

SETTLEMENT AND RELEASE AGREEMENT

The Reader's Digest Association, Inc. ("**RDA**") and certain of its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"),¹ The Reader's Digest Association Limited ("**RDA UK**"), a non-debtor subsidiary of The Readers' Digest Association Inc., The Reader's Digest Pension Trustees No. 2 Limited acting in its capacity as trustee of the UK Pension Scheme (the "**Trustee**"), the Board of the Pension Protection Fund (the "**PPF**" and collectively with the Debtors, RDA UK, and the Trustee, the "**Parties**" and each a "**Party**") hereby enter into this settlement and release agreement (the "**Settlement Agreement**") resolving matters related to the UK Pension Scheme (as defined herein) and certain proofs of claim filed by the Trustee and the PPF in the Debtors' chapter 11 cases.

I. RECITALS

WHEREAS, on August 24, 2009 (the "**Commencement Date**"), each of the Debtors filed a voluntary petition for relief under title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**");

WHEREAS, RDA UK, a non-Debtor foreign subsidiary of RDA organized under the laws of the England, publishes and distributes books, magazines, music, video and other products, including Reader's Digest magazine, in the United Kingdom;

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Alex Inc. (5531); Allrecipes.com, Inc. (3797); Ardee Music Publishing, Inc. (2291); Christmas Angel Productions, Inc. (2729); CompassLearning, Inc. (6535); Direct Entertainment Media Group, Inc. (2306); Direct Holdings Americas Inc. (1045); Direct Holdings Custom Publishing Inc. (7452); Direct Holdings Customer Service, Inc. (9015); Direct Holdings Education Inc. (5535); Direct Holdings Libraries Inc. (7299); Direct Holdings U.S. Corp. (4998); Funk & Wagnalls Yearbook Corp. (3787); Gareth Stevens, Inc. (2742); Home Service Publications, Inc. (9525); Pegasus Asia Investments Inc. (0077); Pegasus Investment, Inc. (4252); Pegasus Sales, Inc. (3259); Pleasantville Music Publishing, Inc. (2289); R.D. Manufacturing Corporation (0230); RD Large Edition, Inc. (1489); RD Publications, Inc. (9115); RD Walking, Inc. (6509); RDA Holding Co. (7045); RDA Sub Co. (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); Reader's Digest Sales and Services, Inc. (2377); Reader's Digest Sub Nine, Inc. (2727); Reader's Digest Young Families, Inc. (6158); Reiman Manufacturing, LLC (8760); Reiman Media Group, Inc. (1192); Retirement Living Publishing Company, Inc. (9118); Saguario Road Records, Inc. (2310); Taste of Home Media Group, Inc. (1190); Taste of Home Productions, Inc. (1193); The Reader's Digest Association, Inc. (6769); Travel Publications, Inc. (2927); W.A. Publications, LLC (0229); WAPLA, LLC (9272); Weekly Reader Corporation (3780); Weekly Reader Custom Publishing, Inc. (3276); World Almanac Education Group, Inc. (3781); World Wide Country Tours, Inc. (1189); WRC Media, Inc. (6536). The location of the Debtors' corporate headquarters is: 1 Reader's Digest Road, Pleasantville, NY 10570.

WHEREAS, on April 1, 1967, RDA UK established, and since that time has participated in, the occupational pension scheme known as The Reader's Digest Pension Scheme (the "**UK Pension Scheme**"), a defined benefit pension scheme which has approximately 1,600 members comprising deferred and pensioner members. The UK Pension Scheme is closed to new participants. None of the Debtors are participating employers in the UK Pension Scheme;

WHEREAS, the Trustee is the current trustee for the UK Pension Scheme;²

WHEREAS, the UK Pension Scheme's deficit pursuant to section 75 of the Pension Act 2004 (as described herein) was (a) £54.8 million according to an actuarial valuation as at March 31, 2008 and (b) approximately £109 million according to an actuarial report as at March 31, 2009 prepared by the UK Pension Scheme's actuary for the Trustee, and which has fluctuated since that date;

WHEREAS, prior to the commencement of these chapter 11 cases, on or around May 28, 2009, RDA UK and the Trustee agreed to a plan (the "**Recovery Plan**") to eliminate the then-estimated and disclosed funding shortfall for the UK Pension Scheme. Under the terms of the Recovery Plan, RDA UK was scheduled to make monthly contributions to the UK Pension Scheme until March 31, 2022. RDA UK has not made the monthly payments due under the terms of the Recovery Plan by September 19, 2009, October 19, 2009, November 19, 2009, and December 19, 2009 each in the amount of approximately £380,800 (\$634,000);

WHEREAS, in addition to the governing documentation for the UK Pension Scheme, the UK Pension Scheme operates under the regulatory framework of English law, in particular the Pensions Act 1995 and the Pensions Act 2004 and all applicable English Regulations (together with the Pensions Act 2004 and the Pensions Act 1995, the "**UK Legislation**"), and is subject to regulation and oversight by the Pensions Regulator in the UK (the "**Regulator**");

WHEREAS, the Regulator was established pursuant to the Pensions Act 2004, its main objectives are to protect the benefits of members of occupational pension schemes, promote good administration of work-based pension schemes and reduce the risks of schemes making claims on the PPF;

WHEREAS, the PPF is a statutory fund established under the Pensions Act 2004 to pay compensation to members of an eligible defined benefit pension scheme when the employer of that pension scheme has suffered a qualifying insolvency event and there are insufficient assets in the pension scheme to cover the PPF level of compensation. The PPF is held and managed by the Board, a body corporate established under section 107 of the Pensions Act 2004;

² A copy of the current and previous governing documentation for the UK Pension Scheme is attached hereto as Exhibit A.

WHEREAS, pursuant to section 75 of the Pensions Act 1995, an employer participating in a pension scheme incurs a statutory debt to the trustees of the scheme on the occurrence of certain “triggering events” if the value of the assets of the scheme at the date of a triggering event is less than the amount of the liabilities of the scheme. Very broadly speaking, “triggering events” consist of employer insolvency, the winding up of the scheme or withdrawal from participation in the scheme by an employer;

WHEREAS, the Regulator has authority to issue a financial support direction (a “**Financial Support Direction**” or a “**FSD**”) under section 43 of the Pensions Act 2004. Broadly speaking, FSDs are orders from the Regulator directing a legal entity that is associated or connected with the principal or participating employer of an occupational defined benefit pension scheme, but may not itself be a participating employer to the scheme, to provide financial support in respect of that scheme;

WHEREAS, the Regulator has discretion to exercise its moral hazard authority and issue a FSD where the pension scheme employer is a service company (a company deriving its income from supplying employment services to the remainder of the group) or is insufficiently resourced. An employer is insufficiently resourced if the value of the employer’s assets amounts to less than 50% of the pension scheme’s estimated section 75 debt in respect of that employer and there are other associated or connected legal entities whose resources when aggregated with those of the employer would be 50% or more of that estimated section 75 debt;

WHEREAS, the procedure for issuing a FSD is that the Regulator reviews the background and circumstances relating to the pension scheme. The Regulator, if it concludes that there are sufficient grounds, will present the case for the issuance of a FSD in a warning notice (the “**Warning Notice**”), which is sent to the named person. The person to whom the Warning Notice is addressed has the opportunity to make written representations as to the matters set forth in the Warning Notice to the Regulator;

WHEREAS, subsequently, all of the parties have the opportunity to make submissions at a hearing in front of the Regulator’s independent determinations panel (the “**Determinations Panel**”), which must then decide whether it is appropriate to issue a FSD pursuant to the Pensions Act 2004 and related laws and regulations. There is a right of appeal from the Determinations Panel to an independent Tribunal and a right to appeal, with permission and on a point of law, from the Tribunal to the Court of Appeal. The Regulator can only issue a FSD in exercise of its moral hazard power after the appeals process has been completed;

WHEREAS, in deciding whether it is appropriate to issue a FSD against a particular entity, the Determinations Panel must be satisfied that it is “reasonable” to issue FSDs in respect of that scheme. Pursuant to section 43 of the Pensions Act 2004, in deciding whether issuance of a FSD is reasonable, the Determinations Panel must consider, where relevant, matters, including: (a) the relationship between the employer and the targeted affiliate; (b) the value of any benefits received directly or indirectly by the targeted

affiliate from the employer; (c) the targeted affiliate's connection with the pension scheme; (d) the financial condition of the targeted affiliate; and (e) any other factor that is relevant and reasonable;

WHEREAS, the Regulator also has the authority under section 47 of the Pensions Act 2004 to issue a contribution notice (a "**Section 47 Contribution Notice**") against any one or more of the recipients of a FSD where the recipient(s) of the FSD has failed to comply with that FSD. A Section 47 Contribution Notice will specify a sum required to make up all or part (as the Regulator may determine) of the employer debt due under section 75 of the Pensions Act 1995, together with any contingent debt due under that section. The sum specified is treated as a debt due from the recipient(s) jointly and severally to the trustees of the scheme (but to the extent that the scheme is in a PPF assessment period, the rights and powers in relation to the debt are exercisable by the PPF);

