

RDA Plan Confirmation Hearing Notices Mailed on December 4

On November 30, Reader's Digest Association (RDA) received court approval of its "Disclosure Statement," which provides creditors with details of the company's Plan of Reorganization. This approval permits RDA to proceed with sending the Plan to creditors for a vote and is important step in emerging from Chapter 11.

As a next step, RDA mailed notices on December 4 to various stakeholders letting them know about the Confirmation hearing. In cases of creditors who are eligible to vote on the Plan, additional information about the voting process was included in the mailing. Voting will continue through January 8, 2010, and RDA expects the Plan will be confirmed following a hearing on January 15.

The following Q&A provides answers to some frequently asked questions about the December 4 mailing. All other questions should be directed to RDA's claims agent, Kurtzman Carson Consultants (KCC), at (866) 967-0491 or via email at KCC_RDA@kccllc.com.

Frequently Asked Questions About RDA's December 4 Mailing Of the Proposed Plan of Reorganization

Q What was mailed on December 4?

A On December 4, RDA mailed notices to various stakeholders informing them about the Confirmation Hearing. Those creditors with active claims against the company also received additional materials, including creditors entitled to vote on the Plan of Reorganization who received a ballot and additional details about the voting process.

Q Which creditors are given an opportunity to vote?

A Generally speaking, the creditors who vote on the Plan are those who are "impaired" (owed money) but able to recover a portion of their claims under the proposed Plan of Reorganization. Other classes of creditors are presumed to accept or reject the Plan based on the nature of their recoveries.

Additional information about the classes of creditors and voting procedures is included within RDA's Disclosure Statement, which was included in some mailing packages. Creditors also may contact the company's restructuring information line at (866) 967-0491 or email at KCC_RDA@kccllc.com for additional information including a copy of the Disclosure Statement if their package did not contain it.

Q I understand that RDA reached an agreement with the Creditors' Committee. Why do creditors still need to vote on the Plan of Reorganization?

A It is true that, based on negotiations both before and after our Chapter 11 filing, RDA's Plan of Reorganization has the support of both the prepetition senior secured lenders and the creditors' committee. The important distinction is that, while the creditors' committee represents other creditors' interests during the negotiation, it is not able to act on other creditors' behalf. Thus, creditors are now being given the opportunities to vote for themselves. This is a normal part of the bankruptcy process.

Q Is this the best possible outcome for creditors? What happens if they choose to reject the Plan?

A RDA believes the compromise contemplated under the Plan of Reorganization is fair and equitable, will maximize the value of the company and provides the best recovery to creditors. If creditors have specific questions about the voting process, they are encouraged to contact the restructuring information line managed by RDA's claims agent at (866) 967-0491 or via email at KCC_RDA@kccllc.com.

Q What is the deadline for voting?

A All ballots must be received by 4:00 p.m. Pacific Time on January 8, 2010. Additional voting information is available within RDA's Disclosure Statement or creditors may contact the restructuring information line at (866) 967-0491 or email at KCC_RDA@kccllc.com. Creditors are encouraged to review all information carefully as late, illegible or incomplete ballots will not be counted.

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