Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
THE 401(K) PARTNERSHIP OF THE READERS DIGEST ASSOCIATION, INC.

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1963

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

THE READERS DIGEST ASSOCIATION, INC.

750 3RD AVENUE, 3RD FLOOR
NEW YORK, NY 10017

2b Employer Identification Number (EIN) 13-1726769

2c Sponsor's telephone number 914-238-1000

2d Business code (see instructions) 511120

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2012	KEVIN GRAVELINE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/10/2012	KEVIN GRAVELINE
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
EMPLOYEE BENEFITS COMMITTEE, C/O THE READERS DIGEST ASSOCIATION, INC

750 3RD AVENUE, 3RD FLOOR
NEW YORK, NY 10017

3b Administrator's EIN
13-2897446

3c Administrator's telephone number
914-238-1000

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	2054
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	982
b	Retired or separated participants receiving benefits	**6b**	20
c	Other retired or separated participants entitled to future benefits	**6c**	1245
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	2247
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	3
f	Total. Add lines **6d** and **6e**	**6f**	2250
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1920
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	114
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2H 2J 2K 2T

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
THE 401(K) PARTNERSHIP OF THE READERS DIGEST ASSOCIATION, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE READERS DIGEST ASSOCIATION, INC.

D Employer Identification Number (EIN)
13-1726769

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions

Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
MINNESOTA LIFE

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
41-0417830	66168	12217	29	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	
5	Current value of plan's interest under this contract in separate accounts at year end	5	

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☒ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			7b	819533
c	Additions: (1) Contributions deposited during the year	7c(1)			
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	31639		
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)			
	▶				
	(6) Total additions			7c(6)	31639
d	Total of balance and additions (add **b** and **c(6)**).			7d	851172
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)			
	(2) Administration charge made by carrier	7e(2)			
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)	303984		
	▶ PLAN ACTIVITY FAIR VALUE/ACCRUED EXPENSES				
	(5) Total deductions			7e(5)	303984
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	547188

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance

e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug

i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract

m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
THE 401(K) PARTNERSHIP OF THE READERS DIGEST ASSOCIATION, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE READERS DIGEST ASSOCIATION, INC.

D Employer Identification Number (EIN)
13-1726769

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

THE VANGUARD GROUP, INC.

23-1945930

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 25 26 37 52	NONE	7084	Yes [X] No [ ]	Yes [X] No [ ]	0	Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
THE 401(K) PARTNERSHIP OF THE READERS DIGEST ASSOCIATION, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE READERS DIGEST ASSOCIATION, INC.

D Employer Identification Number (EIN)
13-1726769

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	53003	47733
(2) Participant contributions	1b(2)	175529	162195
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	835245	798816
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	144404191	131793486
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	819533	547187
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	146287501	133349417
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	146287501	133349417

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1723351	
(B) Participants	2a(1)(B)	5974305	
(C) Others (including rollovers)	2a(1)(C)	946610	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		8644266
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	38990	
(F) Other	2b(1)(F)	24030	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		63020
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	3115635	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		3115635
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		-1575465
c Other income	2c		11614
d Total income. Add all **income** amounts in column (b) and enter total	2d		10259070
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	23190048	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		23190048
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		738
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	6368	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		6368
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		23197154
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-12938084
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP (2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e	Was this plan covered by a fidelity bond?	**4e**	X		15000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	**4j**		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
THE 401(K) PARTNERSHIP OF THE READERS DIGEST ASSOCIATION, INC.

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE READERS DIGEST ASSOCIATION, INC.

D Employer Identification Number (EIN)
13-1726769

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 23-2186884

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

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Report of Independent Auditors

The Employee Benefits Committee
The 401(k) Partnership of the Reader's Digest Association, Inc.