WHEREAS, even if it has not previously issued a FSD, the Regulator has a separate power to issue a contribution notice under section 38 of the Pensions Act 2004 (a "**Section 38 Contribution Notice**") if it considers that there has been an act or failure to act by either the employer of an occupational pension scheme or any person connected with, or an associate of, the employer where (a) the purpose was to prevent or hinder recovery in any way of all or part of a section 75 debt which has or might become due from the employer, or (b) the Regulator considers that an act or failure to act has detrimentally affected, in a material way, the likelihood that members (or those claiming through them), will receive their accrued scheme benefits (the "**Material Detriment Test**");

WHEREAS, on or around October 30, 2009, the Regulator provided notice to the Debtors that it intended to commence an investigation to determine whether a FSD should be issued pursuant to section 43 of the Pensions Act 2004 against one or more of the Debtors for the pension liabilities regarding the UK Pension Scheme. No Warning Notice has yet been issued against any of the Debtors;

WHEREAS, on November 14, 2009, the Trustee and the PPF jointly filed 48 contingent, unliquidated proofs of claim against each of the Debtors in the Debtors' chapter 11 cases to protect their entitlement to any money that could flow from the chapter 11 Debtors to the UK Pension Scheme as a result of a potential investigation by the Regulator (the "**UK Pension Scheme Claims**"). The Debtors intended to object to the UK Pension Scheme Claims;³

WHEREAS, the Debtors, RDA UK, the Trustee, the PPF and the Regulator, over the course of several meetings and discussions have engaged in good faith negotiations, sharing significant information with the relevant parties and their sophisticated advisors, in

³ The claim numbers of the Proofs of Claims filed by the Trustee and the PPF are as follows: 1026, 1028, 1030, 1032, 1034, 1036, 1037, 1126, 1131, 1136, 1139, 1144, 1147, 1153, 1157, 1160, 1165, 1167, 1171, 1173, 1178, 1180, 1189, 1193, 1194, 1196, 1199, 1202, 1205, 1209, 1215, 1219, 1224, 1231, 1233, 1236, 1240, 1243, 1247, 1249, 1252, 1253, 1256, 1258, 1262, 1264, 1275, 1276.

an effort to settle the UK Pension Scheme liability and provide the requested “clearance” as part of the Debtors’ overall restructuring process and in an effort to avoid a liquidation or other insolvency event of the UK business;

WHEREAS, in light of the filing of the chapter 11 cases and the financial constraints on RDA UK, AlixPartners, as Restructuring Advisor for the Debtors, engaged the Trustees, the Regulator, and the PPF in an effort to reach a consensual resolution of the UK Pension Scheme liability, including the UK Pension Scheme Claims, claims against RDA UK, and potential claims against directors, European subsidiaries, and all other parties identified in Schedule 1 of the Clearance Application attached hereto. Through these discussions, the Parties have reached an agreement in principle on a comprehensive resolution of all such matters (the “**Compromise**”), which will also resolve the Pension Scheme Claims, which Compromise is memorialized by this Settlement Agreement. As part of the Compromise, the Debtors have agreed to make a lump sum payment and provide certain other consideration set forth below, which consideration, in the Debtors’ judgment, constitutes reasonably equivalent value and fair consideration in satisfaction of the liability related to the UK Pension Scheme. In addition, in light of the anticipated change of control of the Debtors’ ownership occurring in connection with confirmation and consummation of a chapter 11 plan, the Debtors determined that it was appropriate and in the best interests of the Debtors, their non-Debtor affiliates, and the reorganized Debtors to seek “clearance”⁴ from the Regulator as part of a comprehensive settlement of the pension liabilities;

WHEREAS, in anticipation of the Compromise being effectuated, the Debtors and the Parties have agreed to the terms of the present Settlement Agreement, which resolves the UK Pension Claims and obligates the Parties to proceed in good faith toward implementing the Compromise;

NOW, THEREFORE, in consideration of the representations, acknowledgments, promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the Debtors, RDA UK, the Trustee and the PPF, by and through their representative counsel, hereby voluntarily, intentionally and upon the advice and guidance of counsel, execute this Settlement Agreement and agree as follows:

⁴ “Clearance” is the term used to describe the voluntary process of obtaining a clearance statement from the Regulator. A clearance statement gives assurance that, based on the information provided, the Regulator will not use its anti-avoidance powers to issue to the applicants either Contribution Notices or FSDs in relation to a defined benefit occupational pension scheme and a particular event.

II. SETTLEMENT TERMS

1. UK Pension Scheme Eligibility for Admission into the PPF. The Debtors, RDA UK and the Trustee will cooperate to facilitate that the section 75 debt obligations of the UK Pension Scheme (and all associated liabilities) shall be apportioned between a Newco (defined below) and RDA UK in accordance with the terms of the RAA (defined below) to ensure that if necessary, the UK Pension Scheme will (in its entirety) be able to meet the eligibility requirements for admission into the PPF upon an insolvency event for the purpose of section 121 Pensions Act 2004 occurring in relation to Newco (as defined below). Such apportionment is to be in the form of a Regulated Apportionment Arrangement (as defined in the Occupational Pension Schemes (Employer Debt) Regulations 2005) (the “**RAA**”) in terms acceptable to the Parties. The Parties acknowledge that the RAA will be conditional on a notice of approval being issued by the Regulator and confirmation that the PPF does not object to it. The RAA must be in place before the beginning of a PPF assessment period. Unless otherwise agreed in writing, the Debtors, RDA UK and the Trustee shall use all commercially reasonable efforts to ensure such approval by the Regulator, non objection by the PPF and the execution of the RAA so that as far as practically possible, all members of the UK Pension Scheme will be eligible for PPF compensation. For the purposes of this Settlement Agreement, “all commercially reasonable efforts” means incurring a financial detriment to the extent, or spending only what would be, reasonable in relation to the benefit to be obtained, such that the expense shall never exceed the benefit.

2. UK Pension Scheme Claims. The following consideration shall be paid or otherwise transferred in connection with the Compromise, and it is on this basis that the Trustee agrees to the satisfaction of the claims against RDA UK and the UK Pension Scheme Claims as well as clearance of all other parties identified in Schedule 1 hereto, including the Debtors.

- (i) Lump Sum Payment to Trustee. Within 15 Business Days following entry of a Bankruptcy Court order approving this Settlement Agreement, the Debtors or Reorganized Debtors, as applicable, will deposit into an escrow account (the “**Escrow Account**”) £10,931,400. Unless the company voluntary arrangement under Part I of the UK’s Insolvency Act 1986 (“**CVA**”) of Newco (as defined below) primarily relating to Newco’s liabilities (being all of the UK Pension Scheme liabilities and relevant associated liabilities being apportioned to Newco pursuant to the RAA) under the UK Pension Scheme does not conclude for whatever reason by the Long Stop Date (as defined below), this sum is for the benefit of the Trustee for the benefit of the UK Pension Scheme and is to be released to the Trustee only upon Successful CVA Conclusion (as defined below). The Parties shall use all commercially reasonable efforts to ensure that the CVA, in a form reasonably acceptable to the PPF, is filed and that the Successful CVA Conclusion occurs by the Long Stop Date. If, by the Long

Stop Date, Successful CVA Conclusion has not been achieved for whatever reason, this sum shall be released back to the depositor immediately. The Trustee agrees to pay 50% and the Debtors or Reorganized Debtors, as applicable, the remaining 50% of all fees, costs and expenses associated with the Escrow Account. The escrow agreement shall be in the form to be agreed between the Parties. For the avoidance of doubt, RDA UK shall not have any beneficial interest in the Escrow Account at any time.

- (ii) Minority Ownership Interest by Scheme. Within 10 Business Days after the effective date of the Debtors' plan of reorganization, the Debtors or Reorganized Debtors, as applicable, shall deposit into the Escrow Account for the benefit of the UK Pension Scheme, undated certificates or such other instruments evidencing a 33 percent equity interest (net of any dilution as of the date of release of the escrow) in RDA UK and its successors and assigns, which equity interests shall be subject to (a) the terms of a shareholders' agreement, as shall be agreed between the Parties; (b) the terms of RDA UK's Articles of Association, as shall be agreed between the Parties; and (c) the terms set forth on the call option agreement, as shall be agreed between the Parties (the "**Call Option Agreement**"). This equity shall only be subscribed for and the equity certificates dated and released from escrow and transferred to the Trustee for the benefit of the UK Pension Scheme upon Successful CVA Conclusion. The applicable Parties shall execute the shareholders' agreement and the call option agreement on Successful CVA Conclusion.

"Business Day" means a day (other than a Saturday, Sunday or public holiday) when the banks in London are open for business.

"Long Stop Date" means the 55th day (or any such later day, as agreed between the Parties) following the date of execution of the RAA.

"Newco" means a newly incorporated UK company which shall have assumed the status as principal employer of and participating employer in the UK Pension Scheme in the place of RDA UK.

"Successful CVA Conclusion" means (a) the 29th day following the date of filing a report to the UK's courts of the decision approving the CVA of Newco pursuant to section 4(6) of the UK's Insolvency Act 1986 with no application to a UK court pursuant to section 6(1) of the UK's Insolvency Act 1986 having being made within that period or (b) where such application has been made, the date on which the application has been dismissed, provided that the Long Stop Date has not taken place before either of these dates.

- (iii) Call Option. Pursuant to the Call Option Agreement, the Debtors shall retain a call option on the UK Pension Scheme's 33 percent equity interest in RDA UK for five years from the Successful CVA Conclusion, which may be exercised by paying £1,821,900 to the Trustee or, if the UK Pension Scheme has transferred to the PPF pursuant to section 161 of the Pensions Act 2004, to the PPF.

