UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ending March 31, 2001

or

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-7945

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA	41-0216800
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3680 Victoria St., N. Shoreview, Minnesota	55126-2966
(Address of principal executive offices)	(Zip Code)

(651) 483-7111

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X___ No _____

The number of shares outstanding of registrant's common stock, par value $1.00 per share, at April 20, 2001 was 70,659,960.

ITEM I. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION

DELUXE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	UNAUDITED MARCH 31, 2001	DECEMBER 31, 2000
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Current Assets:		
Cash and cash equivalents	$ 4,147	$ 80,732
Marketable securities	15,637	18,458
Trade accounts receivable (net of allowances for doubtful accounts of $1,465 and $1,415, respectively)	49,119	46,332
Inventories	10,306	10,560
Supplies	12,541	12,578
Deferred advertising	15,555	17,089

Deferred income taxes	6,817	6,877
Prepaid expenses	27,798	20,115
Other current assets	7,809	6,997
Total current assets	149,729	219,738
Long-term Assets:		
Investments	38,980	35,555
Property, plant, and equipment (net of accumulated depreciation of $300,627 and $295,812, respectively)	169,944	173,956
Intangibles (net of accumulated amortization of $84,470 and $75,355, respectively)	219,373	222,798
Other long-term assets	23,878	8,392
Total long-term assets	452,175	440,701
Total assets	$ 601,904	$ 660,439
Current Liabilities:		
Accounts payable	$ 50,329	$ 43,161
Accrued liabilities:		
Wages and vacation pay	28,156	36,191
Employee profit sharing and pension	6,202	21,872
Accrued income taxes	42,939	27,065
Accrued rebates	23,335	24,968
Other	58,694	62,214
Short-term debt	77,500	--
Long-term debt due within one year	1,268	100,672
Total current liabilities	288,423	316,143
Long-term Debt	11,286	10,201
Deferred Income Taxes	60,712	60,712
Other Long-term Liabilities	7,942	10,575
Shareholders' Equity:		
Common shares $1 par value (authorized: 500,000,000 shares; issued: 2001 - 70,654,960; 2000 - 72,555,474)	70,655	72,555
Additional paid-in capital	1,080	44,243
Retained earnings	161,926	146,243
Unearned compensation	(57)	(60)
Accumulated other comprehensive income	(63)	(173)
Total shareholders' equity	233,541	262,808
Total liabilities and shareholders' equity	$ 601,904	$ 660,439

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	UNAUDITED QUARTER ENDED MARCH 31,	
	2001	2000
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
<S>	<C>	<C>
Revenue	$ 315,794	$ 321,578
Cost of goods sold	116,483	115,371
Gross Profit	199,311	206,207
Selling, general and administrative expense	131,769	137,153
Operating Income	67,542	69,054
Other income (expense)	1,280	(563)
Income from Continuing Operations Before Interest and Taxes	68,822	68,491
Interest expense	(1,438)	(3,424)
Investment income	604	1,757
Income from Continuing Operations Before Income Taxes	67,988	66,824

Provision for income taxes	25,509	24,800
Income from Continuing Operations	42,479	42,024
Income from Discontinued Operations	--	2,298
Net Income	$ 42,479	$ 44,322
Basic and Diluted Net Income per Share:		
Income from continuing operations	$ 0.59	$ 0.58
Income from discontinued operations	--	0.03
Basic and Diluted Net Income per Share	$ 0.59	$ 0.61
Cash Dividends per Share	$ 0.37	$ 0.37
Total Comprehensive Income	$ 42,589	$ 44,187

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	UNAUDITED QUARTER ENDED MARCH 31,	
	2001	2000
	(DOLLARS IN THOUSANDS)	
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 42,479	$ 44,322
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Income from discontinued operations	--	(2,298)
Depreciation	7,054	8,182
Amortization of intangibles	10,934	7,165
Share purchase discount	316	651
Changes in assets and liabilities, net of effects from acquisitions and discontinued operations:		
Trade accounts receivable	(2,787)	478
Inventories	254	756
Accounts payable	5,011	(8,721)
Accrued wages, employee profit sharing and pension	(22,823)	(22,978)
Restructuring accruals	(793)	(3,296)
Other assets and liabilities	(13,448)	8,382
Net cash provided by operating activities of continuing operations	26,197	32,643
Cash Flows from Investing Activities:		
Proceeds from sales of marketable securities	32,990	2,542
Purchases of marketable securities	(30,000)	--
Purchases of capital assets	(9,690)	(12,104)
Payments for acquisitions, net of cash acquired	--	(95,991)
Proceeds from sales of capital assets	1,435	2,460
Loan to others	--	32,500
Other	(3,866)	(6,837)
Net cash used by investing activities of continuing operations	(9,131)	(77,430)
Cash Flows from Financing Activities:		
Net borrowings (payments) on short-term debt	77,500	(20,000)
Payments on long-term debt	(100,263)	(165)
Change in book overdrafts	2,157	(732)
Payments to retire shares	(47,393)	--
Proceeds from issuing shares under employee plans	1,144	2,756
Cash dividends paid to shareholders	(26,796)	(26,712)
Net cash used by financing activities of continuing operations	(93,651)	(44,853)
Net Cash Used by Discontinued Operations	--	(15,635)

Net Decrease in Cash and Cash Equivalents	(76,585)	(105,275)
Cash and Cash Equivalents at Beginning of Period	80,732	124,435
Cash and Cash Equivalents at End of Period	$ 4,147	$ 19,160

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated balance sheet as of March 31, 2001, and the condensed consolidated statements of income and of cash flows for the quarters ended March 31, 2001 and 2000 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the Company's consolidated financial statements are included. Other than those discussed in the notes below, such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year. The consolidated financial statements and notes are presented in accordance with instructions for Form 10-Q, and do not contain certain information included in the Company's consolidated annual financial statements and notes. The consolidated financial statements and notes appearing in this Report should be read in conjunction with the Company's consolidated audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

2. On January 1, 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by SFAS No. 138, ACCOUNTING FOR CERTAIN DERIVATIVE INSTRUMENTS AND CERTAIN HEDGING ACTIVITIES. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation. The Company has reviewed the requirements of SFAS No. 133 and has determined that it currently has no free-standing or embedded derivatives. Application of this standard did not have an impact on the Company's reported operating results or financial position.

3. The following table reflects the calculation of basic and diluted earnings per share from continuing operations (dollars and shares in thousands, except per share amounts):

<TABLE>
<CAPTION>

	QUARTER ENDED MARCH 31,	
	2001	2000
<S>	<C>	<C>
Income from continuing operations per share-basic:		
Income from continuing operations	$42,479	$42,024
Weighted average shares outstanding	71,685	72,135
Income from continuing operations per share-basic	$ 0.59	$ 0.58
Income from continuing operations per share-diluted:		
Income from continuing operations	$42,479	$42,024
Weighted average shares outstanding	71,685	72,135
Dilutive impact of options	168	73
Shares contingently issuable	56	3
Weighted average shares and potential dilutive shares outstanding	71,909	72,211
Income from continuing operations per share-diluted	$ 0.59	$ 0.58

</TABLE>

During the first quarter of 2001 and 2000, options to purchase 4.0 million and 5.5 million common shares, respectively, were outstanding but were not included in the computation of diluted earnings per share. The exercise prices of the excluded options were greater than the average market price of the Company's common shares during the respective periods.

4. Certain amounts reported in 2000 have been reclassified to conform with the 2001 presentation. These changes had no impact on previously reported net income or shareholders' equity.

5. Inventories were comprised of the following (dollars in thousands):

<TABLE>
<CAPTION>

	MARCH 31, 2001	DECEMBER 31, 2000
<S>	<C>	<C>
Raw materials	$ 2,685	$ 2,879
Semi-finished goods	6,555	6,504
Finished goods	1,066	1,177
Total	$10,306	$10,560

</TABLE>

6. As of March 31, 2001, the Company had committed lines of credit for $450.0 million available for borrowing and as support for its $300.0 million commercial paper program. No amounts were drawn on these lines during the first three months of 2001. The average amount drawn on these lines during 2000 was $18.8 million at a weighted-average interest rate of 6.26%. As of March 31, 2001 and December 31, 2000, no amounts were outstanding under these lines of credit. The average amount of commercial paper outstanding during the first three months of 2001 was $27.7 million at a weighted-average interest rate of 5.34%. As of March 31, 2001, $77.5 million was outstanding at a weighted-average interest rate of 5.05%. The average amount of commercial paper outstanding during 2000 was $6.2 million at a weighted-average interest rate of 6.56%. No commercial paper was outstanding as of December 31, 2000.

The Company had uncommitted bank lines of credit for $60.0 million available at variable interest rates. No amounts were drawn on these lines of credit during the first three months of 2001. The average amount drawn on these lines of credit during 2000 was $33,000 at a weighted-average interest rate of 6.38%. As of March 31, 2001 and December 31, 2000, no amounts were outstanding under these lines of credit.

The Company has a shelf registration in place for the issuance of up to $300.0 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of March 31, 2001 and December 31, 2000, no such notes were issued or outstanding.

7. The Company's consolidated balance sheets reflect restructuring accruals of $2.3 million and $3.1 million as of March 31, 2001 and December 31, 2000, respectively, for employee severance costs. The status of these restructuring accruals as of March 31, 2001 was as follows (dollars in millions):

<TABLE>
<CAPTION>

	CHECK PRINTING PLANT CLOSINGS/OTHER(1)		SG&A REDUCTIONS(2)		OTHER(3)		TOTAL	
	AMOUNT	NO. OF EMPLOYEES AFFECTED	AMOUNT	NO. OF EMPLOYEES AFFECTED	AMOUNT	NO. OF EMPLOYEES AFFECTED	AMOUNT	NO. OF EMPLOYEES AFFECTED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2000	$0.8	70	$ 1.5	40	$ 0.8	35	$3.1	145
Severance paid.....	(0.3)	(15)	(0.3)	--	(0.2)	(18)	(0.8)	(33)
Balance, March 31, 2001.....	$0.5	55	$ 1.2	40	$ 0.6	17	$2.3	112

</TABLE>

(1) Includes charges related to implementing a new order processing and customer service system.
(2) Includes charges related to the Company's initiative to reduce selling, general and administrative expense.
(3) Includes charges relating to the scaling-back of PlaidMoon.

