for the Debtors to continue to use the Cash Collateral and the other Prepetition Collateral subject to the terms of the DIP Documents.

An interim hearing having been held by this Court on February 19, 2013 (the "Interim Hearing"), and upon the record made by the Debtors at the Interim Hearing, including, without limitation, the admission into evidence of the Declaration of Robert E. Guth, President and Chief Executive Officer of RDA Holding and Reader's Digest, Pursuant to Local Rule 1007-2, the Debtors' proposed financial advisor and investment banker, both of which were filed contemporaneous with the Motion, and the arguments of counsel made at the Interim Hearing, and any objections to the Motion that have not previously been withdrawn, waived, settled, or resolved and all reservations of rights

included therein being hereby denied and overruled on their merits with prejudice, and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction*. This Court has core jurisdiction over the Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. *Notice*. Notice of the Motion, the relief requested therein and the Interim Hearing was served by the Debtors on (i) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"), (ii) the holders of the five largest secured claims against the Debtors (on a consolidated basis), (iii) the holders of the forty largest unsecured claims against the Debtors (on a consolidated basis), (iv) the Prepetition Administrative Agent, (v) the Prepetition Indenture Trustee, (vi) the Prepetition Collateral Agent, (vii) the attorneys for the Ad Hoc Committee of Senior Secured Noteholders, (viii) the Internal Revenue Service, (ix) the Securities and Exchange Commission, (x) the United States Attorney's Office, Southern District of New York, and (xi) the Federal Trade Commission. Under the circumstances, the notice given by the Debtors of the Motion, the relief requested therein and the Interim Hearing constitutes due and sufficient notice thereof and complies with Bankruptcy Rules 4001(b) and (c) and 9014, and Local Rule 4001-2, and no further notice of the relief sought at the Interim Hearing is necessary or required.

3. *Debtors' Stipulations*. Subject to the limitations contained in paragraphs 18 and 19 below, the Debtors admit, stipulate, and agree that:

(a) as of the Petition Date, the Debtors were truly and justly indebted and liable to the Primed Lender, without objection, defense, counterclaim or offset of any kind, in the aggregate principal amount of not less than $49,625,000 in respect of loans made under the Existing Credit Agreement, plus with respect to letters of credit outstanding under the Existing Credit Agreement in an aggregate amount equal to $9,516,267, plus accrued and unpaid interest, fees, commissions, premiums, indemnification obligations and expenses (including fees and expenses of attorneys and advisors) and all other obligations set forth in the Existing Credit Agreement Documents (collectively, the "Existing Credit Agreement Obligations");

(b) as of the Petition Date, the Debtors were truly and justly indebted and liable to the Primed Noteholders, without objection, defense, counterclaim or offset of any kind, (i) in the aggregate principal amount of not less than $464,000,000 in respect of loans made under the Prepetition Indenture and the senior notes issued in connection therewith, plus accrued and unpaid interest, premiums, fees and expenses (including fees and expenses of attorneys and advisors), and indemnification obligations as provided in the Prepetition Indenture and the other Prepetition Indenture Documents (collectively, the "Prepetition Indenture Obligations"; and, together with the Existing Credit Agreement Obligations, the "Prepetition Obligations");

(c) the liens and security interests granted to the Prepetition Secured Parties to secure the Prepetition Obligations are (i) valid, binding, perfected, enforceable, first priority liens on and security interests in the personal and real property constituting "Collateral" under, and as defined in, the Existing Credit Agreement Documents and the Prepetition Indenture Documents (together, the "Prepetition Loan Documents") in respect of the Prepetition Obligations (together with the Cash Collateral, the "Prepetition Collateral"), (ii) not subject to valid objection, defense,

counterclaim, offset, contest, attachment, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and (iii) subject and subordinate only to (A) after giving effect to this Order, the Carve Out (as defined in paragraph 6(b) below) and the liens and security interests granted to secure the DIP Financing and the Adequate Protection Obligations (as defined in paragraph 14 below), and (B) valid, perfected and unavoidable liens permitted under the Prepetition Loan Documents to the extent such permitted liens are senior to the liens securing the Prepetition Obligations (the "Permitted Prepetition Liens");

(d) the Prepetition Obligations constitute the legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising under section 362 of the Bankruptcy Code); and

(e) (i) no portion of the Prepetition Obligations shall be subject to valid objection, defense, counterclaim, offset, avoidance, recharacterization, recovery or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and (ii) the Debtors do not have any claims, counterclaims, causes of action, defenses, setoff or recoupment rights, whether arising under the Bankruptcy Code or applicable nonbankruptcy law, against the Prepetition Secured Parties and their respective affiliates, subsidiaries, agents, officers, directors, employees, attorneys and advisors.

4. *Findings Regarding the DIP Financing.*

(a) Good cause has been shown for the entry of this Order.

(b) The Debtors have an immediate need to obtain the DIP Financing and to use the Prepetition Collateral, including the Cash Collateral, to, among other things, permit the orderly continuation of their businesses, preserve the going concern value of the Debtors and

their domestic subsidiaries, and satisfy payroll obligations and other working capital and general corporate purposes of the Debtors and their subsidiaries. The Debtors' use of the Prepetition Collateral (including the Cash Collateral) is necessary to ensure that the Debtors have sufficient working capital and liquidity to preserve and maintain the going concern value of the Debtors' estates.