- (iv) Professional Fees. In accordance with the Settlement Agreement, upon the later of 14 days following entry of a Bankruptcy Court order approving this Settlement Agreement and the Business Day following the date upon which all consideration is deposited into the Escrow Account (the later to occur of the two dates, the "***Payment Date***"), the Debtors shall pay (a) all professional fees, costs and expenses incurred by the Trustee and the PPF related to the UK Pension Scheme, including without limitation fees, costs and expenses related to the UK Pension Scheme Claims filed in the Debtors' chapter 11 cases and (b) all reasonable professional fees, costs and expenses incurred by the Trustee and the PPF related to documenting and executing this Settlement Agreement; *provided, however*, that the Debtors will not pay for any professional fees incurred by the Trustee or the PPF in connection with the chapter 11 cases incurred by the Trustee following the Payment Date; and *provided, further, however*, that in no event shall the Debtors be obligated to pay more than \$400,000 on account of documented professional fees (billed at standard hourly rates and in accordance with standard billing practices), costs, and expenses incurred as a result of the work performed by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practices and Perella Weinberg Partners LP, which firms comprise the Trustee's US professional representation in connection with these chapter 11 cases. The Debtors and/or RDA UK shall also pay all reasonable professional fees and expenses incurred by the Trustee and the PPF in connection with the matters set out in paragraphs 1 and 2 of this Settlement Agreement, in a reasonable time (but no later than 30 days) after the presentation of invoices reflecting the same.

3. RDA UK's Obligations Under Recovery Plan. The consideration set forth above in paragraph 2 shall also be paid in satisfaction of RDA UK's liability under the UK Pension Scheme but such satisfaction of liability will only occur if and when the RAA becomes unconditional in relation to the UK Pension Scheme.

4. Release And Withdrawal of Pension Scheme Claims. Effective upon the Effective Date (defined below), the Trustee and the PPF irrevocably and unconditionally forever release, acquit and discharge the Debtors and their estates of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that the Trustee and the PPF have or may have against any of the

Debtors with respect to the UK Pension Scheme, other than claims related to the Debtors' obligations under the Settlement Agreement, and the UK Pension Scheme Claims, subject to the occurrence of the Effective Date, are hereby deemed withdrawn and expunged; provided, however, that if the Regulator declines either to grant clearance for the purposes of sections 42 or 46 of the Pensions Act 2004 or issue a notice of approval of the RAA pursuant to regulation 7A of the Occupational Pension Schemes (Employer Debt) Regulations 2005, the terms of this Settlement Agreement shall be null and void with the exception of the Debtors' liability to pay certain professional fees, costs and expenses as described above in paragraph 2. For the avoidance of doubt, to the extent that this Settlement Agreement becomes null and void as set forth above, all consideration deposited in the Escrow Account shall be returned to the Debtors, and the Trustee and the PPF may assist with the Regulator's investigation.

5. Release of Trustee and PPF.

(a) Effective upon the Effective Date, each Debtor, for itself and its estate, successors and assigns (and including any trustee appointed under the Bankruptcy Code), irrevocably and unconditionally forever release, acquit and discharge each of the UK Pension Scheme, the Trustee, and the PPF, of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that each Debtor have or may have against any of the UK Pension Scheme, the Trustee, and the PPF with respect to the UK Pension Scheme, other than claims related to the obligations of the UK Pension Scheme, the Trustee, and the PPF under this Settlement Agreement.

(b) On or prior to the Effective Date, RDA UK, for itself and its successors and assigns, shall execute an agreement irrevocably and unconditionally forever releasing, acquitting and discharging each of the UK Pension Scheme, the Trustee, and the PPF, of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that RDA UK has or may have against any of the UK Pension Scheme, the Trustee, and the PPF with respect to the UK Pension Scheme, other than claims related to the obligations of the UK Pension Scheme, the Trustee, and the PPF under this Settlement Agreement.

6. Confirmation. The Parties confirm to each other that nothing in this Settlement Agreement is intended to prevent the UK Pension Scheme from being eligible for entry into the PPF within the meaning of section 126 of the Pensions Act 2004. The PPF's execution of this Settlement Agreement shall not be construed as acknowledgement or recognition by the PPF that the UK Pension Scheme has or will meet the eligibility or any other requirements for admission into the PPF. Nothing in this Settlement Agreement shall have the effect of or be construed as obliging the Trustee to enter into any agreement the effect of which would be to render the UK Pension Scheme or any of it ineligible for entry into the PPF.

7. Withdrawal of Discovery Requests. Effective upon execution of this Settlement Agreement, the discovery requests issued in the Debtors' chapter 11 cases by

Trustee and the Debtors each shall be deemed withdrawn without prejudice and, upon the Effective Date (defined below), such discovery requests shall be deemed withdrawn with prejudice.

8. Entire Agreement. This Settlement Agreement is the entire agreement between the Parties in respect of the subject matter hereof and may not be modified, altered, amended or vacated without the prior written consent of all Parties hereto. No statement made or action taken in the negotiation of this Settlement Agreement may be used by any Party for any purpose whatsoever.

9. Conditions Precedent. Save for paragraph 2(iv) above, the effectiveness of this Settlement Agreement (the “*Effective Date*”) shall be subject to each of the following conditions: (i) Bankruptcy Court approval of this Settlement Agreement pursuant to entry of an order reasonably satisfactory to the Trustee and the PPF, which order (a) shall be entered on or prior to the date the order confirming the Debtors’ plan of reorganization is entered and (b) shall not be stayed upon the date conditions (ii)-(vii) have been satisfied or otherwise waived, (ii) the applicable Parties have executed the shareholders agreement and the call option agreement and RDA UK has adopted the Articles of Association (referred to in paragraph 2(ii) above), (iii) release of the consideration placed in the Escrow Account to the Trustee as set forth in paragraph 2 above, (iv) the RAA having become unconditional and the Regulator having issued clearance, (v) the Successful CVA Conclusion, as set out in paragraph 2(i) above, (vi) the release contemplated by paragraph 5(b) shall have become effective, and (vii) payment of the fees and expenses described in paragraph 2(iv) above. The Parties further agree that each of the conditions precedent set forth in this section shall be satisfied prior to or simultaneous with the Effective Date or, with respect to conditions (i)(b), (ii), (iii), (iv) and (vii) above, expressly waived by the Trustee and the PPF, which waiver shall be valid only if set forth in a written instrument signed by each such Party.

10. Covenants Pending Bankruptcy Court Approval. The Debtors shall file and prosecute a motion pursuant to Federal Rule of Bankruptcy Procedure 9019 and 11 U.S.C. §§ 363 and/or 1123(b) seeking an order approving this Settlement Agreement and shall use good faith and all commercially reasonable efforts to facilitate that the motion be heard no later than January 15, 2010. As of the date hereof, the Parties will not take any action which would result in any of the covenants contained herein becoming incapable of performance. A Party will promptly advise any other Parties of any action or event of which it becomes aware which has the effect of rendering any of such covenants incapable of performance.

11. Notices. Any notices or other communications hereunder or in connection with this Settlement Agreement shall be in writing and shall be deemed to have been duly given when delivered in person, by facsimile transmission or by registered or certified mail (postage prepaid, return receipt requested) addressed, as follows:

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12. Bankruptcy Court Jurisdiction. The Bankruptcy Court has jurisdiction (and all Parties consent to such retention of jurisdiction) to resolve any disputes or controversies arising from or related to this Settlement Agreement. Any motion or application brought before the Bankruptcy Court to resolve a dispute arising from or related to the Settlement Agreement must be brought on proper notice and in accordance with relevant Federal Rules of Bankruptcy Procedure and local rules of the Bankruptcy Court.

13. Representations and Warranties. Subject to the conditions precedent set forth above in paragraph 9, each Party specifically warrants and represents to the other Party that it has full authority to act for and to enter into this Settlement Agreement which Settlement Agreement constitutes a legal, valid and binding obligation of such Party. The

Trustee and the PPF specifically warrant and represent to the Debtors that: (a) prior to the execution of this Settlement Agreement, they have not in any capacity assigned, pledged or otherwise sold or transferred, either by instrument or otherwise, to any person or entity, all or any portion of the claims asserted by the UK Pension Scheme; (b) the claims asserted in the UK Pension Scheme Claims are controlled by the Trustee and the PPF and are completely free of any encumbrances; and (c) subject to this Settlement Agreement becoming effective, the Trustee and the PPF will not assert, jointly or severally, against any of the Debtors any of the claims asserted in the UK Pension Scheme Claims. Before executing this Settlement Agreement, each of the Parties specifically warrants and represents that it has been fully informed of its terms, contents, conditions and effects regarding the same, that it has had a full and complete opportunity to discuss this settlement and release with its attorney or attorneys, that it is not relying in any respect on any statement or representation made by any other Party, and that no promise or representation of any kind has been made to such Party separate and apart from what is expressly contained in this Settlement Agreement.

14. No Admissions. The Parties agree that this is a compromise and settlement of disputed claims and causes of action, and nothing contained herein may be construed as an admission of liability or damages by, on behalf of or against any of the Parties.

15. Further Assurances. Should any additional instruments be necessary or desirable to accomplish the purpose(s) of this Settlement Agreement or to establish the rights or discharge the obligations of any Party hereto, such additional instruments will be promptly executed and delivered upon the request of the other Parties.