8. During 2000, the Company operated two business segments: Paper Payment Systems and eFunds. On December 29, 2000, the Company disposed of the eFunds segment via a spin-off transaction. For 2001, the Company has re-organized its remaining businesses into three business segments: FI Checks, Direct Checks and Business Forms. FI Checks sells checks and related products and services through

financial institutions. Direct Checks sells checks and related products directly to consumers through direct mail and the Internet. Business Forms sells checks, forms and related products to small businesses through both financial institutions and directly to customers via direct mail and the

Internet. All three segments operate only in the United States. Prior year segment information has been revised to reflect this new organization.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as presented in the Company's notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. Corporate expenses have been allocated to the segments based on segment revenues. This allocation includes expenses for various support functions such as executive management, human resources and finance, and includes depreciation and amortization expense related to corporate assets. The corresponding corporate asset balances have not been allocated to the segments. Corporate assets consist primarily of cash, investments and deferred tax assets relating to corporate activities.

The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations and the sharing of assets. Therefore, the Company does not represent that these segments, if operated independently, would report the operating income and other financial information shown. The following is the Company's segment information for the first quarter of 2001 and 2000 (dollars in thousands):

<TABLE>
<CAPTION>

		FI CHECKS	DIRECT CHECKS	BUSINESS FORMS	CORPORATE AND UNALLOCATED	CONSOLIDATED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenue:						
	2001	$186,169	$ 80,140	$ 49,485	$ --	$315,794
	2000	205,278	69,709	46,591	--	321,578
Operating income:						
	2001	31,453	20,455	15,634	--	67,542
	2000	43,192	11,891	13,971	--	69,054
Depreciation and amortization expense:						
	2001	13,172	3,647	1,169	--	17,988
	2000	11,924	2,272	1,151	--	15,347
Total assets:						
	2001	307,788	145,999	39,282	108,835	601,904
	2000	342,085	154,440	43,089	354,519	894,133
Purchases of capital assets:						
	2001	7,069	1,794	797	30	9,690
	2000	7,196	1,639	487	2,782	12,104

</TABLE>

Corporate and Unallocated assets as of March 31, 2000, includes net assets of discontinued operations of $223.9 million. Corporate and Unallocated purchases of capital assets includes activity related to the Company's PlaidMoon project, which was scaled-back and repositioned into the other segments in the fourth quarter of 2000.

9. Discontinued operations represents the results of the Company's eFunds segment, which was disposed of via a spin-off transaction on December 29, 2000. Revenue and loss from discontinued operations for the quarter ended March 31, 2000, were as follows (dollars in thousands):

<TABLE>

<S>	<C>
Revenue from external customers.....	$84,614
Pre-tax income from operations of discontinued operations before measurement date.....	4,209
Pre-tax costs of spin-off.....	(135)
Income tax expense.....	1,776
Income from discontinued operations.....	$ 2,298

</TABLE>

In conjunction with the spin-off of eFunds, the Company has agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of eFunds' electronic benefits transfer and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000, and from certain future losses on identified loss contracts. The maximum amount of litigation

and contract losses for which the Company will indemnify eFunds is $14.6 million. Through March 31, 2001, no amounts have been paid or claimed under this indemnification agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

COMPANY PROFILE

During 2000, we operated two business segments: Paper Payment Systems and eFunds. On December 29, 2000, we disposed of the eFunds segment via a spin-off transaction. For 2001, we have re-organized our remaining businesses into three business segments: FI Checks, Direct Checks and Business Forms. FI Checks sells checks and related products and services through financial institutions. Direct Checks sells checks and related products directly to consumers through direct mail and the Internet. Business Forms sells checks, forms and related products to small businesses through both financial institutions and directly to customers via direct mail and the Internet. All three segments operate only in the United States.

RESULTS OF OPERATIONS - QUARTER ENDED MARCH 31, 2001 COMPARED TO THE QUARTER ENDED MARCH 31, 2000

REVENUE - Revenue decreased $5.8 million, or 1.8%, to $315.8 million in the first quarter of 2001 from $321.6 million in the first quarter of 2000. Units were down 4.0% as compared to the first quarter of 2000, while revenue per unit was up 2.3% as compared to last year. The decrease in revenue was primarily due to volume declines for FI Checks due to competitive pricing pressure and a shift by consumers to the direct channel. Partially offsetting this decline were price increases and increased volume for our other two segments. Direct Checks volume increased due to the acquisition of Designer Checks in February 2000, while Business Forms benefited from continued financial institution referrals.

We anticipate that 2001 revenue will be flat compared to 2000. We plan to offset volume declines by expanding product offerings and increasing our customer base through promotional spending.

GROSS PROFIT - Gross profit decreased $6.9 million to $199.3 million in the first quarter of 2001 from $206.2 million in the first quarter of 2000. As a percentage of revenue, gross margin decreased to 63.1% in the first quarter of 2001 from 64.1% in the first quarter of 2000. The decrease was due primarily to higher delivery costs for FI Checks, as well as the volume decline experienced by this business. The price increases within Direct Checks and Business Forms partially offset the decline.

We expect our 2001 gross margin percentage to be flat as compared to 2000. We plan to continue process improvements in 2001, although the large levels of cost savings seen in previous years are not anticipated.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE - SG&A expense decreased $5.4 million, or 3.9%, to $131.8 million in the first quarter of 2001 from $137.2 million in the first quarter of 2000. As a percentage of revenue, SG&A expense decreased to 41.7% in 2001 from 42.6% in 2000. The decrease was primarily due to reduced corporate expenses.

We will continue to enhance our e-commerce capabilities and increase promotional spending to obtain new customers in our direct to consumer businesses. Excluding the asset impairment charges of $9.7 million which we recorded in the fourth quarter of 2000, we expect to see a slight decrease in SG&A expense in 2001 as compared to last year.

INTEREST EXPENSE - Interest expense decreased $2.0 million to $1.4 million in the first quarter of 2001 from $3.4 million in the first quarter of 2000. We had less debt in the first quarter of 2001 due to the payment of our $100.0 million of unsecured and unsubordinated notes in February 2001. Additionally, interest rates were lower during the first quarter of 2001.

PROVISION FOR INCOME TAXES - Our effective tax rate in the first quarter of 2001 was 37.5% compared to 37.1% in the first quarter of 2000.

INCOME FROM CONTINUING OPERATIONS - Income from continuing operations in the first quarter of 2001 increased $0.5 million, or 1.1%, to $42.5 million from $42.0 million in the first quarter of 2000. The decrease in operating income was more than offset by lower interest expense.

DISCONTINUED OPERATIONS - Income from discontinued operations was $2.3

million in the first quarter of 2000. This represents the results of our eFunds segment, which was disposed of via a spin-off transaction on December 29, 2000, as well as the costs of the spin-off.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL CONDITION

As of March 31, 2001, we had cash and cash equivalents of $4.1 million, as well as marketable securities of $15.6 million. Our working capital on March 31, 2001 was negative $138.7 million compared to negative $96.4 million on December 31, 2000. The current ratio on March 31, 2001 and December 31, 2000 was 0.5 to 1 and 0.7 to 1, respectively.

The following table shows our cash flow activity for the first three months of 2001 and 2000 and should be read in conjunction with our consolidated statements of cash flows (dollars in thousands):

<TABLE>
<CAPTION>

	QUARTER ENDED MARCH 31,	
	2001	2000
<S>	<C>	<C>
Continuing operations:		
Cash provided by operating activities.....	$ 26,197	$ 32,643
Cash used by investing activities.....	(9,131)	(77,430)
Cash used by financing activities.....	(93,651)	(44,853)
Cash used by continuing operations.....	(76,585)	(89,640)
Cash used by discontinued operations.....	--	(15,635)
Net decrease in cash and cash equivalents....	$ (76,585)	$(105,275)

</TABLE>

Cash provided by operating activities was $26.2 million in the first quarter of 2001. Cash provided by operating activities represents our primary source of working capital and the source for financing capital expenditures and paying cash dividends. We believe that cash provided by operating activities, as well as cash available from our current credit facilities and commercial paper program, is sufficient to sustain our existing operations, provide cash for share repurchases and fund possible acquisitions.

During the first quarter of 2001, earnings before interest, taxes, depreciation and amortization (EBITDA) were $86.8 million. These operating cash inflows were utilized primarily to make 2000 employee profit sharing and pension contributions, to acquire FI Checks clients, to pre-fund our trust for employee medical costs and to make income tax payments.

Cash on hand at year-end, cash provided by first quarter operating activities and the issuance of $77.5 million of commercial paper enabled us to make payments on long-term debt of $100.3 million, make share repurchases of $47.4 million, pay dividends of $26.8 million and purchase $9.7 million of capital assets during the first quarter of 2001.

As of March 31, 2001, we had committed lines of credit for $450.0 million available for borrowing and as support for our $300.0 million commercial paper program. No amounts were drawn on these lines during the first three months of 2001. The average amount drawn on these lines during 2000 was $18.8 million at a weighted-average interest rate of 6.26%. As of March 31, 2001 and December 31, 2000, no amounts were outstanding under these lines of credit. The average amount of commercial paper outstanding during the first three months of 2001 was $27.7 million at a weighted-average interest rate of 5.34%. As of March 31, 2001, $77.5 million was outstanding at a weighted-average interest rate of 5.05%. The average amount of commercial paper outstanding during 2000 was $6.2 million at a weighted-average interest rate of 6.56%. No commercial paper was outstanding as of December 31, 2000.

We had uncommitted bank lines of credit for $60.0 million available at variable interest rates. No amounts were drawn on these lines of credit during the first three months of 2001. The average amount drawn on these lines of credit during 2000 was $33,000 at a weighted-average interest rate of 6.38%. As of March 31, 2001 and December 31, 2000, no amounts were outstanding under these lines of credit.

We have a shelf registration in place for the issuance of up to $300.0 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities. As of March 31, 2001 and December 31, 2000, no such notes were issued or outstanding.

In conjunction with the spin-off of eFunds, we have agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of eFunds' electronic benefits transfer and medical eligibility verification businesses prior to eFunds' initial public offering in June 2000, and from certain future losses on identified loss contracts. The maximum amount of litigation and contract losses for which we will indemnify eFunds is $14.6 million. Through March 31, 2001, no amounts have been paid or claimed under this indemnification agreement.

RECENT DEVELOPMENTS

On January 1, 2001, we adopted Statement of Financial Accounting Standard (SFAS) No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by SFAS No. 138, ACCOUNTING FOR CERTAIN DERIVATIVE INSTRUMENTS AND CERTAIN HEDGING ACTIVITIES. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivatives, including those embedded in other contracts, be recognized as either assets or liabilities and that those financial instruments be measured at fair value. The accounting for changes in the fair value of derivatives depends on their intended use and designation. We have reviewed the requirements of SFAS No. 133 and have determined that we currently have no free-standing or embedded derivatives. Application of this SFAS did not have an impact on our reported operating results or financial position.