(c) The Debtors are unable to obtain financing, under existing circumstances, on more favorable terms from sources other than the DIP Lenders pursuant to, and for the purposes set forth in, the DIP Documents and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting (i) the priming DIP Liens (as defined in paragraph 7 below) and (ii) the Superpriority Claims (as defined in paragraph 6(a) below), in each case on the terms and conditions set forth in this Order and the DIP Documents.

(d) The terms of the DIP Financing and the use of the Prepetition Collateral (including the Cash Collateral) pursuant to this Order are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are appropriate under the circumstances and constitute reasonably equivalent value and fair consideration.

(e) The DIP Documents and the use of the Prepetition Collateral (including the Cash Collateral) have been the subject of extensive negotiations conducted in good faith and at arm's length among the Debtors, the DIP Agent, the DIP Lenders and the Prepetition Secured Parties, and all of the Debtors' obligations and indebtedness arising under or in connection with the DIP Financing, including without limitation, (i) all loans made to the Debtors pursuant to the

DIP Agreement and (ii) all other obligations of the Debtors under the DIP Documents and this Order now and hereafter owing to the DIP Agent or any DIP Lender (collectively, the "DIP Obligations"), shall be deemed to have been extended by the DIP Agent and the DIP Lenders in "good faith" as such term is used in section 364(e) of the Bankruptcy Code, and in express reliance upon the protections set forth therein, and shall be entitled to the full protection of section 364(e) of the Bankruptcy Code, in the event that this Order or any provision hereof is vacated, reversed or modified on appeal or otherwise.

(f) The provision of the Protections (as defined below) in accordance with this Order constitutes a material inducement to the Prepetition Secured Parties' entry into the transactions contemplated by the DIP Documents and the Restructuring Transactions (as defined below), without which the Prepetition Secured Parties would not have consented to (x) the use of the Prepetition Collateral as provided in this Order, (y) the priming of the Prepetition Secured Parties' liens on the Prepetition Collateral by the DIP Liens as provided in this Order and (z) entry into the Restructuring Transactions contemplated by the Restructuring Support Agreement (each as defined below).

(g) The Debtors' entry into the DIP Documents, the Restructuring Support Agreement and the Restructuring Transactions is in the best interests of the Debtors, their estates, and creditors.

(h) The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and Local Rule 4001-2. Absent granting the interim relief set forth in this Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Financing and the use of the Prepetition Collateral

(including the Cash Collateral) in accordance with this Order and the DIP Documents are, therefore, in the best interest of the Debtors' estates.

5. *Authorization Of The DIP Financing And The DIP Documents.*

(a) The Debtors are hereby authorized and directed to execute, deliver, enter into and perform under the DIP Documents and, in the case of the Borrower, to borrow under the DIP Agreement in accordance with this Order up to an aggregate principal amount of $11 million of the New Money Loan for working capital and other general corporate purposes of the Debtors, including without limitation, to pay interest, fees and expenses in connection with the DIP Financing, and to pay the expenses required as part of the Protections, in each case subject to the terms of the DIP Agreement.

(b) In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized and directed to perform all acts and to execute, deliver and perform all instruments and documents that the DIP Agent or the requisite DIP Lenders determine to be reasonably required or necessary for the Debtors' performance of their obligations under the DIP Documents, including without limitation:

(i) the execution, delivery and performance of the DIP Documents;

(ii) the execution, delivery and performance of the guarantees of the obligations of the Borrower by the other Debtors;

(iii) the execution, delivery and performance of one or more amendments, waivers, consents or other modifications to and under the DIP Documents, in each case in such form as the Debtors, the DIP Agent and the requisite DIP Lenders may agree, and no further approval of this Court shall be required for amendments, waivers, consents or other

modifications to and under the DIP Documents (and any fees paid in connection therewith) that do not (A) shorten the maturity of the Loans, (B) increase the Commitments or the rate of interest payable on the Loans under the DIP Agreement, or (C) change any Event of Default, add any covenants or amend the covenants therein, in each case as applicable to the Debtors, in any such case to be materially more restrictive; provided, however, that, after any such amendment, waiver, consent or other modification becomes effective, a copy of any such amendment, waiver, consent or other modification shall be filed by the Debtors with this Court and served by the Debtors on the U.S. Trustee and the statutory committee of unsecured creditors appointed in the Cases (the "Committee");

(iv) the non-refundable payment to the DIP Agent and the DIP Lenders (and their respective affiliates), as the case may be, of the fees set forth in the DIP Documents with the DIP Agent and the DIP Lenders, as applicable; and

(v) the performance of all other acts required under or in connection with the DIP Documents.

(c) Upon execution and delivery of the DIP Documents, the DIP Documents shall constitute valid and binding obligations of the Debtors, enforceable against the Debtors in accordance with the terms of this Order and the DIP Documents. No obligation, payment, transfer or grant of security under the DIP Documents or this Order shall be stayed, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable nonbankruptcy law (including without limitation, under sections 502(d) or 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or

similar statute or common law), or subject to any defense, reduction, setoff, recoupment or counterclaim.

6. *Superpriority Claims.*

(a) Except to the extent expressly set forth in this Order in respect of the Carve Out, pursuant to section 364(c)(1) of the Bankruptcy Code, all of the DIP Obligations (the New Money Loan and the Refinancing Loan rank *pari passu* in terms of right to payment) shall constitute allowed senior administrative expense claims (the "Superpriority Claims") against the Debtors with priority over any and all administrative expenses, adequate protection claims and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment.

(b) For purposes hereof, the "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, or the Prepetition Secured Parties and nothing in this Order 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.