16. Construction of Agreement. This Settlement Agreement must not be construed in favor of or against any Party on the basis that the Party did or did not author this Settlement Agreement or any attachment related to it. References to obligations or undertakings by the Debtors are understood to be obligations or undertakings by RDA to procure or otherwise cause the relevant Debtor(s) and/or RDA UK, as applicable, to perform its obligations or undertakings under this Settlement Agreement.

17. Survival of Representations. The representations set forth herein survive the completion of all actions contemplated herein. Other provisions hereof which require action after execution hereof shall survive the execution hereof.

18. Governing Law. This Settlement Agreement is governed by, and construed and enforced in accordance with, the Laws of the State of New York or Federal Bankruptcy Law, except with respect to any choice of law provision thereof that would require the application of the Laws of any other state or jurisdiction.

19. Headings. The headings in this Settlement Agreement are for convenience only and must not be considered a part of or affect the construction or interpretation of any provision of this Settlement Agreement.

20. Expenses. Each Party is solely responsible for the professional fees, costs and expenses, if any, incurred by that Party in connection with the UK Pension Scheme

Claims or this Settlement Agreement; provided, however, that the Debtors shall pay certain fees, costs and expenses incurred by the Trustee and the PPF as set forth above in paragraph 2 and the Trustee and the Debtors shall share all fees costs and expenses associated with the Escrow Account as set forth above.

21. Materiality. The statements, representations and acknowledgments in this Settlement Agreement are not mere recitations; rather, they are understood and relied upon as part of this Settlement Agreement by the Parties and are material hereto.

22. No Oral Agreements. This Settlement Agreement represents the final agreement between the Parties with respect to the subject matter contained herein and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements between the Parties. This Settlement Agreement merges and supersedes all prior discussions, oral or written agreements and understandings of every kind and nature among and between the Parties.

23. Counterparts. This Settlement Agreement may be executed simultaneously or in one or more counterparts each of which are considered to be an original, but all of which taken together form one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

**READER'S DIGEST ASSOCIATION, INC., on
its own behalf and on behalf of its affiliated
Debtors**



Name: Thomas A. Williams
Title: SVP & CFO

READER'S DIGEST ASSOCIATION LIMITED

Name:
Title:

**READER'S DIGEST PENSION TRUSTEES
NO. 2 LIMITED**

Name:
Title:

**BOARD OF THE PENSION PROTECTION
FUND**

Name:
Title:

EXECUTION COPY

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

**READER'S DIGEST ASSOCIATION, INC., on
its own behalf and on behalf of its affiliated
Debtors**

Name:

Title:

READER'S DIGEST ASSOCIATION LIMITED



Name: C. SPRATLING

Title: MANAGING DIRECTOR

**READER'S DIGEST PENSION TRUSTEES
NO. 2 LIMITED**

Name:

Title:

**BOARD OF THE PENSION PROTECTION
FUND**

Name:

Title:

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

**READER'S DIGEST ASSOCIATION, INC.,
on its own behalf and on behalf of its affiliated
Debtors**

Name:

Title:

**READER'S DIGEST ASSOCIATION
LIMITED**

Name:

Title:

**READER'S DIGEST PENSION TRUSTEES
NO. 2 LIMITED**

P. Brady
PETER BRADY

CPV MARTIN
INDEPENDENT
TRUSTEE
SERVICES LIMITED

MW MILET
Independent Trustee
Services Limited

Name:

Title:

**BOARD OF THE PENSION PROTECTION
FUND**

Name:

Title:

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

**READER'S DIGEST ASSOCIATION, INC.,
on its own behalf and on behalf of its affiliated
Debtors**

Name:
Title:

**READER'S DIGEST ASSOCIATION
LIMITED**

Name:
Title:

**READER'S DIGEST PENSION TRUSTEES
NO. 2 LIMITED**

Name:
Title:

**BOARD OF THE PENSION PROTECTION
FUND**

Name:
Title:

Richard Favier
RICHARD FAVIER
Senior Insolvency Adviser
fully authorised to sign
on behalf of the PLF

SCHEDULE 1List of Applicants

1	The Reader's Digest Association Limited 340452 11 Westferry Circus Canary Wharf London E14 4HE
2	Reader's Digest Holdings Limited 4013634 11 Westferry Circus Canary Wharf London E14 4HE
3	Reader's Digest European Systems 2720757 11 Westferry Circus Canary Wharf London E14 4HE
4	Reader's Digest Financial Services Limited 1924626 11 Westferry Circus Canary Wharf London E14 4HE
5	The Reader's Digest Association, Inc. Reader's Digest Road, Pleasantville NY 10570-7000
6	[Newco 1] (to be used in a RAA scenario)
7	[Newco 2] (to be used in a pre-pack scenario)
8	Directors of all UK subsidiaries
(a)	Douglas J. M. Nethery (Secretary) Upper Maisonette 7 Cloudesley Square Islington London N1 0HT

(b)	Michael Alan Brennan 22 Seagate Road Darien CT 06820 USA
(c)	Jeremy Marc Jacobs 7 The Woods Radlett Hertfordshire WD7 7HF
(d)	Christopher John Spratling Downs View Swan Road Pewsey Wiltshire SN95 5DW
(e)	David Peter Pocknell 1 Ide Hill Stables Phillippines Shaw Ide Hill Kent TN14 6AF
(f)	Robert Bernardus Opdam Het Zuiderland 3 1902 Nd Castricum The Netherlands
(g)	Michael Patrick Brown 28 Pyke Hayes Two Mile Ash Milton Keynes Buckinghamshire MK8 8PQ
	Directors of RDA Inc
(h)	Mary Berner The Reader's Digest Association, Inc. Reader's Digest Road Pleasantville, NY 10570
(i)	Timothy C. Collins Ripplewood Holdings 1 Rockefeller Plaza, 32 nd Floor New York, NY 10020

(j)	Paula Gavin National Urban Fellows 102 West 38th, 7th Floor NY, NY 10018-3675
(k)	Harvey Golub H. Golub Associates Glenpointe Centre West 500 Frank W. Burr Boulevard 7 th Floor, Suite 4 Teaneck, NJ 07666
(l)	Andrew Knight J. Rothschild Capital Management Limited 27 St James's Place London SW1A 1NR
(m)	Andrew Lack Bloomberg LP 731 Lexington Avenue New York, NY 10022
(n)	Don Leclair 48869 Burr Ridge Circle Canton, MI 48187
(o)	Steve Shapiro GoldenTree Asset Management 30 Park Avenue, 21st Floor New York, NY 10022
(p)	Harris Williams Ripplewood Holdings 1 Rockefeller Plaza, 32nd Floor New York, NY 10020
9	RDA Holdings Co.
10	Verlag Das Beste Ges.m.b.H.
11	Reader's Digest EOOD
12	Reader's Digest Vyber s.r.o.
13	Oy Valitut Palat—Reader's Digest Ab
14	Sélection du Reader's Digest S.A.
15	RD German Holdings GmbH

16	Verlag Das Beste GmbH
17	Reader's Digest Deutschland Holding GmbH
18	Reader's Digest Kiadó Korlátolt Felelősségű Társaság
19	Pegasus Netherlands Services CV
20	Uitgeversmaatschappij The Reader's Digest B.V.
21	Reader's Digest European Shared Services B.V.
22	Reader's Digest Przegląd Sp. z o.o.
23	Seleções do Reader's Digest (Portugal) S.A.
24	Editura Reader's Digest SRL
25	JSC Publishing House Reader's Digest
26	Reader's Digest Vyber Slovensko, s.r.o.
27	Reader's Digest Selecciones S.A.
28	Reader's Digest AB (Aktiebolag)
29	Das Beste aus Reader's Digest AG
30	LLC Publisher Reader's Digest
31	Reader's Digest Children's Publishing Limited (previously Victoria House Publishing Limited)

Exhibit B

Blackline of Settlement Agreement

SETTLEMENT AND RELEASE AGREEMENT

The Reader's Digest Association, Inc. ("**RDA**") and certain of its affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"),¹ The Reader's Digest Association Limited ("**RDA UK**"), a non-debtor subsidiary of The Readers' Digest Association Inc., The Reader's Digest Pension Trustees No. 2 Limited acting in its capacity as trustee of the UK Pension Scheme (the "**Trustee**"), the Board of the Pension Protection Fund (the "**PPF**" and collectively with the Debtors, RDA UK, and the Trustee, the "**Parties**" and each a "**Party**") hereby enter into this settlement and release agreement (the "**Settlement Agreement**") resolving matters related to the UK Pension Scheme (as defined herein) and certain proofs of claim filed by the Trustee and the PPF in the Debtors' chapter 11 cases.

