

**THE READER'S DIGEST ASSOCIATION, INC.**  
**COMPENSATION AND NOMINATING**  
**COMMITTEE CHARTER**

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General Role, Structure and Procedures of the Compensation and Nominating Committee

1. The Compensation and Nominating Committee of the Board of Directors (the "Committee") is responsible for overseeing the Company's compensation and benefits philosophy, structure, policies, programs and practices.
2. Each member of the Committee shall be (1) "independent," as determined by the Board, within the meaning of New York Stock Exchange requirements, (2) a "non-employee director" for purposes of rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (3) an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.
3. Operation and meetings of the Committee are conducted in accordance with the Company's By-Laws and the Company's Guidelines on Governance.
4. The members and the Chairman of the Committee are appointed and may be removed by the Board.
5. The Committee may delegate any of its responsibilities to a subcommittee of the Committee, to the Chairman of the Committee or to any other person or group, to the extent not prohibited by law or regulation.

Key Responsibilities of the Compensation and Nominating Committee

The Committee is authorized to perform the following functions:

1. Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend the compensation level of the Chief Executive Officer to the Corporate Governance Committee;

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2. Oversee the evaluation of the performance of the Company's "officers" (as defined by the New York Stock Exchange), and other senior management who reports directly to the Chief Executive Officer ;
3. Approve promotions and review new hires to U.S. grade level 21 and above and international positions of equivalent responsibility;
4. Approve agreements or arrangements relating to the terms and conditions of employment, continued employment or termination of employment of each member of senior management, to the extent materially different from approved plans and programs applicable to senior management generally;
5. Except as otherwise provided by the terms of the relevant plan or program, administer all employee compensation, benefit and welfare plans and programs, including:
  - Determine the employees eligible to participate in the plan or program;
  - Approve awards (e.g., stock options, stock appreciation rights, restricted stock and performance units) and award targets under incentive compensation plans; and
  - Approve performance goals, certify achievement of performance goals and award payments under incentive compensation plans;
6. Review and recommend to the Board the compensation of the Company's "officers" (as defined by the New York Stock Exchange) other than the Chief Executive Officer and review and recommend to the Board incentive compensation plans and equity plans in which those officers may participate;
7. Review and recommend to the Board adoption and termination of significant employee compensation, benefit and welfare plans and programs and material amendments to such plans and programs.
8. Approve adoption and termination of employee compensation, benefit and welfare plans and programs that are not significant and amendments to such plans and programs and non-material amendments to significant plans and programs;
9. Pursuant to the Committee's sole authority: Retain and terminate, and approve the fees and other retention terms of, any consultant who assists in the evaluation of the compensation of any Director, the Chief Executive Officer or any senior executive;
10. Review management development plans and succession planning;

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11. Prepare a report on executive compensation as required by the Securities and Exchange Commission to be included in the Company's annual proxy statement or annual report on Form 10-K;
12. Review and recommend to the Board the optimal size of the Board;
13. Review and recommend to the Board the criteria for selection of candidates for Board membership;
14. Identify, evaluate and recommend to the Board candidates for Board membership, consistent with criteria approved by the Board, except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate Directors;
15. Review and recommend to the Board nominees for election at each annual stockholders meeting where Directors are to be elected;
16. Review and recommend to the Board the membership and chair of Committees of the Board;
17. Review periodically the compensation arrangements for non-employee Directors and recommend to the Board any changes to those arrangements;
18. Recommend persons to vote proxies solicited by the Board in connection with meetings of stockholders;
19. Annually review the performance of the Committee;
20. Has the authority to engage such search firms, consultants, counsel, experts and such other advisors as the Committee determines necessary to carry out its duties, and to approve their fees and other retention terms. 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 advisors 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.
21. Reports regularly to the Board;
22. Periodically review and reassess the adequacy of the Committee's charter and recommend any proposed changes to the Board for its consideration and approval; and
23. Perform such other duties and functions as the Board may delegate from time to time.