7. *DIP Liens*. As security for the DIP Obligations (the New Money Loan and the Refinancing Loan rank *pari passu* in terms of right to payment and security interest in the DIP Collateral), effective and perfected upon the date of this Order and without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or the possession or control by the DIP Agent of any property, the following security interests and liens are hereby granted to the DIP Agent, for its own benefit and the benefit of the DIP Lenders (all property identified in clauses (a), (b) and (c) below being collectively referred to as the "DIP Collateral"), subject only to the Carve Out (all such liens and security interests granted to the

DIP Agent, for its benefit and for the benefit of the DIP Lenders, pursuant to this Order and the DIP Documents, the "DIP Liens"):

(a) First Lien on Unencumbered Property. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority lien on, and security interest in, all tangible and intangible prepetition and postpetition property in which the Debtors have an interest, whether existing on or as of the Petition Date or thereafter acquired, that is not subject to valid, perfected, non-avoidable and enforceable liens in existence on or as of the Petition Date (collectively, the "Unencumbered Property"), including without limitation, any and all unencumbered cash, accounts receivable, inventory, general intangibles, intercompany loans, contracts, securities, chattel paper, owned real estate, real property leaseholds, fixtures, machinery, equipment, deposit accounts, patents, copyrights, trademarks, tradenames, rights under license agreements and other intellectual property, capital stock of the subsidiaries of Holding or any other Debtor (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) and the proceeds of all of the foregoing; provided that, for the avoidance of doubt, the Unencumbered Property shall include any assets upon which security may not be lawfully granted, and subject to the entry of the Final Order, Unencumbered Property shall also include any proceeds or property recovered in respect of any Avoidance Actions.

(b) Liens Junior To Certain Existing Liens. Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected junior lien on, and security interest in all tangible and intangible prepetition and postpetition property in which

the Debtors have an interest (other than the property described in paragraph 7(c), as to which the DIP Liens will be as described in such clause), whether now existing or hereafter acquired and all proceeds thereof, that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected after the Petition Date as permitted by section 546(b) of the Bankruptcy Code, which security interests and liens in favor of the DIP Agent and the DIP Lenders shall be junior to such valid, perfected and unavoidable liens.

(c) Liens Priming Prepetition Secured Parties' Liens. Pursuant to section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority, senior priming lien on, and security interest in, all now or hereafter acquired Prepetition Collateral and all proceeds thereof. The DIP Liens on the Prepetition Collateral shall be senior in all respects to the security interests in, and liens on, the Prepetition Collateral of the Prepetition Secured Parties (including, without limitation, the Adequate Protection Liens (as defined in paragraph 14(a) below)), but shall be junior to any valid, perfected and unavoidable security interests in and liens on the Prepetition Collateral that were valid and senior to the liens of the Prepetition Secured Parties as of the Petition Date, including as permitted by section 546(b) of the Bankruptcy Code.

(d) Liens Senior To Certain Other Liens. The DIP Liens and the Adequate Protection Liens shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or (B) any liens arising after the Petition Date or (ii) subordinated to or made

pari passu with any other lien or security interest under sections 363 or 364 of the Bankruptcy Code or otherwise.

8. *Remedies After Event of Default.*

(a) The automatic stay under section 362 of the Bankruptcy Code is vacated and modified to the extent necessary to permit the DIP Agent and the DIP Lenders to exercise, (i) immediately upon the occurrence and during the continuance of an Event of Default, all rights and remedies under the DIP Documents, other than those rights and remedies against the DIP Collateral as provided in clause (ii) below, and (ii) upon the occurrence and during the continuance of an Event of Default, and following the giving of seven business days' prior written notice to the Debtors (with a copy to lead counsel for the Debtors, lead counsel to the Committee and to the U.S. Trustee), all rights and remedies against the DIP Collateral provided for in the DIP Documents and this Order (including, without limitation, the right to setoff monies of the Debtors in accounts maintained with the DIP Agent or any DIP Lender and the right to prohibit further use of Cash Collateral), in each case subject to the funding requirement set forth in paragraph 6(b) of this Order. In any hearing regarding any exercise of rights or remedies, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing. In no event shall the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral. The DIP Agent's or any DIP Lender's delay or failure to exercise rights and remedies under the DIP Documents or this Order shall not constitute a waiver of the DIP Agent's or the DIP Lenders' rights hereunder, thereunder or

otherwise, unless any such waiver is pursuant to a written instrument executed in accordance with the terms of the DIP Agreement.

(b) Following an Event of Default, the Prepetition Secured Parties may not exercise any rights or remedies under the Prepetition Loan Documents or this Order unless and until all DIP Obligations have been paid in full in cash and all commitments thereunder have been terminated. After all DIP Obligations have been paid in full in cash and all commitments thereunder have been terminated, the Prepetition Secured Parties may prohibit further use of the Cash Collateral and/or exercise such other rights or remedies as provided herein or in the Prepetition Loan Documents, in each case subject to the funding requirement set forth in paragraph 6(b) of this Order. If, prior to the payment in full in cash of all DIP Obligations and all commitments thereunder having been terminated, the Prepetition Secured Parties receive any DIP Collateral or proceeds thereof, the DIP Lenders shall have the right to seek to recover any such DIP Collateral or proceeds.

9. *Remedies Under Restructuring Support Agreement*. The automatic stay under section 362 of the Bankruptcy Code is vacated and modified to the extent necessary to permit the Prepetition Secured Parties to exercise immediately upon the occurrence of any event of default or termination event under the Restructuring Support Agreement all rights and remedies under the Restructuring Support Agreement.