I. RECITALS

WHEREAS, on August 24, 2009 (the "**Commencement Date**"), each of the Debtors filed a voluntary petition for relief under title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**");

WHEREAS, RDA UK, a non-Debtor foreign subsidiary of RDA organized under the laws of the England, publishes and distributes books, magazines, music, video and other products, including Reader's Digest magazine, in the United Kingdom;

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Alex Inc. (5531); Allrecipes.com, Inc. (3797); Ardee Music Publishing, Inc. (2291); Christmas Angel Productions, Inc. (2729); CompassLearning, Inc. (6535); Direct Entertainment Media Group, Inc. (2306); Direct Holdings Americas Inc. (1045); Direct Holdings Custom Publishing Inc. (7452); Direct Holdings Customer Service, Inc. (9015); Direct Holdings Education Inc. (5535); Direct Holdings Libraries Inc. (7299); Direct Holdings U.S. Corp. (4998); Funk & Wagnalls Yearbook Corp. (3787); Gareth Stevens, Inc. (2742); Home Service Publications, Inc. (9525); Pegasus Asia Investments Inc. (0077); Pegasus Investment, Inc. (4252); Pegasus Sales, Inc. (3259); Pleasantville Music Publishing, Inc. (2289); R.D. Manufacturing Corporation (0230); RD Large Edition, Inc. (1489); RD Publications, Inc. (9115); RD Walking, Inc. (6509); RDA Holding Co. (7045); RDA Sub Co. (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); Reader's Digest Sales and Services, Inc. (2377); Reader's Digest Sub Nine, Inc. (2727); Reader's Digest Young Families, Inc. (6158); Reiman Manufacturing, LLC (8760); Reiman Media Group, Inc. (1192); Retirement Living Publishing Company, Inc. (9118); Saguario Road Records, Inc. (2310); Taste of Home Media Group, Inc. (1190); Taste of Home Productions, Inc. (1193); The Reader's Digest Association, Inc. (6769); Travel Publications, Inc. (2927); W.A. Publications, LLC (0229); WAPLA, LLC (9272); Weekly Reader Corporation (3780); Weekly Reader Custom Publishing, Inc. (3276); World Almanac Education Group, Inc. (3781); World Wide Country Tours, Inc. (1189); WRC Media, Inc. (6536). The location of the Debtors' corporate headquarters is: 1 Reader's Digest Road, Pleasantville, NY 10570.

WHEREAS, on April 1, 1967, RDA UK established, and since that time has participated in, the occupational pension scheme known as The Reader's Digest Pension Scheme (the "**UK Pension Scheme**"), a defined benefit pension scheme which has approximately 1,600 members comprising deferred and pensioner members. The UK Pension Scheme is closed to new participants. None of the Debtors are participating employers in the UK Pension Scheme;

WHEREAS, the Trustee is the current trustee for the UK Pension Scheme;²

WHEREAS, the UK Pension Scheme's deficit pursuant to section 75 of the Pension Act 2004 (as described herein) was (a) £54.8 million according to an actuarial valuation as at March 31, 2008 and (b) approximately £109 million according to an actuarial report as at March 31, 2009 prepared by the UK Pension Scheme's actuary for the Trustee, and which has ~~likely increased~~ fluctuated since that date;

WHEREAS, prior to the commencement of these chapter 11 cases, on or around May 28, 2009, RDA UK and the Trustee agreed to a plan (the "**Recovery Plan**") to eliminate the then-estimated and disclosed funding shortfall for the UK Pension Scheme. Under the terms of the Recovery Plan, RDA UK was scheduled to make monthly contributions to the UK Pension Scheme until March 31, 2022. RDA UK has not made the monthly payments due under the terms of the Recovery Plan by September 19, 2009, October 19, 2009, November 19, 2009, and December 19, 2009 each in the amount of approximately £380,800 (\$634,000);

WHEREAS, in addition to the governing documentation for the UK Pension Scheme, the UK Pension Scheme operates under the regulatory framework of English law, in particular the Pensions Act 1995 and the Pensions Act 2004 and all applicable English Regulations (together with the Pensions Act 2004 and the Pensions Act 1995, the "**UK Legislation**"), and is subject to regulation and oversight by the Pensions Regulator in the UK (the "**Regulator**");

WHEREAS, the Regulator was established pursuant to the Pensions Act 2004, its main objectives are to protect the benefits of members of occupational pension schemes, promote good administration of work-based pension schemes and reduce the risks of schemes making claims on the PPF;

WHEREAS, the PPF is a statutory fund established under the Pensions Act 2004 to pay compensation to members of an eligible defined benefit pension scheme when the employer of that pension scheme has suffered a qualifying insolvency event and there are insufficient assets in the pension scheme to cover the PPF level of compensation. The PPF is held and managed by the Board, a body corporate established under section 107 of the Pensions Act 2004;

² A copy of the current and previous governing documentation for the UK Pension Scheme is attached hereto as Exhibit A.

WHEREAS, pursuant to section 75 of the Pensions Act 1995, an employer participating in a pension scheme incurs a statutory debt to the trustees of the scheme on the occurrence of certain “triggering events” if the value of the assets of the scheme at the date of a triggering event is less than the amount of the liabilities of the scheme. Very broadly speaking, “triggering events” consist of employer insolvency, the winding up of the scheme or withdrawal from participation in the scheme by an employer;

WHEREAS, the Regulator has authority to issue a financial support direction (a “**Financial Support Direction**” or ~~an~~a “**FSD**”) under section 43 of the Pensions Act 2004. Broadly speaking, FSDs are orders from the Regulator directing a legal entity that is associated or connected with the principal or participating employer of an occupational defined benefit pension scheme, but may not itself be a participating employer to the scheme, to provide financial support in respect of that scheme;

WHEREAS, the Regulator has discretion to exercise its moral hazard authority and issue ~~an~~a FSD where the pension scheme employer is a service company (a company deriving its income from supplying employment services to the remainder of the group) or is insufficiently resourced. An employer is insufficiently resourced if the value of the employer’s assets amounts to less than 50% of the pension scheme’s estimated section 75 debt in respect of that employer and there are other associated or connected legal entities whose resources when aggregated with those of the employer would be 50% or more of that estimated section 75 debt ~~meet the difference~~;

WHEREAS, the procedure for issuing ~~an~~a FSD is that the Regulator reviews the background and circumstances relating to the pension scheme. The Regulator, if it concludes that there are sufficient grounds, will present the case for the issuance of ~~an~~a FSD in a warning notice (the “**Warning Notice**”), which is sent to the named person. The person to whom the Warning Notice is addressed has the opportunity to make written representations as to the matters set forth in the Warning Notice to the Regulator;

WHEREAS, subsequently, all of the parties have the opportunity to make submissions at a hearing in front of the Regulator’s independent determinations panel (the “**Determinations Panel**”), which must then decide whether it is appropriate to issue ~~an~~a FSD pursuant to the Pensions Act 2004 and related laws and regulations. There is a right of appeal from the Determinations Panel to an independent Tribunal and a right to appeal, with permission and on a point of law, from the Tribunal to the Court of Appeal. The Regulator can only issue ~~an~~a FSD in exercise of its moral hazard power after the appeals process has been completed;

WHEREAS, in deciding whether it is appropriate to issue ~~an~~a FSD against a particular entity, the Determinations Panel must be satisfied that it is “reasonable” to issue FSDs in respect of that scheme. Pursuant to section 43 of the Pensions Act 2004, in deciding whether issuance of ~~an~~a FSD is reasonable, the Determinations Panel must consider, where relevant, matters, including: (a) the relationship between the employer and the targeted affiliate; (b) the value of any benefits received directly or indirectly by the

targeted affiliate from the employer; (c) the targeted affiliate's connection with the pension scheme; (d) the financial condition of the targeted affiliate; and (e) any other factor that is relevant and reasonable;

WHEREAS, the Regulator also has the authority under section 47 of the Pensions Act 2004 to issue a contribution notice (a "**Section 47 Contribution Notice**") against any one or more of the recipients of ~~an~~a FSD where the recipient(s) of the FSD has failed to comply with that FSD. A Section 47 Contribution Notice will specify a sum required to make up all or part (as the Regulator may determine) of the employer debt due under section 75 of the Pensions Act 1995, together with any contingent debt due under that section. The sum specified is treated as a debt due from the recipient(s) jointly and severally to the trustees of the scheme (~~or the PPF~~but to the extent that the scheme is in ~~an~~a PPF assessment period, the rights and powers in relation to the debt are exercisable by the PPF);

WHEREAS, even if it has not previously issued ~~an~~a FSD, the Regulator has a separate power to issue a contribution notice under section 38 of the Pensions Act 2004 (a "**Section 38 Contribution Notice**") if it considers that there has been an act or failure to act by either the employer of an occupational pension scheme or any person connected with, or an associate of, the employer where (a) the purpose was to prevent or hinder recovery in any way of all or part of a section 75 debt which has or might become due from the employer, or (b) the Regulator considers that an act or failure to act has detrimentally affected, in a material way, the likelihood that members (or those claiming through them), will receive their accrued scheme benefits (the "**Material Detriment Test**");

WHEREAS, on or around October 30, 2009, the Regulator provided notice to the Debtors that it intended to commence an investigation to determine whether ~~an~~a FSD should be issued pursuant to section 43 of the Pensions Act 2004 against one or more of the Debtors for the pension liabilities regarding the UK Pension Scheme. No Warning Notice has ~~yet~~been issued against any of the Debtors;

WHEREAS, on November 14, 2009, the Trustee and the PPF jointly filed 48 contingent, unliquidated proofs of claim against each of the Debtors in the Debtors' chapter 11 cases to protect their entitlement to any money that could flow from the chapter 11 Debtors to the UK Pension Scheme as a result of a potential investigation by the Regulator (the "**UK Pension Scheme Claims**"). The Debtors intended to object to the UK Pension Scheme Claims;³

WHEREAS, the Debtors, RDA UK, the Trustee, the PPF and the Regulator, over the course of several meetings and discussions have engaged in good faith negotiations,