We were engaged to audit the accompanying statements of net assets available for benefits of The 401(k) Partnership of The Reader's Digest Association, Inc. as of December 31, 2011, December 31, 2010, and June 30, 2010, and the related statements of changes in net assets available for benefits for the year ended December 31, 2011 and the six month period ended December 31, 2010, and the supplemental schedules of assets (held at end of year) as of December 31, 2011 and 2010. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2011, December 31, 2010, and June 30, 2010 and for the year ended December 31, 2011, and six month period ended December 31, 2010, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying financial statements and supplemental schedule as a whole. The supplemental schedules are presented for the purposes of additional analysis and are not a required part of the financial statements, but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst & Young LLP

October 04, 2012

Financial Statements and Supplemental Schedules

THE 401(k) PARTNERSHIP OF THE READER'S DIGEST ASSOCIATION, INC.

December 31, 2011, December 31, 2010 and June 30, 2010

With Report of Independent Auditors

THE 401(k) PARTNERSHIP OF
THE READER'S DIGEST ASSOCIATION, INC.

Financial Statements and Supplemental Schedules

December 31, 2011, December 31, 2010 and June 30, 2010

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Report of Independent Auditors

The Employee Benefits Committee
The 401(k) Partnership of the Reader's Digest Association, Inc.

We were engaged to audit the accompanying statements of net assets available for benefits of The 401(k) Partnership of The Reader's Digest Association, Inc. as of December 31, 2011, December 31, 2010, and June 30, 2010, and the related statements of changes in net assets available for benefits for the year ended December 31, 2011 and the six month period ended December 31, 2010, and the supplemental schedules of assets (held at end of year) as of December 31, 2011 and 2010. These financial statements and supplemental schedules are the responsibility of the Plan's management.

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Ernst & Young LLP

October 04, 2012

THE 401(K) PARTNERSHIP OF
THE READER'S DIGEST ASSOCIATION, INC.
Statements of Net Assets Available for Benefits

	December 31, 2011	December 31, 2010	June 30, 2010
Mutual funds:			
Investments, at fair value:			
Mutual funds	**$131,793,486**	$144,404,192	$132,798,802
Investment contracts	**547,187**	819,533	909,591
	132,340,673	145,223,725	133,708,393
Notes receivable from participants	**799,555**	835,245	1,098,049
Receivables:			
Employer contributions	**47,733**	53,003	-
Participant contributions	**162,195**	175,529	-
Total receivables	**209,928**	228,532	-
Net assets available for benefits	**$133,350,156**	$146,287,502	$134,806,442

See accompanying notes to the financial statements.

DRAFT

THE 401(K) PARTNERSHIP OF

THE READER'S DIGEST ASSOCIATION, INC.

Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2011	Six Months ended December 31, 2010
Additions to net assets attributed to:		
Investment income:		
Net (depreciation) appreciation in fair value of investments	$ (1,575,465)	$ 19,422,417
Interest and dividend income on investments and Participant loans	3,178,655	1,787,503
Contributions:		
Employer contributions	1,723,351	888,963
Participants' contributions	6,920,915	3,011,185
Other additions	11,614	772
Benefits paid to participants	(23,190,048)	(13,613,711)
Administrative expenses	(6,368)	(16,069)
Net (decrease) increase during the period	(12,937,346)	11,481,060
Net assets available for benefits:		
Beginning of period	146,287,502	134,806,442
End of period	$ 133,350,156	$ 146,287,502

DRAFT

See accompanying notes to the financial statements.

THE 401(K) PARTNERSHIP OF

THE READER'S DIGEST ASSOCIATION, INC.

Notes to Financial Statements

December 31, 2011, December 31, 2010 and June 30, 2010

(1) Description of the Plan

The following description of The 401(k) Partnership of The Reader's Digest Association, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the amended and restated Plan document, effective July 1, 2007, for more complete information.

(a) General

The Plan is a defined contribution plan sponsored by The Reader's Digest Association, Inc. (the "Sponsor", "Employer", "RDA" or the "Company"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

On January 28, 2009, the Company announced the adoption a global "Recession Plan" to strengthen its financial performance in the current economy, including a planned reduction of approximately eight percent of its then-current global workforce. In the United States, the Company suspended the "employer matching" contributions to the Plan, effective March 1, 2009. The Company reinstated the "employer matching" contributions to the Plan, effective July 1, 2010.