10. *Limitation on Charging Expenses Against Collateral*. Subject to and effective upon entry of the Final Order and to the extent provided for therein, except to the extent of the Carve Out, no expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code,

shall be charged against or recovered from the DIP Collateral or the Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law or in equity, without the prior written consent of the DIP Agent, the Prepetition Administrative Agent or the Prepetition Collateral Agent, as the case may be, and no such consent shall be implied from any other action or inaction by the DIP Agent, the DIP Lenders or any of the Prepetition Secured Parties.

11. *Payments Free and Clear*. Any and all payments or proceeds remitted to the DIP Lenders or the DIP Agent on behalf of the DIP Lenders or to the Prepetition Secured Parties pursuant to the provisions of this Order or any subsequent order of this Court shall be received free and clear of any claim, charge, assessment or other liability.

12. *The Cash Collateral*. All of the Debtors' cash, including, without limitation, all cash and other amounts from time to time on deposit or maintained by the Debtors in any account or accounts with any Prepetition Secured Party and any cash proceeds of the disposition of any Prepetition Collateral, constitute proceeds of the Prepetition Collateral and, therefore, are cash collateral of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

13. *Use of Prepetition Collateral (including Cash Collateral).* The Debtors are hereby authorized to use the Prepetition Collateral, including the Cash Collateral, during the period from the Petition Date through and including the Termination Date under the DIP Agreement for working capital and general corporate purposes in accordance with and subject to the terms and conditions of this Order and the DIP Agreement; provided that, (a) the Prepetition Secured Parties are granted adequate protection as hereinafter set forth and (b) except on the

terms of this Order, the Debtors shall be enjoined and prohibited from at any time using the Cash Collateral.

14. *Adequate Protection*. The Prepetition Secured Parties are entitled, pursuant to sections 361, 363(c), 363(c)(2) and 364(d)(1) of the Bankruptcy Code, to adequate protection of their interests in the Prepetition Collateral, the use of Cash Collateral, in an amount equal to the aggregate diminution in value of the Prepetition Collateral, including without limitation, any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of any Prepetition Collateral, including the Cash Collateral, the priming of the Prepetition Secured Parties' liens on the Prepetition Collateral by the DIP Liens, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, to the extent provided for under section 507(b) of the Bankruptcy Code (such diminution in value, and together with any and all obligations related to the Protections (as defined below), the "Adequate Protection Obligations"). As adequate protection, the Prepetition Secured Parties are hereby granted the following:

(a) Adequate Protection Liens. As security for the payment of the Adequate Protection Obligations, the Prepetition Secured Parties are hereby granted (effective and perfected upon the date of this Order and without the necessity of taking any possession or control, or the execution by the Debtors (or recording or other filing) of security agreements, control agreements, pledge agreements, mortgages, financing statements or other agreements) a valid, perfected replacement security interest in and lien on all of the DIP Collateral (the "Adequate Protection Liens"), subject and subordinate only to (i) the Permitted Prepetition Liens, (ii) the DIP Liens, and (iii) the Carve Out; provided, however, that it is understood that the Adequate Protection Liens of the Primed Lender and the Primed Noteholders shall be *pari passu*

with respect to the recovery thereon, subject to the provisions of the Prepetition Security Agreement (as defined below), including section 5.5 thereof, which Prepetition Security Agreement is enforceable in accordance with its terms (except as otherwise restricted by the automatic stay or other provisions of the Bankruptcy Code).

(b) Section 507(b) Claim. The Adequate Protection Obligations shall constitute superpriority claims as provided in section 507(b) of the Bankruptcy Code (the "507(b) Claims"), with priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including without limitation, sections 326, 328, 330, 331, 503(b), 506(c), 507(a), 726, 1113 and 1114 of the Bankruptcy Code, subject and subordinate only to (i) the Carve Out and (ii) the Superpriority Claims granted in respect of the DIP Obligations; provided, however, it is understood that the 507(b) Claims of the Primed Lender and the Primed Noteholders shall be *pari passu* with respect to the recovery thereon, subject to the provisions of the Prepetition Security Agreement (as defined below), including section 5.5 thereof, which Prepetition Security Agreement is enforceable in accordance with its terms (except as otherwise restricted by the automatic stay or other provisions of the Bankruptcy Code); provided further, 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 Superpriority Claims, that such Superpriority Claims may be paid under any chapter 11 plan 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; provided further that the 507(b) Claims of the Primed Lender shall be junior to the New Money Loan. Except to the extent expressly set forth in this Order, the Prepetition Secured

Parties shall not receive or retain any payments, property or other amounts in respect of the 507(b) Claims unless and until the payment in full in cash of all obligations arising under or relating to the Loans under the DIP Agreement and the other DIP Documents and the termination of the commitments under the DIP Agreement (the "Discharge of the DIP Obligations").

