

**THE READER'S DIGEST ASSOCIATION, INC.**  
**AUDIT COMMITTEE CHARTER**

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General Role, Structure and Procedures of the Audit Committee

1. The Audit Committee (the "Committee") assists the Board of Directors (the "Board") in fulfilling the Board's responsibility to oversee (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) the independent auditor's qualifications and independence, and (d) the performance of the Company's internal audit function and independent auditors and (e) the effectiveness of the company's internal controls.
2. Each member of the Committee shall satisfy the requirements of the New York Stock Exchange and the Securities and Exchange Commission relating to independence .
3. The Committee shall consist of at least three members.
4. The members and the Chairman of the Committee are appointed and may be removed by the Board.
5. Each member of the Committee shall be financially literate, as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after the member's appointment to the Committee.
6. At least one member of the Committee shall be an "audit committee financial expert" (as defined by the SEC) and shall have accounting or related financial management expertise, as such qualification is interpreted by the Board in its business judgment.
7. The Committee holds at least four regular meetings each fiscal year. Operation and meetings of the Committee are conducted in accordance with the Company's By-Laws and the Company's Guidelines on Governance.
8. The Committee may delegate any of its responsibilities to a subcommittee of the Committee, the Chairman of the Committee or any other person or group, to the extent not prohibited by law or regulation.

Key Responsibilities of the Audit Committee

The Committee:

1. Provides an open avenue of communication with the chief internal auditor, the independent auditor and management, including private sessions with the chief internal auditor and the independent auditors at each regular meeting and as the Committee otherwise deems appropriate.
2. Is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (including resolution of disagreements between management and the independent auditor regarding financial reporting).
3. Confirms with the independent auditor that the independent auditor is ultimately accountable to the Committee and must report directly to the Committee.
4. Sets clear hiring policies for employees or former employees of the independent auditor.
5. At least annually, obtains and reviews a report by the independent auditor describing: (a) the firm's internal quality control procedures; (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (c) all relationships between the independent auditor and the Company (to assess the auditor's independence) .
6. At least annually, review the independent auditor's proposed audit scope and approach, including coordination of audit efforts with internal audit, to ensure the completeness of coverage and reduction of redundant efforts.
7. Approves in advance all audit and non-audit services to be performed by the independent auditor, to the extent provided in a policy adopted by the Committee.
8. Reviews with management, the independent auditor and the chief internal auditor, as appropriate:
  - the financial reporting and auditing process;
  - the matters required to be discussed with the independent auditors by Statement of Auditing Standards No. 61, as it may be modified or supplemented;
  - the written disclosures from the independent auditors required by Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), as it may be modified or supplemented;

## The Reader's Digest Association, Inc. Corporate Governance Committee Charter

- major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
  - analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
  - the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
9. Reviews with the independent auditor any audit problems or difficulties and management's response.
  10. Reviews disclosures to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
  11. Recommends to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.
  12. Reviews the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
  13. Reviews the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, in advance of disclosure. The review may be done generally (*i.e.*, discussion of the types of information to be disclosed and the type of presentation to be made).
  14. Prepares the report of the Committee required to be included in the Company's annual proxy statement.
  15. Reviews at least annually with the chief internal auditor:
    - the internal audit department's organization, staffing, resources, reporting relationship and access to information;
    - the scope, and significant changes in scope, of the internal audit plan;
    - a summary report of the significant findings of the chief internal auditor and management's responses thereto; and
    - a summary report on senior management expense accounts and perquisites.

## The Reader's Digest Association, Inc. Corporate Governance Committee Charter

16. Reviews the appointment or removal of the chief internal auditor.
17. Reviews guidelines and policies to govern the process by which risk management and risk assessment is undertaken by the Company.
18. Reviews at least annually the chief legal officer's report on any legal or regulatory matters that may have a material effect on the Company's financial statements or operations.
19. Reviews management's report on compliance with the Company's Ethical, Legal and Business Conduct Policies.
20. Establishes procedures for:
  - the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
21. Has the authority to conduct any investigations appropriate to fulfilling the Committee's responsibilities.
22. Has the authority to engage such consultants, counsel, experts and such other advisors as the Committee determines necessary to carry out its duties. The Company shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:
  - Compensation to any registered public accounting firm engaged by the Committee for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
  - Compensation to any advisers employed by the Committee under the authority of its charter; and
  - Ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.
23. Annually reviews the performance of the Committee.
24. Periodically reviews and reassesses the adequacy of the Committee's charter and recommends any proposed changes to the Board for its consideration and approval.
25. Reports regularly to the Board.
26. Performs such other functions as the Board may delegate from time to time.