On September 8, 2010 the Employee Benefit Committee adopted an amendment to the Plan, which changed the plan year from a fiscal year cycle ending June 30, 2010 to calendar cycle, effective for the calendar year beginning January 1, 2011. The amendment also included an additional change to allow Plan expenses to be paid from forfeitures.

On April 3, 2012 the Employee Benefit Committee adopted an amendment to the Plan, which provides interns with the ability to participate in the Plan after one year of service.

In this report the term periods refers to the six months ended December 31, 2010 and the year ended December 31, 2011.

(b) Participation

Under the terms of the Plan, all eligible employees of the Company and its subsidiaries are eligible for participation. Eligible employees are defined by the Plan as individuals who regularly perform services for the Company and are paid on the regular payroll except for (1) individuals covered by a collective bargaining agreement, (2) individuals who are eligible to participate in another defined contribution plan of the Company, (3) individuals employed by a foreign subsidiary of the Company, and (4) individuals employed as interns.

(c) Contributions

The Plan provides for a maximum before-tax contribution level of 75% of an employee's eligible compensation, up to certain Internal Revenue Service ("IRS") limits. Employees who attain age 50 during the plan year may contribute an additional amount, referred to as "catch-up contributions". The IRS places certain limitations on these before-tax contributions. For the calendar years ended December 31, 2011 and December 31, 2010, the Internal Revenue Code (the "Code") limits an employee's annual eligible compensation to $245,000. For both calendar year 2011 and 2010, the participant's before-tax contribution and catch-up contribution were limited to $16,500 and $5,500, respectively. A participant's contribution may be further limited as a result of the nondiscrimination test criteria, as defined by the Code.

The matching contribution level provided by the Sponsor for all participating employees is a 50% match for the first 6% of a participant's contribution. Employer contributions amounted to $1,723,351 and $888,963 during the year ended December 31, 2011 and the six months ended December 31, 2010, respectively.

Annual discretionary contributions by the Sponsor are paid out of the Sponsor's profits for the year in an amount determined by its board of directors and cannot exceed its net income for the year, as defined.

During the year ended December 31, 2011 and six month period ended December 31, 2010, there were no such discretionary contributions made by the Sponsor.

Sponsor contributions can be made in the form of cash, or other property in a single payment or in installments. Sponsor contributions are invested in the same manner as participant contributions.

The amount of the Sponsor's annual contribution allocated to each participant's account bears the same ratio as the participant's eligible compensation during the plan year bears to the aggregate eligible compensation of all such participants during the plan year.

(d) Vesting

Participants are fully vested in their voluntary contributions plus actual earnings thereon at all times. Participants become vested in the Sponsor contributions and related earnings based upon the number of full years of the participant's service with the Sponsor up to the date of termination. Participants become vested in Sponsor contributions and earnings thereon over five years of credited service (20% after each year of credited service). Participants are 100% vested after five years or upon death or disability, as defined.

(e) Forfeiture

The portion of a participant's account attributable to Sponsor contributions, which is forfeited by participants resulting from their termination prior to full vesting, can be used to offset contributions to the Plan by the Sponsor, or to pay for incurred Plan expenses. Forfeitures used by the Sponsor to offset administrative expenses to the Plan were approximately $107,287 and $445 for the year ended December 31, 2011 and the six months December 31, 2010, respectively. The remaining forfeiture balance was $1,192,673 and $1,053,182 as of December 31, 2011 and December 31, 2010, respectively.

(f) Investment Program

Participants can direct their contributions to any of the Plan's investment options during the year ended December 31, 2011 and the six months ended December 31, 2010:

> ***Vanguard Prime Money Market Fund*** – This money-market fund seeks the highest level of income consistent with maintaining a stable share price of $1. The fund invests in short-term, money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government and federal agencies. The average maturity of the fund's holdings will be 90 days or less.

Vanguard Total Bond Market Index Fund – This bond fund seeks a high level of interest income. The fund attempts to keep pace with the U.S. bond market returns and track the performance of the Barclays U.S. Aggregate Bond Index. The fund holds a higher percentage in short-term, investment grade corporate bonds and a lower percentage in short-term Treasury securities.