(c) Fees and Expenses. The Prepetition Administrative Agent, the Prepetition Indenture Trustee and the Prepetition Collateral Agent (collectively, the "Prepetition Agents") shall receive from the Debtors reimbursement of all fees and expenses incurred or accrued, whether prior to or after the Petition Date, by the Prepetition Agents under the Prepetition Loan Documents, including without limitation, (i) the reasonable fees and disbursements of one lead counsel (and any conflicts, special or local counsel retained) for the Prepetition Collateral Agent and the continuation of payment on a current basis of the agency fee (to the extent owing) provided for under the Prepetition Indenture, (ii) the reasonable fees and disbursements of one primary counsel (and any conflicts, special or local counsel retained) and one financial advisor for the ad hoc committee of secured noteholders, (iii) payment of all unreimbursed reasonable and documented advisor fees and expenses of the Primed Lender including that of one primary counsel, former counsel (and any conflicts, special or local counsel retained) (whether pre- or post-petition), (iv) 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), (v) the continuation of the payment on a current basis of the agency fee (to the extent owing) to the Prepetition Administrative Agent to the extent provided for under the Existing Credit Agreement (and the other related definitive documentation) and (vi) and such other adequate protection as the Bankruptcy Court may order. None of the fees and expenses payable pursuant

to this paragraph 14(c) shall be subject to separate approval by this Court (but this Court shall resolve any dispute as to the reasonableness of any such fees and expenses), and no recipient of any such payment shall be required to file any interim or final fee application with respect thereto. The Debtors shall pay the fees and expenses provided for in this paragraph 14(c) promptly (but no later than ten (10) business days) after invoices for such fees and expenses shall have been submitted to the Debtors, and the Debtors shall promptly provide copies of such invoices to the Committee and the U.S. Trustee.

(d) Information. The Debtors shall promptly provide to the Prepetition Agents any written financial information or periodic reporting that is provided to, or required to be provided to, the DIP Agent or the DIP Lenders, with such information and reporting being subject to the confidentiality undertakings set forth in the Prepetition Loan Documents.

(e) Application of Proceeds. So long as the Discharge of the DIP Obligations and all other DIP Obligations has not occurred, all proceeds of any Prepetition Collateral pursuant to the enforcement of any of the Prepetition Loan Documents or the exercise of any remedial provision thereunder or under the Final Order, together with all other proceeds received by any Prepetition Secured Party as a result of any such enforcement or the exercise of any such remedial provision or as a result of any distribution of or in respect of any Prepetition Collateral (whether or not expressly characterized as such), or the application of any Prepetition Collateral (or proceeds thereof) to the payment thereof or any distribution of Prepetition Collateral (or proceeds thereof) upon the liquidation or dissolution of any Debtor, shall be turned over by the applicable Prepetition Agent to the DIP Agent until the Discharge of the DIP Obligations has occurred. Upon the Discharge of the DIP Obligations, subject to the terms hereof, the DIP Agent

shall deliver to the applicable Prepetition Agent any proceeds of Prepetition Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, to be applied by the Prepetition Secured Parties in such order as specified in that certain Security Agreement dated as of February 19, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "Prepetition Security Agreement") by and among the Debtors and the Prepetition Secured Parties, including, without limitation, section 5.5 of such agreement.

(f) Primed Lender Protections. As a material condition for the Primed Lender's consent to (x) the use of the Prepetition Collateral as provided in this Order, (y) the priming of the Primed Lender's liens on the Prepetition Collateral by the DIP Liens as provided in this Order and (z) entry into the restructuring transactions (the "Restructuring Transactions") contemplated by that certain Restructuring Support Agreement dated February 17, 2013 by and among the Debtors and the Primed Lender and certain of the Primed Noteholders (as amended, supplemented or otherwise modified, and together with the Restructuring Term Sheet and other term sheets and exhibits annexed thereto, the "Restructuring Support Agreement"), the Primed Lender shall receive the following additional protections (such protections, together with all other adequate protection described in this paragraph 14, including the Adequate Protection Liens and the 507(b) Claims, the "Primed Lender Protections"): (i) upon entry of this Order, 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) to the Primed Lender at the non-default rate under the Existing Credit Agreement; and (ii) upon entry of the

Final Order, the Refinancing Loan pursuant to the DIP Documents and the Restructuring Support Agreement.

(g) Primed Noteholders Protections. As a material condition for the Primed Noteholders' consent to (x) the use of the Prepetition Collateral as provided in this Order, (y) the priming of the Primed Noteholders' liens on the Prepetition Collateral by the DIP Liens as provided in this Order and (z) entry into the Restructuring Transactions, the Primed Noteholders shall receive the protections provided in this paragraph 14 herein, including the Adequate Protection Liens and the 507(b) Claims (collectively, the "Primed Noteholders Protections" and together with the Primed Lender Protections, the "Protections").

15. *Reservation of Rights of Prepetition Secured Parties*.

(a) Based upon the consent of the Prepetition Secured Parties, this Court finds that the adequate protection provided herein is reasonable and sufficient to protect the interests of the Prepetition Secured Parties. Notwithstanding any other provision hereof, the grant of adequate protection to the Prepetition Secured Parties pursuant hereto is without prejudice to the right of the Prepetition Secured Parties to seek modification of the grant of adequate protection provided hereby so as to provide different or additional adequate protection, and without prejudice to the right of the Debtors or any other party in interest to contest any such modification. Except as expressly provided herein, nothing contained in this Order (including, without limitation, the authorization to use any Cash Collateral) shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Secured Parties. The consent of the Prepetition Secured Parties to the priming of any of their liens on the Prepetition Collateral by the DIP Liens (a) is limited to the DIP Financing and (b) does not constitute, and

shall not be construed as constituting, an acknowledgement or stipulation by the Prepetition Secured Parties that, absent such consent, their interests in the Prepetition Collateral would be adequately protected pursuant to this Order.

(b) In the event that the DIP Financing is repaid in full and terminated, the Debtors will continue to be bound by the covenants and subject to the Events of Default contained in the DIP Agreement (as in effect immediately prior to its termination), which will be for the benefit of the Prepetition Secured Parties.