In January 2001, we announced that our board of directors approved a stock repurchase program, authorizing the repurchase of up to 14 million shares of Deluxe common stock. Under this program, we have repurchased two million shares through March 31, 2001.

In February 2001, we paid our $100.0 million unsecured and unsubordinated notes utilizing cash on hand.

In March 2001, we increased the amount of our commercial paper program from $150.0 million to $300.0 million.

OUTLOOK

We continue to take steps throughout the company that are directly related to our business strategy. Our strategy is:

- We will leverage our core competencies of personalization, direct marketing and e-commerce to expand the opportunities in our existing businesses.

- We will invest in our existing businesses by adding services and expanding product offerings.

- We will consider acquisitions that leverage our core competencies and that are accretive to earnings and cash flow per share.

- We will invest in technology and processes that will lower our cost structure and enhance our revenue opportunities.

In line with this strategy, we have recently expanded our product offerings by introducing a new line of Disney check packages. Additionally, Direct Checks has had success in leveraging our e-commerce capabilities. Internet orders for this segment in the first quarter of 2001 reached approximately 15% of total order volume, more than doubling from the first quarter of 2000.

The check printing industry is a mature one. However, our existing leadership position in the marketplace contributes to our financial strength. While we don't anticipate significant growth in 2001, we believe that our business strategy will enable us to increase shareholder value.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to changes in interest rates primarily as a result of the borrowing and investing activities used to maintain liquidity and fund business operations. We do not engage in speculative or leveraged transactions, nor do we hold or issue financial instruments for trading purposes. We continue to utilize commercial paper to fund working capital requirements and share repurchases. We also have various lines of credit available, as well as a shelf registration for the issuance of up to $300.0 million in medium-term notes. The nature and amount of debt outstanding can be expected to vary as a result of future business requirements, market conditions and other factors. As of March 31, 2001, we had $77.5 million of commercial paper outstanding at a weighted-average interest rate of 5.05%. The carrying value of this debt approximates its fair value due

to its short-term duration. Other than capital lease obligations, we had no long-term debt outstanding as of March 31, 2001.

As of March 31, 2001, we had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of $15.6 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, we have the ability to hold these fixed income investments until maturity and therefore would not expect to recognize an adverse impact on income or cash flows.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Other than routine litigation incidental to its business, there are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of the Company's property is subject.

Item 5. Other Information

CAUTIONARY STATEMENTS

The Private Securities Litigation Reform Act of 1995 ("the Reform Act") provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information. We are filing this cautionary statement in connection with the Reform Act. When we use the words or phrases "should result," "believe", "intend", "plan", "are expected to," "targeted," "will continue," "will approximate," "is anticipated," "estimate," "project" or similar expressions in this Quarterly Report on Form 10-Q, in future filings with the Securities and Exchange Commission ("the Commission"), in our press releases and in oral statements made by our representatives, they indicate forward-looking statements within the meaning of the Reform Act.

We want to caution you that any forward-looking statements made by us or on our behalf are subject to uncertainties and other factors that could cause them to be wrong. Some of these uncertainties and other factors are listed under the caption "Risk Factors" below (many of which have been discussed in prior filings with the Commission). Although we have attempted to compile a comprehensive list of these important factors, we want to caution you that other factors may prove to be important in affecting future operating results. New factors emerge from time to time, and it is not possible for us to predict all of these factors, nor can we assess the impact each factor or combination of factors may have on our business.

You are further cautioned not to place undue reliance on those forward-looking statements because they speak only of our views as of the date the statements were made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

RISK FACTORS

THE PAPER CHECK INDUSTRY OVERALL IS A MATURE INDUSTRY AND IF THE INDUSTRY DECLINES FASTER THAN EXPECTED, OUR BUSINESS COULD BE HARMED.

Check printing is, and is expected to continue to be, an essential part of our business and the principal source of our operating income. We primarily sell checks for personal and small business use and believe that there will continue to be a substantial demand for these checks for the foreseeable future. However, according to our estimates, growth in total checks written by

individuals and small businesses was flat in 2000 compared to 1999, and the total number of personal, business and government checks written in the United States has been in decline since 1997. We believe that checks written by individuals and small businesses will eventually decline due to the increasing use of alternative payment methods, including credit cards, debit cards, smart cards, automated teller machines, direct deposit, electronic and other bill paying services, home banking applications and Internet-based payment services. However, the rate and the extent to which alternative payment methods will achieve consumer acceptance and replace checks cannot be predicted with certainty. A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for checks and a material, adverse effect on our business, results of operations and prospects.

WE FACE INTENSE COMPETITION IN ALL AREAS OF OUR BUSINESS.

Although we believe we are the leading check printer in the United States, we face considerable competition. In addition to competition from alternative

payment systems, we also face considerable competition from other check printers in our traditional sales channel through financial institutions, from direct mail sellers of checks and from sellers of business checks and forms. Additionally, we face competition from check printing software vendors, and increasingly, from Internet-based sellers of checks to individuals and small businesses. From time to time, some of our competitors have reduced the prices of their products in an attempt to gain volume. The corresponding pricing pressure placed on us has resulted in reduced profit margins in the past and similar pressures can reasonably be expected in the future. We cannot assure you that we will be able to compete effectively against current and future competitors. Continued competition could result in price reductions, reduced margins and loss of customers.

CONSOLIDATION AMONG FINANCIAL INSTITUTIONS MAY ADVERSELY AFFECT OUR ABILITY TO SELL OUR PRODUCTS.

Financial institutions have been undergoing large-scale consolidation, causing the number of financial institutions to decline. Margin pressures arise from this consolidation when merged entities seek not only the most favorable prices formerly offered to the predecessor institutions, but also additional discounts due to the greater volume represented by the combined entity. This concentration greatly increases the importance of retaining our major customers and attracting significant additional customers in an increasingly competitive environment. Although we devote considerable efforts towards the development of a competitively priced, high quality suite of products and services for the financial services industry, there can be no assurance that significant customers will not be lost or that any such loss can be counterbalanced through the addition of new customers or by expanded sales to our remaining customers.

FORECASTS INVOLVING FUTURE RESULTS REFLECT VARIOUS ASSUMPTIONS THAT MAY PROVE TO BE INCORRECT.

From time to time, our representatives make predictions or forecasts regarding our future results, including but not limited to, forecasts regarding estimated revenues, earnings or earnings per share. Any forecast regarding our future performance reflects various assumptions which are subject to significant uncertainties, and, as a matter of course, may prove to be incorrect. Further, the achievement of any forecast depends on numerous factors which are beyond our control. As a result, we cannot assure you that our performance will be consistent with any management forecasts or that the variation from such forecasts will not be material and adverse. You are cautioned not to base your entire analysis of our business and prospects upon isolated predictions, and are encouraged to use the entire available mix of historical and forward-looking information made available by us, and other information affecting us and our products and services, including the risk factors discussed here.

In addition, our representatives may occasionally comment publicly on the perceived reasonableness of published reports by independent analysts regarding our projected future performance. Such comments should not be interpreted as an endorsement or adoption of any given estimate or range of estimates or the assumptions and methodologies upon which such estimates are based. The methodologies we employ in arriving at our own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. We expressly disclaim any responsibility to advise analysts or the public markets of our views regarding the current accuracy of the published estimates of outside analysts. If you are relying on these estimates, you should pursue your own independent investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

UNCERTAINTIES EXIST REGARDING OUR SHARE REPURCHASE PROGRAM.

In January 2001, we announced that our board of directors had approved the repurchase of up to 14 million shares of our common stock. At that time we indicated that we expected to complete these purchases over a 12- to 18-month period. Stock

repurchase activities are subject to certain pricing restrictions, stock market forces, management discretion and various regulatory requirements. As a result, there can be no assurance as to the timing and/or amount of shares that we may repurchase under this share repurchase program.

OUR STRATEGIC INITIATIVES MAY COST MORE THAN ANTICIPATED AND MAY NOT BE SUCCESSFUL.

We are developing and evaluating plans and launching initiatives for future growth, including the development of additional products and services and the expansion of Internet commerce capabilities. These plans and initiatives will involve increased levels of investment. There can be no assurance that the amount of this investment will not exceed our expectations and result in materially increased levels of expense.

The new products and services we develop may not meet acceptance in the marketplace. Also, Internet commerce initiatives involve new technologies and business methods and serve new or developing markets. There is no assurance that these initiatives will achieve targeted revenue, profit or cash flow levels or result in positive returns on our investment. Internet commerce is also a relatively recent phenomenon and may not continue to expand as a medium of commerce.

THE SPIN-OFF OF eFUNDS CORPORATION MAY NOT RESULT IN INCREASED SHAREHOLDER VALUE IN THE LONG-TERM.

In December 2000, we completed the spin-off of eFunds Corporation (eFunds). On December 29, 2000, we distributed our 40 million shares of eFunds stock, representing 87.9% of eFunds' then total outstanding shares, to all our shareholders of record on December 11, 2000. Each shareholder received .5514 eFunds share for each Deluxe share owned. Cash was issued in lieu of fractional shares. There can be no assurance that the spin-off of eFunds will result in increased value to our shareholders in the long-term for many reasons or that the separation will achieve the desired levels of efficiency or cost savings in our operations.

WE MAY EXPERIENCE SOFTWARE DEFECTS THAT COULD HARM OUR BUSINESS AND REPUTATION.

We use sophisticated software and computing systems. We may experience difficulties in installing or integrating our technologies on platforms used by our customers or in new environments, such as the Internet. Errors or delays in the processing of check orders or other difficulties could result in lost customers, delay in market acceptance, additional development costs, diversion of technical and other resources, negative publicity or exposure to liability claims.

WE FACE UNCERTAINTY WITH RESPECT TO FUTURE ACQUISITIONS.

We have acquired complementary businesses in the past as part of our business strategy and may pursue acquisitions of complementary businesses in the future. We cannot predict whether suitable acquisition candidates can be acquired on acceptable terms or whether any acquired products, technologies or businesses will contribute to our revenues or earnings to any material extent. A significant acquisition could result in the potentially dilutive issuance of equity securities, the incurrence of contingent liabilities or debt, or additional amortization expense relating to goodwill and other intangible assets, and thus, could adversely affect our business, results of operations and financial condition. Additionally, the success of any acquisition would depend upon our ability to effectively integrate the acquired businesses into ours. The process of integrating acquired businesses may involve numerous risks, including among others, difficulties in assimilating operations and products, diversion of management's attention from other business concerns, risks of operating businesses in which we have limited or no direct prior experience, potential loss of our key employees or key employees of acquired businesses, potential exposure to unknown liabilities and possible loss of our customers or customers of the acquired businesses.