³ The claim numbers of the Proofs of Claims filed by the Trustee and the PPF are as follows: 1026, 1028, 1030, 1032, 1034, 1036, 1037, 1126, 1131, 1136, 1139, 1144, 1147, 1153, 1157, 1160, 1165, 1167, 1171, 1173, 1178, 1180, 1189, 1193, 1194, 1196, 1199, 1202, 1205, 1209, 1215, 1219, 1224, 1231, 1233, 1236, 1240, 1243, 1247, 1249, 1252, 1253, 1256, 1258, 1262, 1264, 1275, 1276.

sharing significant information with the relevant parties and their sophisticated advisors, in an effort to settle the UK Pension Scheme liability and provide the requested “clearance” as part of the Debtors’ overall restructuring process and in an effort to avoid a liquidation or other insolvency event of the UK business;

WHEREAS, in light of the filing of the chapter 11 cases and the financial constraints on RDA UK, AlixPartners, as Restructuring Advisor for the Debtors, engaged the Trustees, the Regulator, and the PPF in an effort to reach a consensual resolution of the UK Pension Scheme liability, including the UK Pension Scheme Claims, claims against RDA UK, and potential claims against directors, European subsidiaries, and all other parties identified in Schedule 1 of the Clearance Application ~~for Clearance~~attached hereto. Through these discussions, the Parties have reached an agreement in principle on a comprehensive resolution of all such matters (the “**Compromise**”), which will also resolve the ~~UK~~ Pension Scheme Claims, which Compromise is memorialized by this Settlement Agreement. As part of the Compromise, the Debtors have agreed to make a lump sum payment and provide certain other consideration set forth below, which consideration, in the Debtors’ judgment, constitutes reasonably equivalent value and fair consideration in satisfaction of the liability related to the UK Pension Scheme. In addition, in light of the anticipated change of control of the Debtors’ ownership occurring in connection with confirmation and consummation of a chapter 11 plan, the Debtors determined that it was appropriate and in the best interests of the Debtors, their non-Debtor affiliates, and the reorganized Debtors to seek “clearance”⁴ from the Regulator as part of a comprehensive settlement of the pension liabilities;

WHEREAS, in anticipation of the Compromise being effectuated, the Debtors and the Parties have agreed to the terms of the present Settlement Agreement, which resolves the UK Pension Claims and obligates the Parties to proceed in good faith toward implementing the Compromise;

NOW, THEREFORE, in consideration of the representations, acknowledgments, promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the Debtors, RDA UK, the Trustee and the PPF, by and through their representative counsel, hereby voluntarily, intentionally and upon the advice and guidance of counsel, execute this Settlement Agreement and agree as follows:

⁴ “Clearance” is the term used to describe the voluntary process of obtaining a clearance statement from the Regulator. A clearance statement gives assurance that, based on the information provided, the Regulator will not use its anti-avoidance powers to issue to the applicants either Contribution Notices or FSDs in relation to a defined benefit occupational pension scheme and a particular event.

II. SETTLEMENT TERMS

1. UK Pension Scheme Eligibility for Admission into the PPF. The Debtors, RDA UK and the Trustee will cooperate to facilitate that the section 75 debt obligations of the UK Pension Scheme (and all associated liabilities) shall be apportioned between a Newco (defined below) and RDA UK in accordance with the terms of the RAA (defined below) to ensure that if necessary, the UK Pension Scheme will (in its entirety) be able to meet the eligibility requirements for admission into the PPF upon an insolvency event for the purpose of section 121 Pensions Act 2004 occurring in relation to Newco (as defined below). Such apportionment is to be in the form of a Regulated Apportionment Arrangement (as defined in the Occupational Pension Schemes (Employer Debt) Regulations 2005) (the “**RAA**”) in terms acceptable to the Parties. The Parties acknowledge that the RAA will be conditional on a notice of approval being issued by the Regulator and confirmation that the PPF does not object to it. The RAA must be in place before the beginning of a PPF assessment period. Unless otherwise agreed in writing, the Debtors, RDA UK and the Trustee shall use all commercially reasonable efforts to ensure such approval by the Regulator, non objection by the PPF and the execution of the RAA so that as far as practically possible, all members of the UK Pension Scheme will be eligible for PPF compensation. For the purposes of this Settlement Agreement, “all commercially reasonable efforts” means incurring a financial detriment to the extent, or spending only what would be, reasonable in relation to the benefit to be obtained, such that the expense shall never exceed the benefit.

2. UK Pension Scheme Claims. The following consideration shall be paid or otherwise transferred in connection with the Compromise, and it is on this basis that the Trustee agrees to the satisfaction of the claims against RDA UK and the UK Pension Scheme Claims as well as clearance of all other parties identified in Schedule 1 ~~of the Application for Clearance~~ hereto, including the Debtors.

- (i) Lump Sum Payment to Trustee. Within 15 Business Days following entry of a Bankruptcy Court order approving this Settlement Agreement, the Debtors or Reorganized Debtors, as applicable, will deposit into an escrow account (the “**Escrow Account**”) ~~£10,931,400 (\$18 million)~~ £10,931,400. Unless the company voluntary arrangement under Part I of the UK’s Insolvency Act 1986 (“**CVA**”) of Newco (as defined below) primarily relating to Newco’s liabilities (being all of the UK Pension Scheme liabilities and relevant associated liabilities being apportioned to Newco pursuant to the RAA) under the UK Pension Scheme does not conclude for whatever reason by the Long Stop Date (as defined below), this sum is for the benefit of the Trustee for the benefit of the UK Pension Scheme and is to be released to the Trustee only upon Successful CVA Conclusion (as defined below). The Parties shall use all commercially reasonable efforts to ensure that the CVA, in a form reasonably acceptable to the PPF, is filed and that the Successful CVA Conclusion occurs by the Long

Stop Date. If, by the Long Stop Date, Successful CVA Conclusion has not been achieved for whatever reason, this sum shall be released back to the depositor immediately. The Trustee agrees to pay 50% and the Debtors or Reorganized Debtors, as applicable, the remaining 50% of all fees, costs and expenses associated with the Escrow Account. The escrow agreement shall be in the form to be agreed between the Parties. For the avoidance of doubt, RDA UK shall not have any beneficial interest in the Escrow Account at any time.

- (ii) Minority Ownership Interest by Scheme. Within 10 Business Days after the effective date of the Debtors' plan of reorganization, the Debtors or Reorganized Debtors, as applicable, shall deposit into the Escrow Account for the benefit of the UK Pension Scheme, undated certificates or such other instruments evidencing a 33 percent equity interest (net of any dilution as of the date of release of the escrow) in RDA UK and its successors and assigns, which equity interests shall be subject to (a) the terms of a shareholders' agreement, as shall be agreed between the Parties; (b) the terms of RDA UK's Articles of Association, as shall be agreed between the Parties; and (c) the terms set forth on the call option agreement, as shall be agreed between the Parties (the "***Call Option Agreement***"). This equity shall only be subscribed for and the equity certificates dated and released from escrow and transferred to the Trustee for the benefit of the UK Pension Scheme upon Successful CVA Conclusion. The applicable Parties shall execute the shareholders' agreement and the call option agreement on Successful CVA Conclusion.

"Business Day" means a day (other than a Saturday, Sunday or public holiday) when the banks in London are open for business.

"Long Stop Date" means the 55th day (or any such later day, as agreed between the Parties) following the date of execution of the RAA.

"Newco" means a newly incorporated UK company which shall have assumed the status as principal employer of and participating employer in the UK Pension Scheme in the place of RDA UK.

"Successful CVA Conclusion" means (a) the 29th day following the date of filing a report to the UK's courts of the decision approving the CVA of Newco pursuant to section 4(6) of the UK's Insolvency Act 1986 with no application to a UK court pursuant to section 6(1) of the UK's Insolvency Act 1986 having been made within that period or (b) where such application has been made, the date on which the application has been dismissed, provided that the Long Stop Date has not taken place before ~~this date~~ either of these dates.

- (iii) Call Option. Pursuant to the Call Option Agreement, the Debtors shall retain a call option on the UK Pension Scheme's 33 percent equity interest in RDA UK for five years from the ~~date the UK Pension Scheme is transferred to the PPF~~Successful CVA Conclusion, which may be exercised by paying £1,821,900 to the Trustee or, if the UK Pension Scheme has transferred to the PPF pursuant to section 161 of the Pensions Act 2004, to the PPF.
- (iv) Professional Fees. In accordance with the Settlement Agreement, upon the later of 14 days following entry of a Bankruptcy Court order approving this Settlement Agreement and the Business Day following the date upon which all consideration is deposited into the Escrow Account (the later to occur of the two dates, the "**Payment Date**"), the Debtors shall pay (a) all professional fees, costs and expenses incurred by the Trustee and the PPF related to the UK Pension Scheme, including without limitation fees, costs and expenses related to the UK Pension Scheme Claims filed in the Debtors' chapter 11 cases; and (b) all reasonable professional fees, costs and expenses incurred by the Trustee and the PPF related to documenting and executing this Settlement Agreement; ~~and (e) all reasonable professional fees and expenses incurred in connection with the RAA (as defined above);~~ *provided, however,* that the Debtors will not pay for any professional fees incurred by the Trustee or the PPF in connection with the chapter 11 cases incurred by the Trustee following the Payment Date; and *provided, further, however,* that in no event shall the Debtors be obligated to pay more than \$400,000 on account of documented professional fees (billed at standard hourly rates and in accordance with standard billing practices), costs, and expenses incurred as a result of the work performed by Skadden, Arps, Slate, Meagher & Flom LLP and its affiliated law practices and Perella Weinberg Partners LP, which firms comprise the Trustee's US professional representation in connection with these chapter 11 cases. The Debtors and/or RDA UK shall also pay all reasonable professional fees and expenses incurred by the Trustee and the PPF in connection with the matters set out in paragraphs 1 and 2 of this Settlement Agreement, in a reasonable time (but no later than 30 days) after the presentation of invoices reflecting the same.