16. *Perfection of DIP Liens and Adequate Protection Liens.*

(a) The DIP Agent, the DIP Lenders and the Prepetition Secured Parties are hereby authorized, but not required, to file or record financing statements, intellectual property filings, mortgages, notices of lien or similar instruments in any jurisdiction, take possession of or control over, or take any other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the DIP Agent, the DIP Lenders or the Prepetition Secured Parties shall, in their respective sole discretion, choose to file such financing statements, intellectual property filings, mortgages, notices of lien or similar instruments, take possession of or control over, or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge, dispute or subordination as of the date of entry of this Order.

(b) A certified copy of this Order may, in the discretion of the DIP Agent or the Prepetition Agent, as the case may be, be filed with or recorded in filing or recording offices

in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Order for filing and recording.

(c) The Debtors shall execute and deliver to the DIP Agent, the DIP Lenders and the Prepetition Secured Parties, as the case may be, all such agreements, financing statements, instruments and other documents as the DIP Agent, the DIP Lenders, and the Prepetition Secured Parties may reasonably request to evidence, confirm, validate or perfect the DIP Liens and the Adequate Protection Liens.

(d) Subject to entry of the Final Order and to the extent provided for therein, any provision of any lease or other license, contract or other agreement that requires (i) the consent or approval of one or more landlords or other parties or (ii) the payment of any fees or obligations to any governmental entity, in order for any Debtor to pledge, grant, sell, assign, or otherwise transfer any such leasehold interest, or the proceeds thereof, or other DIP Collateral related thereto, is hereby deemed to be inconsistent with the applicable provisions of the Bankruptcy Code. Any such provision shall have no force and effect with respect to the granting of DIP Liens or Adequate Protection Liens on such leasehold interest or the proceeds of any assignment and/or sale thereof by any Debtor in favor of the DIP Lenders or the Prepetition Secured Parties in accordance with the terms of the DIP Documents or this Order.

17. *Preservation of Rights Granted Under The Order*.

(a) No claim or lien having a priority senior to or *pari passu* with those granted by this Order to the DIP Agent, the DIP Lenders and the Prepetition Secured Parties shall be granted or allowed and the DIP Liens and the Adequate Protection Liens shall not be

subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or subordinated to or made *pari passu* with any other lien or security interest, whether under section 364(d) of the Bankruptcy Code or otherwise.

(b) The Debtors shall not seek, and it shall constitute an Event of Default under the DIP Agreement and a termination of the right to use Cash Collateral if any of the Debtors seeks, or if there is entered, (i) any modification of this Order without the prior written consent of the DIP Agent and the Prepetition Agents, and no such consent shall be implied by any other action, inaction or acquiescence by the DIP Agent or the Prepetition Agents, or (ii) an order converting or dismissing any of the Cases. If an order dismissing any of the Cases under section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (A) the Superpriority Claims, the 507(b) Claims, the other administrative expense claims granted pursuant to this Order, the DIP Liens and the Adequate Protection Liens shall continue in full force and effect and shall maintain their priorities as provided in this Order until all DIP Obligations and all Adequate Protection Obligations shall have been paid and satisfied in full (and that such Superpriority Claims, the 507(b) Claims, the other administrative expense claims granted pursuant to this Order, the DIP Liens and the Adequate Protection Liens shall, notwithstanding such dismissal, remain binding on all parties in interest) and (B) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in clause (A) above.

(c) If any or all of the provisions of this Order are hereafter reversed, modified, vacated or stayed, such reversal, stay, modification or vacatur shall not affect (i) the validity, priority or enforceability of any DIP Obligations or the Adequate Protection Obligations incurred prior to the actual receipt of written notice by the DIP Agent or the Prepetition Agents, as applicable, of the effective date of such reversal, stay, modification or vacatur or (ii) the validity, priority or enforceability of the DIP liens or the Adequate Protection Liens. Notwithstanding any such reversal, stay, modification or vacatur, any use of Cash Collateral, any DIP Obligations or any Adequate Protection Obligations incurred by the Debtors to the DIP Agent, the DIP Lenders or the Prepetition Secured Parties, as the case may be, prior to the actual receipt of written notice by the DIP Agent and the Prepetition Agents of the effective date of such reversal, stay, modification or vacatur shall be governed in all respects by the original provisions of this Order, and the DIP Agent, the DIP Lenders and the Prepetition Secured Parties shall be entitled to all of the rights, remedies, privileges and benefits granted in section 364(e) of the Bankruptcy Code, this Order and pursuant to the DIP Documents.

(d) Except as expressly provided in this Order or in the DIP Documents, the DIP Liens, the Superpriority Claims, the Adequate Protection Obligations, the 507(b) Claims and all other rights and remedies of the DIP Agent, the DIP Lenders and the Prepetition Secured Parties granted by this Order and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, dismissing any of the Cases or by any other act or omission, or (ii) the entry of an order confirming a chapter 11 plan in any of the Cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors having waived any discharge as to any

remaining DIP Obligations or Adequate Protection Obligations. The terms and provisions of this Order and the DIP Documents shall continue in the Cases, in any successor cases if the Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Adequate Protection Liens, the DIP Obligations, the Superpriority Claims, the Section 507(b) Claims, the other administrative expense claims granted pursuant to this Order, and all other rights and remedies of the DIP Agent, the DIP Lenders and the Prepetition Secured Parties granted by this Order and the DIP Documents shall continue in full force and effect until all DIP Obligations and all Adequate Protection Obligations are indefeasibly paid in full in cash.