WE FACE RESTRICTIONS ON OUR ABILITY TO ACQUIRE OR ISSUE DELUXE SHARES.

Under Section 355(e) of the Internal Revenue Code, the spin-off of eFunds could be taxable if 50% or more of our shares are acquired as part of a plan or series of transactions that include the spin-off. For this purpose, any acquisitions of our shares within two years before or after the spin-off are presumed to be part of such a plan, although we may be able to rebut that presumption. As a result of the possible adverse U.S. federal income tax consequences, we may be restricted in our ability to affect certain acquisitions, issuances of our shares or other transactions that would result in a change of control of Deluxe. Section 355(e) of the Internal Revenue Code is not expected to place limitations on the stock repurchase program we announced in January 2001.

INCREASED PRODUCTION AND DELIVERY COSTS COULD ADVERSELY AFFECT OUR OPERATING RESULTS.

Increases in production costs such as labor and paper could adversely affect our profitability. In addition, events such as the 1997 United Parcel Services strike can also adversely impact our margins by imposing higher delivery costs. Competitive pressures in the check printing industry may inhibit our ability to reflect any of these increased costs in the prices of our products.

WE DEPEND ON A LIMITED SOURCE OF SUPPLY FOR OUR PRINTING PLATE MATERIAL AND THE UNAVAILABILITY OF THIS MATERIAL COULD HAVE AN ADVERSE EFFECT ON OUR RESULTS OF OPERATIONS.

Our check printing operations utilize a paper printing plate material that is available from only a limited number of sources. We believe we have a reliable source of supply for this material and that we maintain an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply. In the event, however, that our current supplier becomes unwilling or unable to supply the required printing plate material at an acceptable price and we are unable to locate a suitable alternative source within a reasonable time frame, we would be forced to convert our facilities to an alternative printing process. Any such conversion would require the unanticipated investment of significant sums and could result in production delays and loss of business.

WE MAY BE UNABLE TO PROTECT OUR INTELLECTUAL PROPERTY.

Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property or otherwise independently develop substantially equivalent products and services. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm our business and ability to compete. We rely on a combination of trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect our trademarks, software and know-how. We may be required to spend significant resources to protect our trade secrets and monitor and police our intellectual property rights.

Third parties may assert infringement claims against us in the future. In particular, there has been a substantial increase in the issuance of patents for Internet-related systems and business methods, which may have broad implications for all participants in Internet commerce. Claims for infringement of these patents are increasingly becoming a subject of litigation. If we become subject to an infringement claim, we may be required to modify our products, services and technologies or obtain a license to permit our continued use of those rights. We may not be able to do either of these things in a timely manner or upon reasonable terms and conditions. Failure to do so could seriously harm our business, operating results and prospects as a result of lost business, increased expense or being barred from offering our products or implementing our systems or other business methods. In addition, future litigation relating to infringement claims could result in substantial costs and a diversion of management resources. Adverse determinations in any litigation or proceeding could also subject us to significant liabilities and could prevent us from using or offering some of our products, services or technologies.

WE ARE DEPENDENT UPON eFUNDS FOR CERTAIN SIGNIFICANT INFORMATION TECHNOLOGY NEEDS.

We have entered into an agreement with eFunds for the provision of software development, maintenance and support services through March 31, 2005. In the event that eFunds is not able to provide adequate information technology services, we would be adversely affected. Although we believe that information technology services are available from numerous sources, a failure to perform by eFunds could cause a disruption in our business while we obtain an alternative source of supply.

LEGISLATION RELATING TO CONSUMER PRIVACY PROTECTION COULD HARM OUR BUSINESS.

In July 2001, we will be subject to regulations implementing the privacy requirements of a new federal financial modernization law known as The Gramm-Leach-Bliley Act ("the Act"). The Act requires us to develop and implement policies to protect the security and confidentiality of consumers' nonpublic personal information and to disclose these policies to consumers before a customer relationship is established and annually thereafter. These new regulations could have the effect of increasing our expenses and otherwise foreclosing future business initiatives.

The Act does not prohibit state legislation or regulations that are more restrictive on the collection and use of data. More restrictive legislation or regulations have been introduced in the past and could be introduced in the future in Congress and the

states. We are unable to predict whether more restrictive legislation or regulations will be adopted in the future. Any future legislation or regulations could have a negative impact on our business, results of operations or prospects.

Laws and regulations may be adopted in the future with respect to the Internet or e-commerce covering issues such as user privacy. New laws or regulations may impede the growth of the Internet. This could decrease traffic to our websites and decrease the demand for our products and services. Additionally, the applicability to the Internet of existing laws governing property ownership, taxation, libel and personal privacy is uncertain and may

remain uncertain for a considerable length of time.

THE INTERNAL REVENUE SERVICE (IRS) MAY TREAT THE SPIN-OFF OF eFUNDS AS TAXABLE TO US AND TO OUR SHAREHOLDERS IF REPRESENTATIONS MADE TO THE IRS WERE INACCURATE OR IF UNDERTAKINGS MADE TO THE IRS OR THE REQUIREMENTS OF THE INTERNAL REVENUE CODE ARE NOT FULFILLED.

We have received confirmation from the IRS that, for U.S. federal income tax purposes, the spin-off of eFunds is tax-free to us and to our shareholders, except to the extent that cash was received in lieu of fractional shares. This confirmation is premised on a number of representations and undertakings made by us and by eFunds to the IRS, including representations with respect to each company's intention not to engage in certain transactions in the future. The spin-off may be held to be taxable to us and to our shareholders who received eFunds shares if the IRS determines that any of the representations made are incorrect or untrue in any respect, or if any undertakings made are not complied with. If the spin-off is held to be taxable, both Deluxe and our shareholders who received eFunds shares could be subject to a material amount of taxes. eFunds will be liable to us for any such taxes incurred to the extent such taxes are attributable to specific actions or failures to act by eFunds, or to specific transactions involving eFunds following the spin-off. In addition, eFunds will be liable to us for a portion of any taxes incurred if the spin-off fails to qualify as tax-free as a result of a retroactive change of law or other reason unrelated to the action or inaction of either us or eFunds. eFunds may not, however, have adequate funds to perform its indemnification obligations and such indemnification obligations are only for the benefit of Deluxe and not individual shareholders.

WE MAY BE SUBJECT TO ENVIRONMENTAL RISKS.

Our check printing plants are subject to many existing and proposed federal and state regulations designed to protect the environment. In some instances, we owned and operated our check printing plants before the environmental regulations came into existence. We have sold former check printing plants to third parties and in most instances have agreed to indemnify the current owner of the facility for on-site environmental liabilities. Although we are not aware of any fact or circumstance which would require the future expenditure of material amounts for environmental compliance, if environmental liabilities are discovered at our check printing plants, we could be required to spend material amounts for environmental compliance in the future.

WE MAY BE SUBJECT TO SALES AND OTHER TAXES WHICH COULD HAVE ADVERSE EFFECTS ON OUR BUSINESS.

In accordance with current federal, state and local tax laws, and the constitutional limitations thereon, we currently collect sales, use or other similar taxes in state and local jurisdictions where our direct-to-consumer businesses have a physical presence. One or more state or local jurisdictions may seek to impose sales tax collection obligations on us and other out-of-state companies which engage in remote or online commerce. Further, tax law and the interpretation of constitutional limitations thereon, are subject to change. In addition, any new operations of these businesses in states where they do not presently have a physical presence could subject shipments of goods by these businesses into such states to sales tax under current or future laws. If one or more state or local jurisdictions successfully asserts that we must collect sales or other taxes beyond our current practices, it could have a material, adverse affect on our business.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report:

Exhibit Number	Description	Method of Filing
3.1	Articles of Incorporation (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1990).	*
3.2	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q ("the September 1999 10-Q") for the quarter ended September 30, 1999).	*
4.1	Amended and Restated Rights Agreement, dated as of January 31, 1997, by and between the Company and Norwest Bank Minnesota, National Association, as Rights Agent, which includes as Exhibit A thereto, the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Commission on February 7, 1997).	*

4.2	Indenture, relating to up to $150,000,000 of debt securities (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (33-32279) filed with the Commission on November 24, 1989).	*
4.3	Amended and Restated Credit Agreement, dated as of July 8, 1997, among the Company, Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto, related to a $150,000,000 committed line of credit (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).	*
4.4	Credit Agreement, dated as of August 30, 1999 (the "August 30, 1999 Credit Agreement"), among the Company, Bank of America, N.A. as the sole and exclusive administrative agent, and the other financial institution party thereto related to a $500,000,000 revolving credit agreement (incorporated by reference to Exhibit 4.4 to the September 1999 10-Q).	*
4.5	Amendment No. 1 to Amended and Restated Rights Agreement, entered into as of January 21, 2000, between the Company and Norwest Bank Minnesota, National Association as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 to its Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2000).	*
4.6	Extension of the August 30, 1999 Credit Agreement, entered into as of August 14, 2000 (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q ("the September 2000 10-Q") for the Quarter Ended September 30, 2000).	*
4.7	Amendment to Amended and Restated Credit Agreement dated July 8, 1997, entered into as of August 14, 2000 (incorporated by reference to Exhibit 10.5 to the September 2000 10-Q).	*

4.8	Second Amendment to Amended and Restated Credit Agreement dated July 8, 1997, entered into as of October 5, 2000 (incorporated by reference to Exhibit 4.8 to the Company's Report on Form 10-K ("the 2000 10-K") for the Year Ended December 31, 2000).	*
4.9	Amendment to the August 30, 1999 Credit Agreement, entered into as of October 5, 2000 (incorporated by reference to Exhibit 4.9 to the 2000 10-K).	*
10.1	Deluxe Corporation Deferred Compensation Plan - 2001 Restatement, effective October 26, 2000.	Filed herewith
10.2	Executive Retention Agreement between the Company and Lawrence J. Mosner dated April 2, 2001.	Filed herewith
12.1	Statement re: computation of ratios.	Filed herewith

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*Incorporated by reference

(b) Reports on Form 8-K:

* January 12, 2001 report announcing the completion of the spin-off of eFunds and providing required pro forma financial information.