Vanguard Wellington Fund – This balanced fund seeks income and long-term growth of capital without undue risk to capital. The fund's assets are divided between common stocks and bonds, with an average of 65% of assets in stocks and 35% in bonds. The fund invests in dividend paying large- and mid-capitalization stocks of well established companies.

Vanguard 500 Index Fund – This growth and income stock fund seeks long-term growth of capital and income from dividends. The fund holds all 500 stocks that make up the Standard & Poor's 500 Index in proportion to their weighting in the Index. The fund attempts to track the performance of the Index, a widely recognized benchmark of U.S. stock market performance, and it remains fully invested in stocks at all times.

Vanguard Windsor II Fund – This growth and income stock fund seeks long-term growth of capital and income from dividends. The fund invests in a diversified group of out-of-favor stocks of large-capitalization companies. The stocks they select are, as a group, selling at prices below the overall market average compared to their dividend income and future return potential.

Vanguard PRIMECAP Fund – This aggressive growth stock fund seeks long-term capital growth. The fund invests in stocks of companies with above-average prospects for continued earnings growth, strong industry positions, and skilled management teams, but that typically produce little current income. The fund's portfolio consists predominantly of large and mid-capitalization stocks (those of companies with market value exceeding $1.5 billion).

Vanguard Explorer Fund – This aggressive growth stock fund seeks long-term growth of capital. The fund invests in a diversified group of small-company stocks of unseasoned companies considered by the fund's advisors to have growth potential. The fund is managed by five advisors; each runs a portion of the fund independently, although all emphasize small-capitalization stocks (those companies with total market values of $100 million to $1.5 billion).

Vanguard International Growth Fund – This international stock fund seeks long-term growth of capital. It includes stocks from more than 15 countries (including Japan, the United Kingdom, the Netherlands, Switzerland, and Germany) with potential for growth. About two-thirds of the fund's assets are invested in companies with prospects for long-term growth. The remainder invests in large stocks of companies expected to represent shorter-term opportunities.

Minnesota Life Fund – Upon the merger of the Reiman 401(k) plan into the Plan, funds invested in the Minnesota Life Fund were carried over at contract value. Upon completion of the merger, participants were not allowed to make contributions to this fund. Rather, upon the expiration of investments underlying the contract, the proceeds are invested in the Vanguard funds referred to above, at the discretion of the participant (See Note 4).

The fund is a group annuity contract between the Plan and Minnesota Life Co. The fund seeks to provide a level of income greater than that of a money market fund while preserving the value of the investment on a dollar-for-dollar basis.

Vanguard Target Retirement 2005 Fund – This fund is designed for investors who planned to retire before 2008 and holds a diverse portfolio of stock, bond, inflation-protected securities, and money market funds. The Fund automatically adjusts the allocation between asset classes to become more conservative over time and seeks to provide growth of capital and current income consistent with its current target allocation.

Vanguard Target Retirement 2010 Fund – This is a fund of funds designed for investors planning to retire between now and 2012 and includes global stocks, U.S. Treasury and high quality corporate bonds, and inflation-protected securities. The fund places greater emphasis on bonds to help maintain stability and gradually increases allocation to bonds and short-term cash securities each year for income and stability.

Vanguard Target Retirement 2015 Fund – This is a fund of funds designed for investors planning to retire between 2013 and 2018 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund holds a moderate stock/bond mix, offering potential growth with some stability and gradually increases allocation to bonds each year, providing more stability over time.

Vanguard Target Retirement 2020 Fund – This is a fund of funds designed for investors planning to retire between 2018 and 2022 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and gradually reduces allocation to stocks each year, providing more stability over time.

Vanguard Target Retirement 2025 Fund – This is a fund of funds designed for investors planning to retire between 2023 and 2027 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and gradually reduces allocation to stocks each year, providing more stability over time.

Vanguard Target Retirement 2030 Fund – This is a fund of funds designed for investors planning to retire between 2028 and 2032 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and gradually reduces allocation to stocks each year, providing more stability over time.

Vanguard Target Retirement 2035 Fund – This is a fund of funds designed for investors planning to retire between 2033 and 2037 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and begins annually reducing stocks and increasing bonds around 2011.