3. RDA UK's Obligations Under Recovery Plan. The consideration set forth above in paragraph 2 shall also be paid in satisfaction of RDA UK's liability under the UK Pension Scheme but such satisfaction of liability will only ~~take effect~~occur if and when the RAA ~~is put in place~~becomes unconditional in relation to the UK Pension Scheme.

4. Release And Withdrawal of Pension Scheme Claims. Effective upon the Effective Date (defined below), the Trustee and the PPF irrevocably and unconditionally

forever release, acquit and discharge the Debtors and their estates of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that the Trustee and the PPF have or may have against any of the Debtors with respect to the UK Pension Scheme, other than claims related to the Debtors' obligations under the Settlement Agreement, and the UK Pension Scheme Claims, subject to the occurrence of the Effective Date, are hereby deemed withdrawn and expunged; provided, however, that if the Regulator declines ~~to grant clearance~~, either to grant clearance for the purposes of sections 42 or 46 of the Pensions Act 2004 or issue a notice of approval of the RAA pursuant to regulation 7A of the Occupational Pension Schemes (Employer Debt) Regulations 2005, the terms of this Settlement Agreement shall be null and void with the exception of the Debtors' liability to pay certain professional fees, costs and expenses as described above in paragraph 2. For the avoidance of doubt, to the extent that this Settlement Agreement becomes null and void as set forth above, all consideration deposited in the Escrow Account shall be returned to the Debtors, and the Trustee and the PPF may assist with the Regulator's investigation.

5. Release of Trustee and PPF.

(a) Effective upon the Effective Date, each Debtor, for itself and its estate, successors and assigns (and including any trustee appointed under the Bankruptcy Code), irrevocably and unconditionally forever release, acquit and discharge each of the UK Pension Scheme, the Trustee, and the PPF, of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that each Debtor have or may have against any of the UK Pension Scheme, the Trustee, and the PPF with respect to the UK Pension Scheme, other than claims related to the obligations of the UK Pension Scheme, the Trustee, and the PPF under this Settlement Agreement.

(b) On or prior to the Effective Date, RDA UK, for itself and its successors and assigns, shall execute an agreement irrevocably and unconditionally forever releasing, acquitting and discharging each of the UK Pension Scheme, the Trustee, and the PPF, of any claims, demands, liabilities and causes of action of any kind, character or nature, in law or in equity, whether asserted or unasserted, that RDA UK has or may have against any of the UK Pension Scheme, the Trustee, and the PPF with respect to the UK Pension Scheme, other than claims related to the obligations of the UK Pension Scheme, the Trustee, and the PPF under this Settlement Agreement.

6. Confirmation. The Parties confirm to each other that nothing in this Settlement Agreement is intended to prevent the UK Pension Scheme from being eligible for entry into the PPF within the meaning of section 126 of the Pensions Act 2004. The PPF's execution of this Settlement Agreement shall not be construed as acknowledgement or recognition by the PPF that the UK Pension Scheme has or will meet the eligibility or any other requirements for admission into the PPF. Nothing in this Settlement Agreement shall have the effect of or be construed as obliging the Trustee to enter into any agreement

the effect of which would be to render the UK Pension Scheme or any of it ineligible for entry into the PPF.

7. Withdrawal of Discovery Requests. Effective upon execution of this Settlement Agreement, the discovery requests issued in the Debtors' chapter 11 cases by Trustee and the Debtors each shall be deemed withdrawn without prejudice and, upon the Effective Date (defined below), such discovery requests shall be deemed withdrawn with prejudice.

8. Entire Agreement. This Settlement Agreement is the entire agreement between the Parties in respect of the subject matter hereof and may not be modified, altered, amended or vacated without the prior written consent of all Parties hereto. No statement made or action taken in the negotiation of this Settlement Agreement may be used by any Party for any purpose whatsoever.

9. Conditions Precedent. ~~The~~Save for paragraph 2(iv) above, the effectiveness of this Settlement Agreement (the "*Effective Date*") shall be subject to each of the following conditions: (i) Bankruptcy Court approval of this Settlement Agreement pursuant to entry of an order reasonably satisfactory to the Trustee and the PPF, which order (a) shall be entered on or prior to the date the order confirming the Debtors' plan of reorganization is entered and (b) shall not ~~have been stayed and was not appealed during the 14 days following entry of such order~~be stayed upon the date conditions (ii)-(vii) have been satisfied or otherwise waived, (ii) the applicable Parties have executed the shareholders agreement and the ~~Call Option Agreement~~call option agreement and RDA UK has adopted the Articles of Association (referred to in paragraph 2(ii) above), (iii) release of the consideration placed in the Escrow Account to the Trustee as set forth in paragraph 2 above, (iv) the RAA having ~~been put in place~~become unconditional and the Regulator having issued clearance, (v) the Successful CVA Conclusion, as set out in paragraph 2(i) above, ~~and~~(vi) the release contemplated by paragraph 5(b) shall have become effective, and (vii) payment of the fees and expenses described in paragraph 2(iv) above. The Parties further agree that each of the conditions precedent set forth in this section shall be satisfied prior to or simultaneous with the Effective Date or, with respect to conditions ~~(i)(b), (ii), (iii), (iv) and (iv)(vii)~~(i)(b), (ii), (iii), (iv) and (vii) above, expressly waived by the Trustee and the PPF, which waiver shall be valid only if set forth in a written instrument signed by each such Party.

10. Covenants Pending Bankruptcy Court Approval. The Debtors shall file and prosecute a motion pursuant to Federal Rule of Bankruptcy Procedure 9019 and 11 U.S.C. §§ 363 and/or 1123(b) seeking an order approving this Settlement Agreement and shall use good faith and all commercially reasonable efforts to facilitate that the motion be heard no later than January 15, 2010. As of the date hereof, the Parties will not take any action which would result in any of the covenants contained herein becoming incapable of performance. A Party will promptly advise any other Parties of any action or event of which it becomes aware which has the effect of rendering any of such covenants incapable of performance.

11. Notices. Any notices or other communications hereunder or in connection with this Settlement Agreement shall be in writing and shall be deemed to have been duly given when delivered in person, by facsimile transmission or by registered or certified mail (postage prepaid, return receipt requested) addressed, as follows:

Alastair Meeks
(Counsel to Reader's Digest Pension
Trustees No. 2 Limited)
Pinsent Masons LLP
CityPoint
1 Ropemaker Street
London EC2Y 9AH
Tel: +44 (0) 207 667 0096
Email: alastair.meeks@pinsentmasons.com

-and-

Peter Brady
(Chair of Reader's Digest Pension
Trustees No. 2 Limited)
c/o Louise Gonzi
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CityPoint
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London EC2Y 9AH
Tel: +44 (0) 207 667 0025
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-and-

Ron E. Meisler
Carl T. Tullson
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-and-

Marc Abrams
Brian E. O'Connor

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(Counsel to the Board of the Pension
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-and-

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PBasta@kirkland.com

-and-

Partha Kar
(Counsel to the Debtors)
Kirkland & Ellis LLP
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London, EC3A 8AF
United Kingdom
Email: PKar@kirkland.com

12. **Bankruptcy Court Jurisdiction.** The Bankruptcy Court has jurisdiction (and all Parties consent to such retention of jurisdiction) to resolve any disputes or controversies arising from or related to this Settlement Agreement. Any motion or application brought before the Bankruptcy Court to resolve a dispute arising from or related to the Settlement Agreement must be brought on proper notice and in accordance with relevant Federal Rules of Bankruptcy Procedure and local rules of the Bankruptcy Court.

13. **Representations and Warranties.** Subject to the conditions precedent set forth above in paragraph 9, each Party specifically warrants and represents to the other Party that it has full authority to act for and to enter into this Settlement Agreement which Settlement Agreement constitutes a legal, valid and binding obligation of such Party. The Trustee and the PPF specifically warrant and represent to the Debtors that: (a) prior to the execution of this Settlement Agreement, they have not in any capacity assigned, pledged or otherwise sold or transferred, either by instrument or otherwise, to any person or entity, all or any portion of the claims asserted by the UK Pension Scheme; (b) the claims asserted in the UK Pension Scheme Claims are controlled by the Trustee and the PPF and are completely free of any encumbrances; and (c) subject to this Settlement Agreement becoming effective, the Trustee and the PPF will not assert, jointly or severally, against any of the Debtors any of the claims asserted in the UK Pension Scheme Claims. Before executing this Settlement Agreement, each of the Parties specifically warrants and represents that it has been fully informed of its terms, contents, conditions and effects regarding the same, that it has had a full and complete opportunity to discuss this settlement and release with its attorney or attorneys, that it is not relying in any respect on any statement or representation made by any other Party, and that no promise or representation of any kind has been made to such Party separate and apart from what is expressly contained in this Settlement Agreement.