18. *Effect of Stipulations on Third Parties.* The stipulations and admissions contained in this Order, including without limitation, in paragraphs 3 and 12 of this Order, shall be binding on a permanent basis solely upon the Debtors in all circumstances. The stipulations and admissions contained in this Order, including without limitation, in paragraphs 3 and 12 of this Order, shall be binding on a permanent basis upon all other parties in interest, including without limitation, any statutory committees appointed in the Cases, unless (a) such committee or any other party-in-interest, in each case, with requisite standing, has duly filed an adversary proceeding (subject to the limitations contained herein, including without limitation, in paragraph 19) by no later than the date that is the later of (i) in the case of any such adversary proceeding filed by a party-in-interest with requisite standing other than the Committee, 75 days after the date of entry of this Order, (ii) in the case of any such adversary proceeding filed by the Committee, 60 days after the appointment of the Committee, and (iii) any such later date agreed to in writing by the Prepetition Agents (A) challenging the validity, enforceability, priority or

extent of the Prepetition Obligations or the liens on the Prepetition Collateral securing the Prepetition Obligations or (B) otherwise asserting or prosecuting any Avoidance Actions or any other claims, counterclaims or causes of action, objections, contests or defenses (collectively, the "Claims and Defenses") against the Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors in connection with any matter related to the Prepetition Obligations or the Prepetition Collateral and (b) an order is entered by a court of competent jurisdiction and becomes final and non-appealable in favor of the plaintiff sustaining any such challenge or claim in any such duly filed adversary proceeding; provided that, as to the Debtors, all such Claims and Defenses are hereby irrevocably waived and relinquished as of the Petition Date. If no such adversary proceeding is duly filed in respect of the Prepetition Obligations, (x) the Prepetition Obligations shall constitute allowed claims, not subject to counterclaim, setoff, subordination, recharacterization, defense or avoidance, for all purposes in the Cases and any subsequent chapter 7 case, (y) the liens on the Prepetition Collateral securing the Prepetition Obligations, as the case may be, shall be deemed to have been, as of the Petition Date, and to be, legal, valid, binding, perfected and of the priority specified in paragraph 3(b), not subject to defense, counterclaim, recharacterization, subordination or avoidance and (z) the Prepetition Obligations, Prepetition Secured Parties, as the case may be, and the liens on the Prepetition Collateral granted to secure the Prepetition Obligations shall not be subject to any other or further challenge by the any statutory committees appointed in the Cases or any other party-in-interest, and such committee or party-in-interest shall be enjoined from seeking to exercise the rights of the Debtors' estates, including without limitation, any successor thereto (including, without limitation, any estate representative or a

chapter 7 or 11 trustee appointed or elected for any of the Debtors). If any such adversary proceeding is duly filed, the stipulations and admissions contained in paragraphs 3 and 12 of this Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) on any statutory committees appointed in the Cases and any other party-in-interest, except as to any such findings and admissions that were expressly and successfully challenged in such adversary proceeding as set forth in a final, non-appealable order of a court of competent jurisdiction. Nothing in this Order vests or confers on any Person (as defined in the Bankruptcy Code), including any statutory committees appointed in the Cases, standing or authority to pursue any cause of action belonging to the Debtors or their estates, including, without limitation, Claims and Defenses with respect to the Prepetition Loan Documents or the Prepetition Obligations or any liens granted by any Debtor to secure any of the foregoing.

19. *Limitation on Use of DIP Financing and DIP Collateral*. The Debtors shall use the DIP Financing and the Prepetition Collateral (including the Cash Collateral) solely as provided in this Order and the DIP Documents. Notwithstanding anything herein or in any other order of this Court to the contrary, no Loans under the DIP Agreement, DIP Collateral, Prepetition Collateral (including the Cash Collateral) or the Carve Out may be used to (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of any amount due under the DIP Documents, the Prepetition Loan Documents or the liens or claims granted under this Order, the DIP Documents or the Prepetition Loan Documents, (b) assert any Claims and Defenses or any other causes of action against the DIP Agent, the DIP Lenders, the Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors, (c) prevent, hinder or otherwise delay the DIP Agent's or

the Prepetition Agents' assertion, enforcement or realization on the Prepetition Collateral or the DIP Collateral in accordance with the DIP Documents, the Prepetition Loan Documents or this Order, (d) seek to modify any of the rights granted to the DIP Agent, the DIP Lenders and the Prepetition Secured Parties hereunder or under the DIP Documents or the Prepetition Loan Documents, in the case of each of the foregoing clauses (a) through (d), without such party's prior written consent or (e) pay any amount on account of any claims arising prior to the Petition Date unless such payments are (i) approved by an Order of this Court and (ii) permitted under the DIP Documents; provided that, no more than an aggregate of $50,000 of the Prepetition Collateral (including the Cash Collateral), Loans under the DIP Agreement, the DIP Collateral or the Carve Out may be used by the Committee to investigate the validity, enforceability or priority of the Prepetition Obligations or the liens on the Prepetition Collateral securing the Prepetition Obligations, or investigate any Claims and Defenses or other causes action against the Prepetition Secured Parties.

20. *Insurance*. To the extent any of the Prepetition Agents is listed as loss payee under the Debtors' insurance policies, the DIP Agent is also deemed to be the loss payee under the Debtors' insurance policies and shall act in that capacity and distribute any proceeds recovered or received in respect of any such insurance policies, first, to the payment in full of the DIP Obligations (applied to the New Money Loan and the Refinancing Loan on a pro rata basis), and second, to the payment of the Prepetition Obligations.