Vanguard Target Retirement 2040 Fund – This is a fund of funds designed for investors planning to retire between 2038 and 2042 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and begins annually reducing stocks and increasing bonds around 2016.

Vanguard Target Retirement 2045 Fund – This is a fund of funds designed for investors planning to retire between 2043 and 2047 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and begins annually reducing stocks and increasing bonds around 2021.

Vanguard Target Retirement 2050 Fund – This is a fund of funds designed for investors planning to retire between 2048 and 2052 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and begins annually reducing stocks and increasing bonds around 2026.

Vanguard Target Retirement 2055 Fund – This is a fund of funds designed for investors planning to retire between 2053 and 2057 and includes global stocks, U.S. Treasury and high quality corporate bonds. The fund invests primarily in stocks and begins annually reducing stocks and increasing bonds around 2031.

Vanguard Target Retirement Income Fund – This fund is designed for investors already in retirement and holds a diverse portfolio of stock, bond, inflation-protected securities, and money market funds. The fund seeks to maintain a relatively stable allocation during retirement and seeks to provide current income and some capital appreciation.

(g) Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of the Sponsor's contribution and the Plan's earnings, and is charged with an allocation of administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(h) Payment of Benefits

Upon retirement, death, or total disability, participants or their beneficiaries become entitled to the full value of the vested portions of their accounts. If a participant leaves the employment of the Sponsor for any other reason, an amount equal to the net value of the participant's aggregate contributions and related earnings is paid.

(i) Management of Trust Funds

For the period from July 1, 2010 to December 31, 2011 and as of December 31, 2011 and 2010, Vanguard Fiduciary Trust Company acted as the Trustee and the Vanguard Group, Inc. acted as investment manager for the Plan's assets. The investment manager has been granted discretionary authority to purchase and sell securities in their respective funds.

(j) Administrative Expenses

Costs and expenses of administering the Plan are shared by the Plan and the Sponsor. Investment management and trustee fees are paid by the Plan. For the year ended December 31, 2011 and the six months ended December 31, 2010 consulting expenses, including audit fees, were primarily paid by the Sponsor.

(k) Notes Receivable from Participants

Participants may borrow up to the lesser of 50% of their vested account balance or $50,000, reduced by the highest outstanding note payable balance from the Plan during the one-year period ending the day before the date the loan is made. A participant may have only one note payable of each type (general-purpose or primary residential) outstanding at a time. General-purpose loans must be repaid within five years and primary residential loans must be repaid within 15 years. The minimum loan amount is $500 and the minimum term is six months.

Notes payable bear interest at a fixed rate based on the Prime Rate plus 1% and are secured by the participant's vested account balance. Notes payable are repaid through after-tax payroll deductions and are deposited in participant accounts according to current investment elections. After a note payable has been in effect for six months, participants can pay the outstanding balance in full.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. Generally Accepted Accounting Principles.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Plan administrator to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(c) Investments Valuation and Income Recognition

The Plan's investments are stated at fair value. Investments in mutual funds are stated at fair value based on unit values of the funds. Unit values of the funds are determined by the investment manager by dividing the fund's net assets at fair value by its units outstanding at the valuation date. The Plan's investment contract is valued by the issuer.

Purchases and sales of investments are recorded on the trade-date basis. Interest income is recorded when earned. Dividends are recorded on the ex-dividend date.

(d) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

(3) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The Plan follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Observable inputs other than quoted prices that are used in the valuation of the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The Plan uses observable market data if such data is available without undue cost and effort. The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

See Note 2 for a description of the valuation methodologies used for assets and liabilities measured at fair value**.**

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value as of December 31, 2011, December 31, 2010 and June 30 2010, respectively:

	Assets at Fair Value as of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Equity funds	$ 61,964,030	$ ---	$ ---	$ 61,964,030
Bond funds	15,286,905	---	---	15,286,905
Money Market funds	10,489,705	---	---	10,489,705
Balanced investments (a)	44,052,846	---	---	44,052,846
Investment contracts	---	---	547,187	547,187
Total assets at fair value	**$ 131,793,486**	**$ ---**	**$ 547,187**	**$ 132,340,673**

(a) These are investments in funds that invest in both equity and debt securities that are valued using a market approach based on quoted market prices.