* March 21, 2001 report concerning a change in certified public accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELUXE CORPORATION

(Registrant)

Date: May 8, 2001 /s/ Lawrence J. Mosner

Lawrence J. Mosner, Chairman of the
Board and Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2001 /s/ Douglas J. Treff

Douglas J. Treff
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

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EXHIBIT 10.1

DELUXE CORPORATION
DEFERRED COMPENSATION PLAN
(2001 RESTATEMENT)

DELUXE CORPORATION
DEFERRED COMPENSATION PLAN
(2001 RESTATEMENT)

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DELUXE CORPORATION
DEFERRED COMPENSATION PLAN
(2001 RESTATEMENT)

SECTION 1

RESTATEMENT AND PURPOSE

1.1. RESTATEMENT. Deluxe Corporation, a Minnesota corporation (hereinafter called the "Company"), established, effective as of November 15, 1983, a deferred compensation plan known as the "DELUXE CORPORATION DEFERRED COMPENSATION PLAN" (hereinafter called the "Plan"). The Plan was subsequently restated effective as of January 1, 1996, and amended effective January 1, 1997, and was restated effective October 26, 2000 (except as otherwise indicated). The Plan is now again restated effective October 26, 2000 (the "Effective Date"), except as otherwise indicated in Section 5.

1.2. PURPOSE. The purpose of the Plan is to provide a means whereby amounts payable by the Company to Participants (as hereinafter defined) may be deferred to some future period. It is also the purpose of the Plan to attract and retain as employees persons whose abilities, experience and judgment will contribute to the growth and profitability of the Company.

SECTION 2

DEFINITIONS

2.1. DEFINITIONS. Whenever used in this Plan, the following terms shall have the meanings set forth below:

(a.) "Affiliate" means a business entity which is affiliated in ownership with the Company and is recognized as an Affiliate by the Management Committee for the purposes of this Plan.

(b.) "Base Salary" means the base salary scheduled to be paid to a Participant during a Plan Year without regard to any Incentive Compensation, or any portion deferred under this Plan.

(c.) "Committee" means the Compensation Committee of the Board of Directors of the Company.

(d.) "Deferral Account" means the separate bookkeeping account representing the unfunded and unsecured general obligation of Company established with

respect to each Participant to which is credited the dollar amounts specified in Section 5 and from which are subtracted payments made pursuant to Sections 6 and 8.

(e.) "Disability" means, as to a Participant who is an employee of the Company, a determination of disability under Company's Long Term Disability Plan. If the Participant is an employee of an Affiliate, "Disability" means as to such Participant, a

determination of disability under the Long Term Disability Plan of such Affiliate, or, if no such Plan exists, then under the Long Term Disability Plan of the Company as if such Participant were a participant in such plan. If the Company discontinues its Long Term Disability Plan, then "Disability" shall mean long term disability as defined in any other Plan of the Company which generally defines long term disability for purposes of such other plan. In no event, however, shall a Participant be considered to have a Disability for purposes of this Plan until such time as such Participant is entitled to begin (or would be entitled to begin, if such Participant were a participant in the relevant plan) receipt of benefits under such long term disability or other relevant plan.

(f.) "Eligible Employee" means an employee of the Company or its Affiliates who (i) is an officer or assistant officer, or (ii) has significant management or professional responsibilities, and (iii) who is highly compensated. Subject to the limitations contained in Section 3, the Management Committee from time to time may (i) establish rules governing the eligibility of employees of the Company and its Affiliates to participate in the Plan and, such rules, if adopted, shall be deemed to further define or amend, as the case may be, the definition of "Eligible Employee" herein, and (ii) permit certain employees of the Company and its Affiliates, who would not otherwise be eligible to participate in the Plan, to participate in the Plan.

(g.) "Event of Maturity" means any of the occurrences described in Section 6.1 by reason of which a Participant or Beneficiary may become entitled to a distribution from the Plan.

(h.) "Incentive Compensation" means the incentive, bonus, and similar compensation that is paid to a Participant based on performance or other factors during a Plan Year without regard to any portion deferred under this Plan. Incentive Compensation shall not include any awards made under the 2000 Stock Incentive Plan, or any subparts thereof, until such time as the Management Committee determines that all or a portion of such compensation is Incentive Compensation.

(i.) "Installment Amount" means a Deferral Account (expressed in dollars) that is to be paid during a period (having common initial and final installment dates) designated pursuant to Section 6.2.1 by the Participant in writing at the time of his or her enrollment or otherwise made in accordance with this Plan.

(j.) "Management Committee" means the Management Committee formed by the Chief Executive Officer pursuant to Section 12 of the Plan. "Participant" means any Eligible Employee who is affirmatively selected by the Management Committee and who elects to participate in the Plan.

(k.) "Plan Year" means the twelve-month period coinciding with the Company's fiscal year and ending on each December 31.

(l.) "Selected Distribution Date" shall mean the date that is designated in accordance with this Plan by the Participant in writing at the time of his or her enrollment as the date for the payment or commencement of payments of his or her Deferral Account. In the absence of an effective election of any other date, a Participant's Selected Distribution Date shall be the date of his or her Termination of Employment.

(m.) "Termination of Employment" means a complete severance of a Participant's employment relationship with the Company and all Affiliates. A transfer from employment with the Company to employment with an Affiliate of the Company or other transfer between Affiliates or from an Affiliate to the Company shall not constitute a Termination of Employment. If an Affiliate ceases to be an Affiliate because of a sale or other disposition of substantially all its stock or assets, then Participants who are employed by that Affiliate shall be deemed to have had a Termination of Employment for the purposes of this Plan as of the effective date of such sale.

2.2. TRANSITION RULE. Subject to rules and deadlines established by the Management Committee, Participants with Deferral Accounts as of October 26, 2000 who have not commenced receiving payments under Section 5 shall have an opportunity to change the deferral election(s) for their Deferral Accounts and

elect a new designation of a time and form of payment pursuant to Section 6.2.4. Such new designation must, however, apply to the entire Deferral Account such that after the new designation, the Participant shall have one Selected Distribution Date and one form of payment under Section 6 for his or her entire Deferral Account. Participants failing to make an effective new designation or not eligible for a new designation pursuant to this transition rule shall receive their distribution by giving effect to the prior effective election(s) under the Plan.

SECTION 3

ELIGIBILITY FOR PARTICIPATION

Each Eligible Employee of the Company and its Affiliates shall be eligible to participate in the Plan and shall become a Participant upon selection by the Management Committee. In the event a Participant ceases to be an Eligible Employee, he or she shall become an inactive Participant, retaining all the rights described under the Plan, except the right to elect any further deferrals. Notwithstanding anything apparently to the contrary in this Plan or in any written communication, summary, resolution or document or oral communication, no individual shall be a Participant in this

Plan, develop benefits under this Plan or be entitled to receive benefits under this Plan (either for himself or herself or his or her survivors) unless such individual is a member of a select group of management or highly compensated employees (as that expression is used in ERISA). If a court of competent jurisdiction, any representative of the U.S. Department of Labor or any other governmental, regulatory or similar body makes any direct or indirect, formal or informal, determination that an individual is not a member of a select group of management or highly compensated employees (as that expression is used in ERISA), such individual shall not be (and shall not have ever been) a Participant in this Plan at any time. If any person not so defined has been erroneously treated as a Participant in this Plan, upon discovery of such error such person's erroneous participation shall immediately terminate AB INITIO and the Company shall distribute the individual's Deferral Account immediately.

SECTION 4

ENROLLMENT AND ELECTIONS

4.1. INITIAL ENROLLMENT. Prior to the first Plan Year that an employee selected for participation becomes a Participant, such employee shall complete such forms and make such elections as required by the Company for effective administration of the Plan. Such initial enrollment:

(a.) Shall specify the form in which distribution of the Deferral Account attributable to that enrollment shall be made under Section 6 (and if such designation is not clearly made to the contrary, shall be deemed to have been an election of a single lump sum distribution).

(b.) Shall specify the time at which distribution shall be made which shall, subject to Section 6 hereof, be the later of such Participant's Selected Distribution Date or such Participant's Termination of Employment.

(c.) Shall be made upon forms furnished by the Company, shall be made at such time as the Company shall determine and shall conform to such other procedural and substantive rules as the Company shall prescribe from time to time.

(d.) Shall be irrevocable once it has been accepted by the Chief Executive Officer of the Company, except to the extent that a new designation is made effective in accordance with Section 6.2.4.

(e.) Shall contain a deferral election made in accordance with Section 4.2.

4.2. ELECTION TO DEFER. Prior to the first day of any Plan Year, a Participant may make a deferral election for that Plan Year. A separate election shall be made for each Plan Year. Each such deferral election:

(a.) Shall be irrevocable for the Plan Year with respect to which it is made once it has been accepted by the Chief Executive

Officer of the Company.

(b.) Shall designate the amount or portion of the Participant's Incentive Compensation which is earned during that Plan Year (without regard to whether it would be paid during that or a subsequent Plan Year) which shall not be paid to the Participant but instead shall be accumulated in this Plan under Section 5 and distributed from this Plan under Section 6. Such designation shall be in a minimum amount of $1,000. If expressed as a percentage, such percentage shall not exceed fifty percent (50%) of such Participant's targeted Incentive Compensation. If expressed as a dollar amount, such dollar amount shall not exceed the dollar amount equivalent of fifty percent (50%) of such Participant's targeted Incentive Compensation. If a dollar amount is elected, such election shall be reduced dollar for dollar if the Incentive Compensation declared is less than the election.

(c.) Shall designate the amount or portion of the Participant's Base Salary which is earned during that Plan Year (without regard to whether it would be paid during that or a subsequent Plan Year) which shall not be paid to the Participant but instead shall be accumulated in this Plan under Section 5 and distributed from this Plan under Section 6. Such designation shall be in a minimum amount of $1,000, and may be up to 100 percent (100%) of such Participant's Base Salary, less all FICA, federal, state and/or local income tax liabilities, and shall be automatically revoked if the Base Salary of the Participant is reduced during the Plan Year for which such election is made.

(d.) Shall be made upon forms furnished by the Company, shall be made at such time as the Company shall determine, shall be made before the beginning of the Plan Year with respect to which it is made and shall conform to such other procedural and substantive rules as the Company shall prescribe from time to time.