21. *Master Proof of Claim.*

(a) To facilitate the processing of claims, to ease the burden upon this Court and to reduce any unnecessary expense to the Debtors' estates, the Prepetition Agents are authorized (but not required) to file a single master proof of claim on behalf of themselves and the respective Prepetition Secured Parties on account of their respective claims arising under the Prepetition Loan Documents and hereunder against all Debtors (the "Master Proof of Claim"), and the Prepetition Agents shall not be required to file a verified statement pursuant to Rule 2019 of the Bankruptcy Rules in any of the Cases.

(b) Upon filing of the Master Proof of Claim, the Prepetition Agents and each of the other Prepetition Secured Parties and each of their respective successors and assigns, shall be deemed to have filed a proof of claim in the amount set forth opposite its name therein in respect of its claims against each of the Debtors arising under the Prepetition Loan Documents and the claims (as defined in section 101 of the Bankruptcy Code) of the Prepetition Agents and each other Prepetition Secured Party (and each of their respective successors and assigns) named in the Master Proof of Claim shall be allowed as if each such entity had filed a separate proof of claim in each of the Cases in the amount set forth in the Master Proof of Claim; provided that the Prepetition Agent may, but shall not be required, to amend the Master Proof of Claim from time to time to, among other things, reflect a change in the holders of the claims set forth therein or a reallocation among such holders of the claims asserted therein resulting from any transfer of any such claims.

(c) The provisions set forth in paragraphs (a) and (b) above and the Master Proof of Claim are intended solely for the purpose of administrative convenience and, except to

the extent set forth herein or therein, neither the provisions of this paragraph nor the Master Proof of Claim shall affect the substantive rights of the Debtors, the Committee, the Prepetition Agents, the other Prepetition Secured Parties or any other party in interest or their respective successors in interest, including without limitation, the right of each Prepetition Secured Party (or its successor in interest) to vote separately on any chapter 11 plan proposed in the Cases.

22. *Order Governs*. In the event of any inconsistency between the provisions of this Order and the DIP Documents, the provisions of this Order shall govern.

23. *Binding Effect; Successors and Assigns*. The DIP Documents and the provisions of this Order, including all findings herein, shall be binding upon all parties-in-interest in the Cases on a permanent basis, including without limitation, the DIP Agent, the DIP Lenders, the Prepetition Secured Parties, any statutory committees appointed in the Cases, and the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for any of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors) and shall inure to the benefit of the DIP Agent, the DIP Lenders, the Prepetition Secured Parties and the Debtors and their respective successors and assigns; provided that, except to the extent expressly set forth in this Order, the DIP Agent, the DIP Lenders and the Prepetition Secured Parties shall have no obligation to permit the use of Cash Collateral or extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors.

24. *Limitation of Liability*. In determining to make any loan under the DIP Agreement, permitting the use of Cash Collateral or in exercising any rights or remedies as and

when permitted pursuant to this Order or the DIP Documents, the DIP Agent, the DIP Lenders and the Prepetition Secured Parties shall not be deemed to be in control of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq. as amended, or any similar federal or state statute). Furthermore, nothing in this Order or in the DIP Documents shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties any liability for any claims arising from the pre-petition or post-petition activities of any of the Debtors and their affiliates (as defined in section 101(2) of the Bankruptcy Code).

25. *Effectiveness.* This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof as of the Petition Date, and there shall be no stay of execution of effectiveness of this Order.

26. *Final Hearing*. The Final Hearing is scheduled for [__], 2013 at [Time], Eastern time, before this Court.

26. *Final Hearing Notice.* The Debtors shall promptly mail copies of this Order (which shall constitute adequate notice of the Final Hearing) to the parties having been given notice of the Interim Hearing, and to any other party that has filed a request for notices with this Court and to the Committee after the same has been appointed, or Committee counsel, if the same shall have been appointed. Any party-in-interest objecting to the relief sought at the Final Hearing shall serve and file written objections; which objections shall be served upon (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Marcia L.

Goldstein, Esq. (marcia.goldstein@weil.com), Joseph H. Smolinsky, Esq. (joseph.smolinsky@weil.com), Justin D. Lee, Esq. (justin.d.lee@weil.com), and Matthew P. Goren, Esq. (matthew.goren@weil.com), attorneys for the Debtors, (ii) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Nicole L. Greenblatt, Esq. (nicole.greenblatt@kirkland.com), Leonard Klingbaum, Esq. (leonard.klingbaum@kirkland.com) and Cecilia Hong, Esq. (cecilia.hong@kirkland.com), attorneys for the NM Lenders, (iii) Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, New York 10005, Attn: Abhilash M. Raval, Esq. (araval@milbank.com), Blair M. Tyson, Esq. (btyson@milbank.com) and Michael E. Comerford (mcomerford@milbank.com), attorneys for the Refinancing Loan Lender and (iv) the Office of the U.S. Trustee, Attn: Susan D. Golden, Esq. and Marylou Martin, Esq. and shall be filed with the Clerk of the United States Bankruptcy Court, Southern District of New York, in each case to allow actual receipt by the foregoing no later than [Month/Day], 2013 at [Time], prevailing Eastern time.

Dated: White Plains, New York
_____, 2013

_____
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

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

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."

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

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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INTENTIONALLY LEFT BLANK]

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: _____