	Assets at Fair Value as of December 31, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Equity funds	$ 70,091,223	$ ---	$ ---	$ 70,091,223
Bond funds	16,077,276	---	---	16,077,276
Money Market funds	11,774,888	---	---	11,774,888
Balanced investments (a)	46,460,805	---	---	46,460,805
Investment contracts	---	---	819,533	819,533
Total assets at fair value	**$ 144,404,192**	**$ ---**	**$ 819,533**	**$ 145,223,725**

(a) These are investments in funds that invest in both equity and debt securities that are valued using a market approach based on quoted market prices.

	Assets at Fair Value as of June 30, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Equity funds	$ 59,390,092	$ ---	$ ---	$ 59,390,092
Bond funds	16,614,311	---	---	16,614,311
Money Market funds	13,719,475	---	---	13,719,475
Balanced investments (a)	43,074,924	---	---	43,074,924
Investment contracts	---	---	909,591	909,591
Total assets at fair value (b)	**$ 132,798,802**	**$ ---**	**$ 909,591**	**$ 133,708,393**

(a) These are investments in funds that invest in both equity and debt securities that are valued using a market approach based on quoted market prices.

(b) Notes receivable from participants have been excluded from assets at fair value to conform with current year presentation.

The tables below set forth a summary of changes in fair value of the Plan's Level 3 assets for the year ended December 31, 2011 and the six months ended December 31, 2010:

	Investment contracts
Balance at June 30, 3010	$ 909,591
Disbursements	(101,564)
Dividends and capital gains	15,954
Transfers out of Level 3	(4,448)
Balance at December 31, 2010	819,533
Disbursements	(263,374)
Dividends and capital gains	24,028
Balance at December 31, 2011	**$ 547,187**

(4) Guaranteed Annuity Contract

Minnesota Life maintains participant contributions in a general account (i.e., part of its general assets). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value, but participants are not allowed to contribute to this fund.

Minnesota Life resets the crediting rate on January 1 of every year. For calendar years 2011 and 2010, the yield and crediting rate may not be less than 3.20% and 3.45%, respectively, for new funds. For calendar years 2011 and 2010, the crediting interest rate is based on a formula agreed upon with Minnesota Life Co., but may not be less than 3.90% and 4.20%, respectively, for renewal funds.

(5) Investments

All investment information disclosed in the accompanying financial statements and schedule, including investments held at December 31, 2011, December 31, 2010 and June 30, 2010, and net appreciation or depreciation in fair value of investments, and interest and dividend income on investments for the year ended December 31, 2011 and six months ended December 31, 2010 were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the Trustee. Investments that represent 5% or more of fair value of the Plan's net assets are as follows:

	December 31,		
	2011	**2010**	**June 30, 2010**
Mutual funds:			
Vanguard Prime Money Market Fund	**$ 10,489,705**	$11,774,888	$13,719,475
Vanguard Total Bond Market Index Fund	**15,286,905**	16,077,276	16,614,311
Vanguard Wellington Fund	**33,536,908**	39,935,552	38,335,968
Vanguard 500 Index Fund	**26,958,782**	28,973,625	24,682,068
Vanguard Explorer Fund	**10,288,727**	12,402,144	10,220,351
Vanguard International Growth Fund	**10,292,412**	12,864,491	10,631,432
Vanguard PRIMECAP Fund	**7,278,051**	8,169,943	7,122,041
Vanguard Windsor II Fund	**7,146,058**	7,681,020	*

* Amount does not represent 5% or more of the fair value of the Plan's net assets**.**

(6) Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated March 14, 2012, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. Subsequent to this determination by the IRS, the Plan was amended. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore believes the Plan, as amended, is qualified and the related trust is tax-exempt.

Accounting principles generally accepted in the United States require the Plan administrator to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2008.

(7) Plan Termination

Although the Sponsor has not expressed any intent to do so, the Sponsor reserves the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination or partial termination of the Plan, participants would become fully vested in the Company contributions.