14. No Admissions. The Parties agree that this is a compromise and settlement of disputed claims and causes of action, and nothing contained herein may be construed as an admission of liability or damages by, on behalf of or against any of the Parties.

15. Further Assurances. Should any additional instruments be necessary or desirable to accomplish the purpose(s) of this Settlement Agreement or to establish the rights or discharge the obligations of any Party hereto, such additional instruments will be promptly executed and delivered upon the request of the other Parties.

16. Construction of Agreement. This Settlement Agreement must not be construed in favor of or against any Party on the basis that the Party did or did not author this Settlement Agreement or any attachment related to it. References to obligations or undertakings by the Debtors are understood to be obligations or undertakings by RDA to procure or otherwise cause the relevant Debtor(s) and/or RDA UK, as applicable, to perform its obligations or undertakings under this Settlement Agreement.

17. Survival of Representations. The representations set forth herein survive the completion of all actions contemplated herein. Other provisions hereof which require action after execution hereof shall survive the execution hereof.

18. Governing Law. This Settlement Agreement is governed by, and construed and enforced in accordance with, the Laws of the State of New York or Federal Bankruptcy Law, except with respect to any choice of law provision thereof that would require the application of the Laws of any other state or jurisdiction.

19. Headings. The headings in this Settlement Agreement are for convenience only and must not be considered a part of or affect the construction or interpretation of any provision of this Settlement Agreement.

20. Expenses. Each Party is solely responsible for the professional fees, costs and expenses, if any, incurred by that Party in connection with the UK Pension Scheme Claims or this Settlement Agreement; provided, however, that the Debtors shall pay certain fees, costs and expenses incurred by the Trustee and the PPF as set forth above in paragraph 2 and the Trustee and the Debtors shall share all fees costs and expenses associated with the Escrow Account as set forth above.

21. Materiality. The statements, representations and acknowledgments in this Settlement Agreement are not mere recitations; rather, they are understood and relied upon as part of this Settlement Agreement by the Parties and are material hereto.

22. No Oral Agreements. This Settlement Agreement represents the final agreement between the Parties with respect to the subject matter contained herein and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements between the Parties. This Settlement Agreement merges and supersedes all prior discussions, oral or written agreements and understandings of every kind and nature among and between the Parties.

23. Counterparts. This Settlement Agreement may be executed simultaneously or in one or more counterparts each of which are considered to be an original, but all of which taken together form one and the same agreement.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by their duly authorized representatives effective as of the Effective Date.

**READER'S DIGEST ASSOCIATION, INC.,
on its own behalf and on behalf of its affiliated
Debtors**

Name:

Title:

**READER'S DIGEST ASSOCIATION
LIMITED**

Name:

Title:

**READER'S DIGEST PENSION TRUSTEES
NO. 2 LIMITED**

Name:

Title:

**BOARD OF THE PENSION PROTECTION
FUND**

Name:

Title:

SCHEDULE 1

List of Applicants

<u>1</u>	<u>The Reader's Digest Association Limited</u> <u>340452</u> <u>11 Westferry Circus</u> <u>Canary Wharf</u> <u>London</u> <u>E14 4HE</u>
<u>2</u>	<u>Reader's Digest Holdings Limited</u> <u>4013634</u> <u>11 Westferry Circus</u> <u>Canary Wharf</u> <u>London</u> <u>E14 4HE</u>
<u>3</u>	<u>Reader's Digest European Systems</u> <u>2720757</u> <u>11 Westferry Circus</u> <u>Canary Wharf</u> <u>London</u> <u>E14 4HE</u>
<u>4</u>	<u>Reader's Digest Financial Services Limited</u> <u>1924626</u> <u>11 Westferry Circus</u> <u>Canary Wharf</u> <u>London</u> <u>E14 4HE</u>
<u>5</u>	<u>The Reader's Digest Association, Inc.</u> <u>Reader's Digest Road,</u> <u>Pleasantville</u> <u>NY 10570-7000</u>
<u>6</u>	<u>[Newco 1] (to be used in a RAA scenario)</u>
<u>7</u>	<u>[Newco 2] (to be used in a pre-pack scenario)</u>
<u>8</u>	<u>Directors of all UK subsidiaries</u>
<u>(a)</u>	<u>Douglas J. M. Nethery (Secretary)</u> <u>Upper Maisonette</u> <u>7 Cloudesley Square</u> <u>Islington</u> <u>London</u> <u>N1 0HT</u>

<u>(b)</u>	<u>Michael Alan Brennan</u> <u>22 Seagate Road</u> <u>Darien</u> <u>CT 06820</u> <u>USA</u>
<u>(c)</u>	<u>Jeremy Marc Jacobs</u> <u>7 The Woods</u> <u>Radlett</u> <u>Hertfordshire</u> <u>WD7 7HE</u>
<u>(d)</u>	<u>Christopher John Spratling</u> <u>Downs View</u> <u>Swan Road</u> <u>Pewsey</u> <u>Wiltshire</u> <u>SN95 5DW</u>
<u>(e)</u>	<u>David Peter Pocknell</u> <u>1 Ide Hill Stables</u> <u>Phillippines Shaw</u> <u>Ide Hill</u> <u>Kent</u> <u>TN14 6AF</u>
<u>(f)</u>	<u>Robert Bernardus Opdam</u> <u>Het Zuiderland 3</u> <u>1902 Nd Castricum</u> <u>The Netherlands</u>
<u>(g)</u>	<u>Michael Patrick Brown</u> <u>28 Pyke Hayes</u> <u>Two Mile Ash</u> <u>Milton Keynes</u> <u>Buckinghamshire</u> <u>MK8 8PQ</u>
	<u>Directors of RDA Inc</u>
<u>(h)</u>	<u>Mary Berner</u> <u>The Reader's Digest Association, Inc.</u> <u>Reader's Digest Road</u> <u>Pleasantville, NY 10570</u>
<u>(i)</u>	<u>Timothy C. Collins</u> <u>Ripplewood Holdings</u> <u>1 Rockefeller Plaza, 32nd Floor</u> <u>New York, NY 10020</u>

<u>(j)</u>	<u>Paula Gavin</u> <u>National Urban Fellows</u> <u>102 West 38th, 7th Floor</u> <u>NY, NY 10018-3675</u>
<u>(k)</u>	<u>Harvey Golub</u> <u>H. Golub Associates</u> <u>Glenpointe Centre West</u> <u>500 Frank W. Burr Boulevard</u> <u>7th Floor, Suite 4</u> <u>Teaneck, NJ 07666</u>
<u>(l)</u>	<u>Andrew Knight</u> <u>J. Rothschild Capital Management Limited</u> <u>27 St James's Place</u> <u>London SW1A 1NR</u>
<u>(m)</u>	<u>Andrew Lack</u> <u>Bloomberg LP</u> <u>731 Lexington Avenue</u> <u>New York, NY 10022</u>
<u>(n)</u>	<u>Don Leclair</u> <u>48869 Burr Ridge Circle</u> <u>Canton, MI 48187</u>
<u>(o)</u>	<u>Steve Shapiro</u> <u>GoldenTree Asset Management</u> <u>30 Park Avenue, 21st Floor</u> <u>New York, NY 10022</u>
<u>(p)</u>	<u>Harris Williams</u> <u>Ripplewood Holdings</u> <u>1 Rockefeller Plaza, 32nd Floor</u> <u>New York, NY 10020</u>
<u>9</u>	<u>RDA Holdings Co.</u>
<u>10</u>	<u>Verlag Das Beste Ges.m.b.H.</u>
<u>11</u>	<u>Reader's Digest EOOD</u>
<u>12</u>	<u>Reader's Digest Vyber s.r.o.</u>
<u>13</u>	<u>Oy Valitut Palat—Reader's Digest Ab</u>
<u>14</u>	<u>Sélection du Reader's Digest S.A.</u>
<u>15</u>	<u>RD German Holdings GmbH</u>

<u>16</u>	<u>Verlag Das Beste GmbH</u>
<u>17</u>	<u>Reader's Digest Deutschland Holding GmbH</u>
<u>18</u>	<u>Reader's Digest Kiadó Korlátolt Felelősségű Társaság</u>
<u>19</u>	<u>Pegasus Netherlands Services CV</u>
<u>20</u>	<u>Uitgeversmaatschappij The Reader's Digest B.V.</u>
<u>21</u>	<u>Reader's Digest European Shared Services B.V.</u>
<u>22</u>	<u>Reader's Digest Przegląd Sp. z o.o.</u>
<u>23</u>	<u>Seleções do Reader's Digest (Portugal) S.A.</u>
<u>24</u>	<u>Editura Reader's Digest SRL</u>
<u>25</u>	<u>JSC Publishing House Reader's Digest</u>
<u>26</u>	<u>Reader's Digest Vyber Slovensko, s.r.o.</u>
<u>27</u>	<u>Reader's Digest Selecciones S.A.</u>
<u>28</u>	<u>Reader's Digest AB (Aktiebolag)</u>
<u>29</u>	<u>Das Beste aus Reader's Digest AG</u>
<u>30</u>	<u>LLC Publisher Reader's Digest</u>
<u>31</u>	<u>Reader's Digest Children's Publishing Limited (previously Victoria House Publishing Limited)</u>