4.3. SPECIAL RULE FOR NEW HIRES. Notwithstanding anything to the contrary in this Plan, the Management Committee may designate an employee of the Company or its Affiliates as an Eligible Employee in the employee's year of hire if the new hire satisfies the eligibility requirements of Section 3. In such cases, the new hire may, prior to commencement of employment, make a deferral election for the current Plan Year as provided in Sections 4.1 and 4.2, except for the requirement that the election be made prior to the first day of the Plan Year. Such newly hired Participants, however, may defer Base Salary only and may not defer Incentive Compensation. Such new hires may also defer any hiring bonus provided by Company. In addition to Base Salary and hiring bonuses, a new hire may be allowed to defer other compensation as approved by the Management Committee. The newly hired Participant shall make deferral elections according to Sections 4.1 and 4.2 for Plan Years after the year of hire, as long as the employee continues to be an Eligible Employee.

SECTION 5

DEFERRAL ACCOUNTS
(EFFECTIVE JANUARY 1, 2000)

5.1. PARTICIPANT DEFERRAL ACCOUNTS. The Company shall establish and maintain a bookkeeping Deferral Account for each Participant. The Company shall, from time to time, provide each Participant with a statement indicating the balance of such Participant's Deferral Account. At its discretion the Company may obtain life insurance on the life of any or all Participants to provide all or a substantial portion of the money needed to pay the amounts deferred under the Plan. Each Participant's Deferral Account shall be credited, as appropriate, with one or more of the following:

(a.) Base Salary deferrals and Incentive Compensation deferrals made pursuant to Section 4 above;

(b.) Employee Benefit Plan Equivalents as provided by Section 5.2 below; and

(c.) Gains or losses on deemed investment options as provided by Section 5.3 below.

5.2. EMPLOYEE BENEFIT PLAN EQUIVALENT. To the extent the Company's contributions under its compensation-based benefit plans (including the Deluxe Corporation Supplemental Benefit Plan) are reduced as a result of the Participant's deferral of compensation under the Plan, the amount of such reduction shall be credited to the Participant's Deferral Account. Any amount credited under this procedure

shall be credited as of the last day of the Plan Year during which such compensation was earned without regard to whether it is paid in a subsequent year. Any amount credited to a Deferral Account of a Participant under this Plan shall not be duplicated, directly or indirectly, under any other plan of the Company.

5.3. INVESTMENT OPTIONS. The Management Committee shall permit a Participant to allocate the Participant's Deferral Account among one or more investment options for purposes of measuring the value of the benefit. That portion of the Deferral Account allocated to an investment option shall be deemed to be invested in such investment option and shall be valued as if so invested, reflecting all earnings, losses and other distributions or charges and changes in value which would have been incurred through such an investment. The determination of which investment options to make available, and the continued availability of selected investment options rests in the Management Committee's sole discretion. A Participant's request to allocate or reallocate among investment options must comply with any procedures established by the Management Committee and must be in such increments as the Management Committee may require. The Participant may not reallocate among investment options more frequently than once a quarter. All requests for allocation or reallocation are subject to acceptance by the Management Committee, at its discretion. If accepted by the Management Committee, an allocation request will be effective as soon as reasonably administratively practicable.

5.4. CHARGES AGAINST DEFERRAL ACCOUNTS. There shall be charged against each Participant's account any payments made to the Participant or his or her Beneficiary in accordance with Sections 6 or 7 of the Plan.

5.5. CONTRACTUAL OBLIGATION. It is intended that the Company is under a contractual obligation to make payments to a Participant when due. Such payments shall be made out of the general funds of the Company.

5.6. UNSECURED INTEREST. No Participant or Beneficiary shall have any interest whatsoever in any specific asset of the Company. To the extent any person acquires a right to receive payments under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

SECTION 6

PAYMENT OF DEFERRED AMOUNTS

6.1. EVENT OF MATURITY. A Participant's Deferral Account shall mature and shall become distributable in accordance with Section 6.2 and 6.3 upon the earliest occurrence of any of the following events:

(a.) The Participant's death;

(b.) The Participant's Disability; or

(c.) The occurrence of the Selected Distribution Date (except that if the Selected Distribution Date occurs prior to Termination of Employment, the Event of Maturity shall be Termination of Employment).

6.2. FORM OF DISTRIBUTION. Upon the occurrence of an Event of Maturity specified in Section 6.1 effective as to a Participant, the Company shall commence payment of such Participant's Deferral Account (reduced by the amount of any applicable payroll, withholding and other taxes) in the form designated by the Participant in his or her enrollment subject to the rules of this Section 6. A Participant shall not be required to make application to receive payment. Distribution shall not be made to any Beneficiary, however, until such Beneficiary shall have filed a written application for benefits and such other information as may be requested by the Company and such application shall have been approved by the Company.

6.2.1. FORM OF PAYMENT. Payment shall be made in whichever of the following forms as the Participant shall have designated in writing at the time of his or her initial enrollment or subsequent effective new designation under Section 6.2.4 (to the extent that such election is consistent with the rules of this Plan):

(a.) TERM CERTAIN INSTALLMENTS TO PARTICIPANT. Subject to Section 6.2.1(d), below, if the distributee is a Participant and the Deferral Account as of the applicable Event of Maturity (without giving effect to any gains or losses under Section 5.1(c) after such date) is at least Fifty Thousand Dollars

($50,000), in a series of monthly installments payable over a period not less than two (2) years and not more than ten (10) years. The amount of the monthly installments shall be approximately equal and shall include a reasonable gain or loss assumption as determined by the Company in its discretion from time to time.

(b.) CONTINUED TERM CERTAIN INSTALLMENTS TO BENEFICIARY. If the distributee is a Beneficiary of a deceased Participant and payment had commenced to the deceased Participant before his or her death over a period as specified in paragraph (a) above, in a series of annual installments payable over the remainder of such period.

(c.) LUMP SUM. If the distributee is either a Participant or Beneficiary (except as provided in Section 6.2.1(b)), in a single lump sum payment pursuant to Section 6.2.1(d), below.

(d.) LUMP SUM DISTRIBUTION NOTWITHSTANDING DESIGNATION. If a Participant's total Deferral Account is less than Fifty Thousand Dollars ($50,000) at the earlier to occur of Termination of Employment or an Event of Maturity, then, even if the Selected Distribution Date occurs after the Termination of Employment and regardless of whether the Participant elected to have his or her Deferral Account paid in installments pursuant to Section 6.2.1(a), such Participant's Deferral Account shall be paid in a single lump sum pursuant to the provisions of Section 6.2.2(a) below. If a Participant elected and is receiving installment distributions pursuant to Section 6.2.1(a) above (or if a Beneficiary is receiving installments pursuant to Section 6.2.1(b)) and if, during the period of installment distributions, the undistributed portion of such total Deferral Account becomes less than Five Thousand Dollars ($5,000), then the remaining Deferral Account shall be paid in a single lump sum.

(e.) LUMP SUM DISTRIBUTION UPON DISPOSITION OF AFFILIATE. Notwithstanding the foregoing provisions of this Section 6.2.1 or any enrollment of a Participant to the contrary, if a Termination of Employment is deemed to occur on account of a sale or other disposition of stock or assets of an Affiliate, the Deferral Accounts of Participants employed by such Affiliate who are deemed to have had such a Termination of Employment shall be distributed in a single lump sum.

6.2.2. TIME OF PAYMENT. Payment shall be made or commenced to a Participant in accordance with the following rules:

(a.) TERMINATION OF EMPLOYMENT. If the payment is to be made or commenced on account of the Participant's Termination of Employment, payment shall be made within sixty (60) days of such Termination of Employment.

(b.) DEATH -- INSTALLMENTS TO BENEFICIARY. If installments are recommenced pursuant to Section 6.2.1(b) on account of the Participant's death, the recommencement of such installment payments shall begin within sixty (60) days after the later date of such Participant's death or approval by the Management Committee of such Beneficiary's application for recommencement of installments.

(c.) DEATH -- LUMP SUM TO BENEFICIARY. If a single lump sum payment is to be made pursuant Section 6.2.1(c) to the Participant's Beneficiary, payment shall be made within the later of sixty (60) days after the Participant's death or the approval by the Management Committee of such Beneficiary's application for payment.

(d.) DISABILITY. If the payment is made on account of the Participant's Disability, payment shall be made in a single lump sum as if the Participant had a Termination of Employment as provided in paragraph (a) above, within sixty (60) days of the determination of the existence of such Disability.

(e.) SELECTED DISTRIBUTION DATE. Subject to the provisions of Section 6.2.1(d), if payment is to be made or commenced on a Selected Distribution Date, payment will be made or commenced within sixty (60) days of such Selected Distribution Date. If the Selected Distribution Date is Termination of Employment, either because so designated by the Participant as the

Selected Distribution Date or by default under Section 2.1(m), payment will be made or commenced within sixty (60) days of such Termination of Employment.

(f.) DISPOSITION OF AFFILIATE. If the payment is to be made on account of the Participant's Termination of Employment on account of a disposition of an Affiliate, payment shall be made within sixty (60) days of such disposition.

6.2.3. DEFAULT. If for any reason a Participant shall have failed to make a timely written designation of the form of distribution or of a Selected Distribution Date for payment (including reasons entirely beyond the control of the Participant), the payment shall be made in a single lump sum within sixty (60) days of the Participant's Termination of Employment. No spouse, former spouse, Beneficiary or other person shall have any right to participate in the Participant's selection of a form of benefit.

6.2.4. NEW DESIGNATION. At any time and from time to time, each Participant may file with the Chief Executive Officer of the Company (or as otherwise directed by the Management Committee) a new designation of a time and form of payment. Each subsequent designation shall supercede all prior designations and shall be effective as to the Participant's entire Deferral Account (including the portions of the Deferral Account attributable to periods before the new designation is filed) as if the new designation had been made in writing at the time of the Participant's initial enrollment. Notwithstanding the foregoing, any new designation shall be disregarded as if it had never been filed (and the prior effective designation shall be given effect) unless the designation was

filed with the Chief Executive Officer of the Company (or as otherwise directed by the Management Committee) at least thirteen (13) months before the Participant's Termination of Employment.

6.2.5. CODE SECTION 162(m) DELAY. If the Company determines that delaying the time when the initial payments are made or commenced would increase the probability that such payments would be fully deductible by the Company for federal or state income tax purposes, the Company may unilaterally delay the time of the making or commencement of such payments for up to twelve (12) months after the date such payments would otherwise be made.

6.3. SPECIAL RULE FOR eFUNDS PARTICIPANTS. Notwithstanding anything to the contrary in this Plan, the following provisions shall apply to all Participants who as of the spin off of eFunds Corporation ("eFunds") from the Company are employed by eFunds or a subsidiary or affiliated corporation of eFunds ("eFunds Participant"):

(a.) The spin off of eFunds shall not constitute a Termination of Employment for purposes of this Plan and payment shall not be made or commenced to eFunds Participants based on the occurrence of the spin off.