(8) Related Parties

Certain Plan assets consist of mutual funds managed by the Vanguard Group, Inc., an affiliate of Vanguard Fiduciary Trust Company, and a group annuity contract with Minnesota Life Insurance Company. These transactions are party-in-interest transactions, as defined by ERISA; however, they are exempt from the prohibited transaction rules under ERISA.

(9) New Accounting Standards

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 provides amendments to Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. The amendments require new disclosures as follows: (1) Transfers in and out of Levels 1 and 2. A reporting entity should disclose separately the amount of transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; (2) Activity in Level 2 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements. The update also clarifies existing disclosure requirements. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. Since the amended guidance only affects fair value measurement disclosures, adoption of ASU 2010-06 did not affect the Plan's net assets available for benefits or its changes in net assets available for benefits.

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). ASU 2011-04 amended ASC 820 to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures (although certain of these new disclosures will not be required for nonpublic entities). The amendments are to be applied prospectively and will be effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect the provisions of ASU 2011-04 will have on the Plan's financial statements.

In September 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans,* (ASU 2010-25). ASU 2010-25 requires participant loans to be measured at their unpaid principal balance plus any accrued by unpaid interest and classified as notes receivable from participants. Previously loans were measured at fair value and classified as investments. ASU 2010-25 is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. Adoption of ASU 2010-25 did not change the value of participant loans from the amount previously reported as of June 30, 2010. Participant loans have been reclassified to notes receivable from participants as of June 30, 2010.

(10) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

(11) Subsequent Events

Subsequent events have been evaluated through October 04, 2012, representing the date the Plan's financial statements were available to be issued. No subsequent events have occurred that require additional disclosure or adjustment to the financial statements.

Supplemental Schedule

THE 401(k) PARTNERSHIP OF
THE READER'S DIGEST ASSOCIATION, INC.
EIN 13-1726769, PN 001

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2011

	Identity of issue, borrower, lessor, or similar party	Description of investment	Current value
*	Vanguard Fiduciary Trust Company	Mutual funds:	
		Vanguard 500 Index Fund – 232,805 shares	$26,958,782
		Vanguard Explorer Fund – 144,019 shares	10,288,727
		Vanguard International Growth Fund – 629,505 shares	10,292,412
		Vanguard Prime Money Market Fund – 10,489,705 shares	10,489,705
		Vanguard PRIMECAP Fund – 117,882 shares	7,278,051
		Vanguard Total Bond Market Index – 1,389,719 shares	15,286,905
		Vanguard Wellington Fund – 1,070,099 shares	33,536,908
		Vanguard Windsor II Fund – 277,194 shares	7,146,058
		Vanguard Target Retirement 2005 Fund – 4,115 shares	49,300
		Vanguard Target Retirement 2010 Fund – 61,189 shares	1,372,457
		Vanguard Target Retirement 2015 Fund – 219,014 shares	2,693,868
		Vanguard Target Retirement 2020 Fund – 32,731 shares	709,926
		Vanguard Target Retirement 2025 Fund – 94,961 shares	1,165,176
		Vanguard Target Retirement 2030 Fund – 43,041 shares	900,418
		Vanguard Target Retirement 2035 Fund – 84,359 shares	1,055,334
		Vanguard Target Retirement 2040 Fund – 37,271 shares	764,047
		Vanguard Target Retirement 2045 Fund – 61,300 shares	788,927
		Vanguard Target Retirement 2050 Fund – 15,518 shares	316,726
		Vanguard Target Retirement 2055 Fund – 7,306 shares	159,708
		Vanguard Target Retirement Income Fund – 46,839 shares	540,051
*	Minnesota Life Company	Minnesota Life Fund – 547,187 shares	547,187
*	Notes receivable from Participants	Interest rates range: 4.25% -10.5% Terms - 1 year - 15 years	799,555
			$133,140,228

* Indicates a party-in-interest to the Plan.

