

Updated
September 3, 2009

To Our Valued Vendor:

On August 17, 2009, The Reader's Digest Association, Inc. (RDA) in the United States announced that we reached an agreement in principle with the majority of our senior financial lenders to reduce our debt and better position our company for long-term success. As anticipated in this plan, RDA's U.S. businesses filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code on August 24, 2009. This filing will provide us with the protection, time and structure we need to complete our plan in an efficient and orderly manner.

Your partnership is very important to us, and we want to make sure that you understand what we have done and why – and, of course, what it means for you. Some key information to note:

- All of RDA's global businesses will continue to focus on business as usual. We received commitments from our senior secured lenders to provide us with up to \$150 million in debtor-in-possession (DIP) financing to allow us to continue our operations uninterrupted. The court gave us access to \$100 million of that amount within two days of our filing. Subsequently, Moody's Investors Service issued a Ba1 rating to our DIP financing, an increase of nine steps from our previous company rating from Moody's.
- **Please rest assured that we will pay you in full for all goods and services provided after the filing of our Chapter 11 petition on August 24th. Payments for these "post-petition" goods and services are given priority status in the reorganization proceedings, providing extra protection to you. We are, in fact, required by the court process to pay you for goods and services obtained after our Chapter 11 filing, and, as noted above, we have the financing in place to enable us to meet that obligation.**
- In addition, the Plan of Reorganization provides that our vendors and suppliers who partner with us as we emerge from this process will recover at the end of the Chapter 11 process. This is because our lenders recognize, as we do, how important these business partnerships are to our ultimate success.
- Generally, payment of pre-petition indebtedness will be settled as part of our Plan of Reorganization, and we are committed to reaching the best possible terms. To help expedite your specific processes, a proof of claim form is available via our restructuring Web site, www.RDARestructuring.com.
- RDA's non-U.S. operations are NOT part of the Chapter 11 filing. Any outstanding invoices issued to RDA's non-U.S. businesses are unaffected by this process.

As we go through this restructuring process, we look forward to continuing our productive working relationship with you. We anticipate that RDA will emerge a financially strengthened company and one that is therefore a better business partner to you.

We will keep you informed as we move through this process. Please feel free to contact your regular RDA representative or call our vendor hotline at 800-243-0965 (toll-free in the U.S.) or 414-209-3400. We will respond to all inquiries as quickly as possible, and have posted additional information at www.RDARestructuring.com.

Please be assured that RDA is working diligently to pursue the best possible outcome. RDA, along with our new owners, recognizes that the relationships we enjoy with our vendors and suppliers are crucial to our ongoing success. We thank you for your continued support and look forward to working with you for many years.



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