(b.) Unless eligible for distribution before the spin off, eFunds Participants shall not be eligible for payments of Deferral Accounts from the Plan until they have an Event of Maturity occurring after the spin off. Termination of Employment by eFunds (including all of its affiliates, defined as any business entity which is affiliated in ownership with eFunds and is recognized as an affiliate of eFunds by the Management Committee for purposes of this Plan) shall constitute a Termination of Employment for purposes of this Plan with respect to eFunds Participants.

(c.) The deferral elections of eFunds Participants shall immediately and automatically terminate upon occurrence of the spin off and there shall be no further deferrals of compensation for such eFunds Participants into this Plan. There shall also be no further Employee Benefit Plan Equivalents credited to the eFunds Participants' Deferral Accounts after the spin off, except any credits reflecting deferrals occurring before the spin off. Deferrals related to Incentive Compensation earned before the spin off (even if paid after the spin off) will be credited to the eFunds Participants' accounts in accordance with the terms of their deferral elections for the 2000 Plan Year.

(d.) All other provisions of the Plan shall remain in effect as to the eFunds Participants who shall become inactive Participants, including but not limited to the ability to allocate Deferral Accounts among Investment Options as provided at Section 5.3 and the crediting or debiting of such Deferral Accounts to reflect such Investment Options as

provided at Section 5.1(c).

SECTION 7

FINANCIAL EMERGENCY

The Management Committee may alter the manner or timing of payment of a Deferral Account under Section 6 in the event that the Participant establishes, to the satisfaction of the Management Committee, severe financial hardship. In such event, the Management Committee may:

(a.) Provide that all or a portion of the Deferral Account shall be paid immediately in a lump sum payment,

(b.) Provide that all or a portion of the installments payable over a period of time shall be paid immediately in a lump sum, or

(c.) Provide for such other installment payment schedules as it deems appropriate under the circumstances,

as long as the accelerated distribution shall not be in excess of that amount which is necessary for the Participant to meet the financial hardship.

Severe financial hardship shall be deemed to have occurred in the event of the Participant's impending bankruptcy, a Participant's or dependent's long and serious illness, or other events of similar magnitude. The Management Committee's determination as to the occurrence of a severe financial hardship of the Participant and the manner in which, if at all, the payment of deferred amounts shall be altered or modified, shall be final.

SECTION 8

BENEFICIARY

A Participant may designate a Beneficiary or Beneficiaries who, upon his or her death, shall receive the distributions that otherwise would have been paid to the Participant. All designations shall be in writing and shall be effective only if and when delivered to the Chief Executive Officer of the Company during the lifetime of the Participant. If a Participant designates a Beneficiary without providing in the designation that the Beneficiary must be living at the time of such distribution, the designation shall vest in the Beneficiary all of the distributions, whether payable before or after the Beneficiary's death, and any distributions remaining upon the Beneficiary's death shall be paid to the Beneficiary's estate.

A Participant may, from time to time, change the Beneficiary or Beneficiaries by a written instrument delivered to the Chief Executive Officer of the Company. In the event a Participant shall not designate a Beneficiary or Beneficiaries pursuant to this Section, or if for any reason such designation shall be ineffective, in whole or in part, the distributions that otherwise would have been

paid to such Participant shall be paid to the first class of the following classes of automatic Beneficiaries with a member surviving the Participant and (except in the case of the Participant's surviving issue) in equal shares if there is more than one member in such class surviving the Participant:

Participant's surviving spouse
Participant's surviving issue per stirpes and not per capita
Participant's surviving parents
Participant's surviving brothers and sisters
Representative of Participant's estate.

SECTION 9

NONTRANSFERABILITY

In no event shall the Company make any payment under the Plan to any assignee or creditor of a Participant or a Beneficiary. Prior to the time of payment hereunder, a Participant or Beneficiary shall have no rights by way of anticipation or otherwise to assign or otherwise dispose of any interest under the Plan nor shall such rights be assigned or transferred by operation of law.

SECTION 10

DETERMINATIONS -- RULES AND REGULATIONS

10.1. DETERMINATIONS. The Management Committee shall make such determinations as may be required from time to time in the administration of the Plan. The Management Committee shall have the discretionary authority and responsibility to interpret and construe the Plan and to determine all factual and legal questions under the Plan, including but not limited to the entitlement of Participants and Beneficiaries, and the amounts of their respective interests. Each interested party may act and rely upon all information reported to them hereunder and need not inquire into the accuracy thereof, nor be charged with any notice to the contrary.

10.2. RULES AND REGULATIONS. Any rule not in conflict or at variance with the provisions hereof may be adopted by the Management Committee.

10.3. METHOD OF EXECUTING INSTRUMENTS. Information to be supplied or written notices to be made or consents to be given by the Management Committee pursuant to any provision of this Plan may be signed in the name of the Management Committee by any person who has been authorized to make such certification or to give such notices or consents.

10.4. CLAIMS PROCEDURE. The claims procedure set forth in this Section 12.4 shall be the exclusive procedure for the disposition of claims for benefits arising under the Plan.

10.4.1. ORIGINAL CLAIM. Any Participant, former Participant or Beneficiary of such Participant or former Participant may, if he or she so desires, file with the Management Committee a written claim for benefits under the Plan. Within ninety (90) days after the filing of such a claim, the Management Committee shall notify the claimant in writing whether the claim is upheld or denied in whole or in part or shall furnish the claimant a written notice describing specific special circumstances requiring a specified amount of additional time (but not more than one hundred eighty (180) days from the date the claim was fled) to reach a decision on the claim. If the claim is denied in whole or in part, the Company shall state in writing:

(a.) The specific reasons for the denial;

(b.) The specific references to the pertinent provisions of this Plan on which the denial is based;

(c.) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d.) An explanation of the claims review procedure set forth in this section.

10.4.2. CLAIMS REVIEW PROCEDURE. Within sixty (60) days after receipt of notice that the claim has been denied in whole or in part, the claimant may file with the Management Committee a written request for a review and may, in conjunction therewith, submit written issues and comments. Within sixty (60) days after the filing of such a request for review, the Management Committee shall notify the claimant in writing whether, upon review, the claim was upheld or denied in whole or in part or shall furnish the claimant a written notice describing specific special circumstances requiring a specified amount of additional time (but not more than one hundred twenty (120) days from the date the request for review was filed) to reach a decision on the request for review.

10.4.3. GENERAL RULES.

(a.) No inquiry or question shall be deemed to be a claim or a request for a review of a denied claim unless made in accordance with the claims procedure. The Management Committee may require that any claim for benefits and any request for a review of a denied claim be filed on forms to be furnished by the Management Committee upon request.

(b.) All decisions on claims and on requests for a review of denied claims shall be made by the Management Committee.

(c.) The Management Committee may, in its discretion, hold one or more hearings on a claim or a request for a review of a denied claim.

(d.) A claimant may be represented by a lawyer or other representative (at the claimant's own expense), but the Management Committee reserves the right

to require the claimant to furnish written authorization. A claimant's representative shall be entitled to copies of all notices given to the claimant.

(e.) The decision of the Management Committee on a claim and on a request for a review of a denied claim shall be served on the claimant in writing. If a decision or notice is not received by a claimant within the time specified, the claim or request for a review of a denied claim shall be deemed to have been denied.

(f.) Prior to filing a claim or a request for a review of a denied claim, the claimant or his or her representative shall have a reasonable opportunity to review a copy of this Plan and all other pertinent documents in the possession of the Management Committee.

10.5. INFORMATION FURNISHED BY PARTICIPANTS. The Company and its Affiliates shall not be liable or responsible for any error in the computation of the Deferral Account of a Participant resulting from any misstatement of fact made by the Participant, directly or indirectly, to the Company, and used by it in determining the Participant's Deferral Account. The Company shall not be obligated or required to increase the Deferral Account of such Participant which, on discovery of the misstatement, is found to be understated as a result of such misstatement of the Participant. However, the Deferral Account of any Participant which are overstated by reason of any such misstatement shall be reduced to the amount appropriate in view of the truth.

SECTION 11

ADMINISTRATION

11.1. COMPANY. Functions generally assigned in this Plan to the Company are delegated to the Committee, Chief Executive Officer and the Management Committee as follows:

11.1.1. CHIEF EXECUTIVE OFFICER. Except as otherwise provided by the Plan and as set forth in Section 11.1.2, below, the Chief Executive Officer of the Company shall delegate to a Management Committee all matters regarding the administration of the Plan.

11.1.2. COMMITTEE. Notwithstanding the foregoing general delegations to the Chief Executive Officer and the Management Committee, the Committee shall have the exclusive authority, which may not be delegated, to act for the Company:

(a.) to amend or to terminate this Plan; and

(b.) to consent to the adoption of the Plan by other business entities; to establish conditions and limitations upon such adoption of the Plan by other business entities.

11.1.3. MANAGEMENT COMMITTEE.

(a.) APPOINTMENT AND REMOVAL. The Management Committee, subject to the direction of the Committee and the Chief Executive Officer, shall have all of the functions and authorities generally assigned in this Plan to the Company. The Management Committee shall consist of one or members as may be determined and appointed from time to time by the Chief Executive Officer of the Company and they shall serve at the pleasure of such Chief Executive Officer and the Committee.

(b.) AUTOMATIC REMOVAL. If any individual who is a member of the Management Committee is a director, officer or employee when appointed as a member of the Management Committee, then such individual shall be automatically removed as a member of the Management Committee at the earliest time such individual ceases to be a director, officer or employee. This removal shall occur automatically and without any requirement for action by the Chief Executive Officer of the Company or any notice to the individual so removed.