THE 401(k) PARTNERSHIP OF
THE READER'S DIGEST ASSOCIATION, INC.
EIN 13-1726769, PN 001

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2010

	Identity of issue, borrower, lessor, or similar party	Description of investment	Current value
*	Vanguard Fiduciary Trust Company	Mutual funds:	
		Vanguard 500 Index Fund – 250,160 shares	$28,973,625
		Vanguard Explorer Fund – 170,125 shares	12,402,144
		Vanguard International Growth Fund – 665,175 shares	12,864,491
		Vanguard Prime Money Market Fund – 11,774,888 shares	11,774,888
		Vanguard PRIMECAP Fund – 124,163 shares	8,169,943
		Vanguard Total Bond Market Index – 1,516,724 shares	16,077,276
		Vanguard Wellington Fund – 1,284,101 shares	39,935,552
		Vanguard Windsor II Fund – 299,221 shares	7,681,020
		Vanguard Target Retirement 2005 Fund – 7,147 shares	83,842
		Vanguard Target Retirement 2010 Fund – 46,132 shares	1,029,215
		Vanguard Target Retirement 2015 Fund – 60,107 shares	746,536
		Vanguard Target Retirement 2020 Fund – 27,379 shares	605,077
		Vanguard Target Retirement 2025 Fund – 67,814 shares	855,819
		Vanguard Target Retirement 2030 Fund – 34,767 shares	753,764
		Vanguard Target Retirement 2035 Fund – 49,989 shares	654,355
		Vanguard Target Retirement 2040 Fund – 32,289 shares	694,219
		Vanguard Target Retirement 2045 Fund – 35,275 shares	476,222
		Vanguard Target Retirement 2050 Fund – 9,903 shares	211,930
		Vanguard Target Retirement 2055 Fund – 24 shares	553
		Vanguard Target Retirement Income Fund – 36,677 shares	413,721
*	Minnesota Life Company	Minnesota Life Fund – 819,533 shares	819,533
*	Notes receivable from Participants	Interest rates range: 4.25% -10.5% Terms - 1 year - 15 years	835,245
			$146,058,970

* Indicates a party-in-interest to the Plan.

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		Vanguard Target Retirement 2025 Fund – 94,961 shares	1,165,176
		Vanguard Target Retirement 2030 Fund – 43,041 shares	900,418
		Vanguard Target Retirement 2035 Fund – 84,359 shares	1,055,334
		Vanguard Target Retirement 2040 Fund – 37,271 shares	764,047
		Vanguard Target Retirement 2045 Fund – 61,300 shares	788,927
		Vanguard Target Retirement 2050 Fund – 15,518 shares	316,726
		Vanguard Target Retirement 2055 Fund – 7,306 shares	159,708
		Vanguard Target Retirement Income Fund – 46,839 shares	540,051
*	Minnesota Life Company	Minnesota Life Fund – 547,187 shares	547,187
*	Notes receivable from Participants	Interest rates range: 4.25% -10.5% Terms - 1 year - 15 years	799,555
			$133,140,228

* Indicates a party-in-interest to the Plan.

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		Vanguard Windsor II Fund – 299,221 shares	7,681,020
		Vanguard Target Retirement 2005 Fund – 7,147 shares	83,842
		Vanguard Target Retirement 2010 Fund – 46,132 shares	1,029,215
		Vanguard Target Retirement 2015 Fund – 60,107 shares	746,536
		Vanguard Target Retirement 2020 Fund – 27,379 shares	605,077
		Vanguard Target Retirement 2025 Fund – 67,814 shares	855,819
		Vanguard Target Retirement 2030 Fund – 34,767 shares	753,764
		Vanguard Target Retirement 2035 Fund – 49,989 shares	654,355
		Vanguard Target Retirement 2040 Fund – 32,289 shares	694,219
		Vanguard Target Retirement 2045 Fund – 35,275 shares	476,222
		Vanguard Target Retirement 2050 Fund – 9,903 shares	211,930
		Vanguard Target Retirement 2055 Fund – 24 shares	553
		Vanguard Target Retirement Income Fund – 36,677 shares	413,721
*	Minnesota Life Company	Minnesota Life Fund – 819,533 shares	819,533
*	Notes receivable from Participants	Interest rates range: 4.25% -10.5% Terms - 1 year - 15 years	835,245
			$146,058,970

* Indicates a party-in-interest to the Plan.