(c.) AUTHORITY. The Management Committee may elect such officers as the Management Committee may decide upon. In addition to the

other authorities delegated elsewhere in this Plan to the Management Committee, the Management Committee shall:

(i.) establish rules for the functioning of the Management Committee, including the times and places for holding meetings, the notices to be given in respect of such meetings and the number of members who shall constitute a quorum for the transaction of business,

(ii.) organize and delegate to such of its members as it shall select authority to execute or authenticate rules, advisory opinions or instructions, and other instruments adopted or authorized by the Management Committee; adopt such bylaws or regulations as it deems desirable for the conduct of its affairs; appoint a secretary, who need not be a member of the Management Committee, to keep its records and otherwise assist the Management Committee in the performance of its duties; keep a record of all its proceedings and acts and keep all books of account, records and other data as may be necessary for the proper administration of the Plan,

(iii.) determine from the records of the Company and its Affiliates the compensation, service records, status and other facts regarding Participants and other employees,

(iv.) cause to be compiled at least annually, from the records of the Management Committee and the reports and accountings of the Company and its Affiliates, a report or accounting of the status of the Plan and the Deferral Accounts of the Participants, and make it available to each Participant who shall have the right to examine that

part of such report or accounting (or a true and correct copy of such part) which sets forth the Participant's benefits,

(v.) prescribe forms to be used for applications for participation, benefits, notifications, etc., as may be required in the administration of the Plan,

(vi.) set up such rules as are deemed necessary to carry out the terms of this Plan,

(vii.) resolve all questions of administration of the Plan not specifically referred to in this Section,

(viii.) delegate or redelegate to one or more persons, jointly or severally, and whether or not such persons are members of the Management Committee or employees of the Company, such functions assigned to the Management Committee hereunder as it may from time to time deem advisable, and

(ix.) perform all other acts reasonably necessary for administering the Plan and carrying out the provisions of this Plan and performing the duties imposed by the Plan on it.

(d.) MAJORITY DECISIONS. If there shall at any time be three (3) or more members of the Management Committee serving hereunder who are qualified to perform a particular act, the same may be performed, on behalf of all, by a majority of those qualified, with or without the concurrence of the minority. No person who failed to join or concur in such act shall be held liable for the consequences thereof, except to the extent that liability is imposed under ERISA.

11.2. CONFLICT OF INTEREST. If any officer or employee of the Company or an Affiliate, any member of the Committee, or any member of the Management Committee to whom authority has been delegated or redelegated hereunder shall also be a Participant or Beneficiary in the Plan, the individual shall have no authority as such officer, employee, Committee or Management Committee member with respect to any matter specially affecting his or her individual interest hereunder (as distinguished from the interests of all Participants and Beneficiaries or a broad class of Participants and Beneficiaries), all such authority being reserved exclusively to the other officers, employees, Committee or Management Committee members as the case may be, to the exclusion of such

Participant or Beneficiary, and such Participant or Beneficiary shall act only in his or her individual capacity in connection with any such matter.

11.3. DUAL CAPACITY. Individuals, firms, corporations or partnerships identified herein or delegated or allocated authority or responsibility hereunder may serve in more than one fiduciary capacity.

11.4. ADMINISTRATOR. The Company shall be the administrator for purposes of section 3(16)(A) of ERISA.

11.5. NAMED FIDUCIARIES. The Chief Executive Officer, the Committee and the Management Committee shall be named fiduciaries for the purpose of section 402(a) of ERISA.

11.6. SERVICE OF PROCESS. In the absence of any designation to the contrary by the Company, the Secretary of the Company is designated as the appropriate and exclusive agent for the receipt of service of process directed to the Plan in any legal proceeding, including arbitration, involving the Plan.

11.7. ADMINISTRATIVE EXPENSES. The reasonable expenses of administering the Plan shall be payable by the Company.

SECTION 12

AMENDMENT AND TERMINATION

The Company expects the Plan to be permanent but since future conditions affecting the Company cannot be anticipated or foreseen, the Company reserves the right to amend, modify or terminate the Plan at any time by action of the Committee.

SECTION 13

LIFE INSURANCE CONTRACT

If the Company elects to purchase one or more life insurance contracts to provide it with funds to make payments under the Plan, the Company shall at all times be the sole and complete owner and Beneficiary of such contract(s), and shall have the unrestricted right to use all amounts and exercise all options and privileges under such contract(s) without the knowledge or consent of any Participant or Beneficiary or any other person; neither Participant, Beneficiary nor any other person shall have any right, title or interest whatsoever in or to any such contract(s).

SECTION 14

MERGER, CONSOLIDATION OR ACQUISITION

In the event of a merger, consolidation or acquisition in which the Company is not the surviving corporation, unless the successor or acquiring corporation shall elect to continue and carry on this Plan, all Deferral Accounts shall become immediately payable in full, notwithstanding any other provision of this Plan to the contrary.

SECTION 15

NO VESTED RIGHTS

The Plan and the elections exercisable hereunder shall not be deemed or construed to be a written contract of employment between any Participant and the Company or any of its Affiliates, nor shall any provision of the Plan restrict the right of the Company or any of its Affiliates to discharge any Participant, nor shall any provision of the Plan in any way whatsoever grant to any Participant the right to receive any scheduled compensation, bonus, or other payment of any nature whatsoever.

SECTION 16

APPLICABLE LAW

This Plan shall be construed and this Plan shall be administered to create an unfunded plan providing deferred compensation to a select group of management or highly compensated employees so that it is exempt from the requirements of Parts

2, 3 and 4 of Title I of ERISA and qualifies for a form of simplified, alternative compliance with the reporting and disclosure requirements of Part 1 of Title I of ERISA. Any reference in this Plan to a statute or regulation shall be considered also to mean and refer to any subsequent amendment or replacement of that statute or regulation. This Plan has been executed and delivered in the State of Minnesota and has been drawn in conformity to the laws of that State and shall be construed and enforced in accordance with the laws of the State of Minnesota.

Exhibit 10.2

EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and Lawrence J. Mosner (the "Executive"), dated as of the 2nd day of April, 2001 (the "Effective Date").

I. Certain Definitions.

A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.

B. "Board" shall mean the Board of Directors of the Company.

C. "Cause" shall mean:

1. the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

2. the Executive's conviction of a felony or the willful engaging by the Executive in (a) other illegal conduct relating to the business or assets of the Company, or (b) gross misconduct which is materially injurious to the Company or its Affiliates.

For purposes of this definition, (a) no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no

claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon instructions given by the Board or upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

D. "Committee" shall mean the Compensation Committee of the Company's Board.

E. "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

F. "Good Reason" shall mean:

1. except with Executive's written consent given in his discretion, (a) the assignment to the Executive of any duties materially inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities or (b) any other action by the Company which results in a material diminution in the Executive's position (or positions) with the Company or its Affiliates, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive and excluding any diminution

attributable to the fact that the Company is no longer a public company;

2. any material reduction in the Executive's aggregate compensation and incentive opportunities, or any failure by the Company to pay the Executive any portion of the Executive's compensation when such compensation is due, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

3. the Company's requiring the Executive to be based at any location more than 50 miles from the location at which the Executive is based as of the Effective Date;

4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of this Agreement. For purposes of this Agreement, no such purported termination shall be effective;

5. any failure by the Company to comply with and satisfy VII.C. of this Agreement; or

6. any request or requirement by the Company or its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as in effect from time to time or any professional ethical guidelines or principles that may be applicable to the Executive.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

II. Retention Payment.

A. Subject to Section II.B. hereof, if the Executive remains in the employ of the Company through December 31, 2002, the Company shall pay to the Executive the sum of $2,900,000 (the "Retention Payment") by January 31, 2003, plus interest thereon from April 1, 2000 to the date of payment, at a rate of 8% per annum.

B. If, prior to December 31, 2002, the Executive's employment is terminated (a) by the Company without Cause, (b) by the Executive for Good Reason or (c) due to the Executive's death or Disability, then the Company shall pay to the Executive, within ten business days following the Date of Termination, the Retention Payment, plus

interest thereon from April 1, 2000 to the date of payment, at a rate of 8% per annum.

III. Termination of Employment.

A. Notice of Termination. Any purported termination of the Executive's employment (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with the terms of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (2) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for

Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph I.C.1. or I.C.2. above, and specifying the particulars thereof in reasonable detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;

B. Date of Termination. "Date of Termination" means the date of receipt of the Notice of Termination or any later date specified therein, as the case may be; provided, however, that if the Executive's employment is terminated by reason of death, the Date of Termination shall be the date of death of the Executive.

C. Dispute Concerning Termination. If within 15 days after any Notice of Termination is given, or, if later, prior to the Date of Termination,

the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

IV. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates.

V. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

VI. Certain Additional Payments by the Company.

A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or

distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement, but determined without regard to any additional payments required under this Section VI) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section VI.A., if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net increase in after-tax benefit of at least $50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax benefit the Executive would receive if the Gross-Up Payment were eliminated and the Payments were reduced, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm (as defined below), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax

Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accounting Firm in accordance with the principals of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section VI.A.), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

B. Subject to the provisions of Section VI. C., all determinations required to be made under this Section VI, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's independent auditors (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VI., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the

initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VI.C. and the

Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

C. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

1. give the Company any information reasonably requested by the Company relating to such claim,

2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

3. cooperate with the Company in good faith in order to effectively contest such claim, and

4. permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and

expenses. Without limitation on the foregoing provisions of this Section VI.C., the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest and penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's

control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

D. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section VI.C., the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section VI.C.) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of any amount advanced by the Company pursuant to Section VI.C., a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount

of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

E. The Gross-Up Payment shall be made not later than the fifth day following the date on which the Retention Payment is paid; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VI.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after such day. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

VII. Successors.

A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder if the

Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this

Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and shall include any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

VIII. Miscellaneous.

A. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

B. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Lawrence J. Mosner
483 Highcroft Road
Wayzata, MN 55391-1548

If to the Company:

Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126

Attn: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

F. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement shall survive such expiration.

G. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Deluxe Corporation	Executive
By:	
----------	----------
Calvin W. Aurand, Jr.	Lawrence J. Mosner
Chairman, Compensation Committee of the Board of Directors	

Exhibit 12.1

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	YEAR ENDED DECEMBER 31,			
	2001	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earnings:						
Income from continuing operations before income taxes	$ 67,988	$273,429	$322,582	$256,305	$147,682	$111,914
Interest expense (excluding capitalized interest)	1,438	10,837	7,620	8,040	7,289	9,406
Portion of rent expense under long-term operating leases representative of an interest factor	780	3,520	7,728	8,859	8,732	9,365
Amortization of debt expense	53	464	263	122	122	121
TOTAL EARNINGS	$ 70,259	$288,250	$338,193	$273,326	$163,825	$130,806
Fixed charges:						
Interest expense (including capitalized interest)	$ 1,438	$ 10,837	$ 8,693	$ 9,431	$ 8,209	$ 10,735
Portion of rent expense under long-term operating leases representative of an interest factor	780	3,520	7,728	8,859	8,732	9,365
Amortization of debt expense	53	464	263	122	122	121
TOTAL FIXED CHARGES	$ 2,271	$ 14,821	$ 16,684	$ 18,412	$ 17,063	$ 20,221
RATIO OF EARNINGS TO FIXED CHARGES	30.9	19.4	20.3	14.8	9.6	6.5

</TABLE>