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 the quarterly period ended June 30, 2004

o **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)	(I.R.S. 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 ü No__

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ü No__

The number of shares outstanding of registrant's common stock, par value $1.00 per share, at July 26, 2004 was 50,030,272.

PART I–FINANCIAL INFORMATION

Item 1. Financial Statements.

DELUXE CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share par value)
(Unaudited)

	June 30, 2004	December 31, 2003
Current Assets:		
Cash and cash equivalents	$ 19,759	$ 2,968
Restricted cash	23,788	—
Trade accounts receivable (net of allowances for		

uncollectible accounts of $1,920 and $1,881, respectively)	107,125	37,066
Inventories and supplies	59,037	18,652
Deferred income taxes	18,468	258
Other current assets	52,116	19,984
Total current assets	280,293	78,928
Long-term Investments	46,329	42,510
Property, Plant, and Equipment (net of accumulated depreciation of $287,629 and $295,570, respectively)	157,390	123,615
Assets Held for Sale	4,979	—
Intangibles (net of accumulated amortization of $193,186 and $172,614, respectively)	280,926	78,161
Goodwill	598,186	82,237
Other Non-current Assets	162,970	157,509
Total assets	$1,531,073	$ 562,960
Current Liabilities:		
Accounts payable	$ 80,426	$ 46,694
Accrued liabilities	269,564	126,821
Short-term debt	916,141	213,250
Long-term debt due within one year	1,548	1,074
Total current liabilities	1,267,679	387,839
Long-term Debt	380,242	380,620
Deferred Income Taxes	75,643	42,654
Other Non-current Liabilities	58,909	49,930
Shareholders' Deficit:		
Common shares $1 par value (authorized: 500,000,000 shares; issued: 2004 – 50,015,063; 2003 – 50,173,067)	50,015	50,173
Additional paid-in capital	5,489	—
Accumulated deficit	(302,805)	(345,950)
Unearned compensation	—	(41)
Accumulated other comprehensive loss, net of tax	(4,099)	(2,265)
Total shareholders' deficit	(251,400)	(298,083)
Total liabilities and shareholders' deficit	$1,531,073	$ 562,960

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Quarter Ended June 30, 2004	2003	Six Months Ended June 30, 2004	2003
Revenue	$ 309,379	$ 309,556	$ 618,211	$ 626,755
Cost of goods sold	102,866	106,718	209,752	216,542
Gross Profit	206,513	202,838	408,459	410,213
Selling, general and administrative expense	126,625	125,143	246,735	247,901
Asset impairment and net disposition losses (gains)	48	(129)	78	(211)
Operating Income	79,840	77,824	161,646	162,523
Other income (expense)	280	(595)	653	(434)
Income Before Interest and Taxes	80,120	77,229	162,299	162,089
Interest expense	(5,211)	(4,904)	(10,378)	(9,272)
Interest income	83	116	197	233
Income Before Income Taxes	74,992	72,441	152,118	153,050
Provision for income taxes	29,004	27,548	58,468	58,179

Net Income	$ 45,988	$ 44,893	$ 93,650	$ 94,871
Earnings per Share: Basic	$ 0.92	$ 0.81	$ 1.87	$ 1.66
Diluted	0.91	0.80	1.86	1.64
Cash Dividends per Share	$ 0.37	$ 0.37	$ 0.74	$ 0.74
Total Comprehensive Income	$ 44,091	$ 44,955	$ 91,816	$ 94,996

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six Months Ended June 30, 2004	2003
Cash Flows from Operating Activities:		
Net income	$ 93,650	$ 94,871
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,866	11,251
Amortization of intangibles	20,714	18,137
Amortization of contract acquisition costs	16,368	11,839
Employee stock-based compensation expense	5,807	765
Other non-cash items, net	4,138	5,504
Changes in assets and liabilities, net of effects from acquisition:		
Trade accounts receivable	(368)	(13,421)
Inventories and supplies	1,345	718
Other current assets	(20,405)	(13,754)
Contract acquisition payments	(7,696)	(35,930)
Deferred advertising costs	4,111	(10,969)
Other non-current assets	(1,165)	(6,318)
Accounts payable	2,483	(7,186)
Accrued and other non-current liabilities	(5,302)	(5,248)
Net cash provided by operating activities	123,546	50,259
Cash Flows from Investing Activities:		
Payments for acquisition, net of cash acquired	(549,462)	—
Increase in restricted cash	(23,788)	—
Purchases of capital assets	(13,688)	(10,313)
Other	(458)	(1,035)
Net cash used by investing activities	(587,396)	(11,348)
Cash Flows from Financing Activities:		
Net borrowings of short-term debt	702,891	215,195
Payments of long-term debt	(165,617)	(814)
Change in book overdrafts	(3,979)	(3,130)
Payments for common shares repurchased	(26,637)	(337,221)
Proceeds from issuing shares under employee plans	11,098	11,348
Cash dividends paid to shareholders	(37,115)	(42,119)
Net cash provided (used) by financing activities	480,641	(156,741)
Net Increase (Decrease) in Cash and Cash Equivalents	16,791	(117,830)
Cash and Cash Equivalents: Beginning of Period	2,968	124,855
End of Period	$ 19,759	$ 7,025

See Notes to Unaudited Consolidated Financial Statements

DELUXE CORPORATION
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Consolidated financial statements

The consolidated balance sheet as of June 30, 2004, the consolidated statements of income for the quarters and six months ended June 30, 2004 and 2003 and the consolidated statements of cash flows for the six months ended June 30, 2004 and 2003 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements are included. Adjustments consist only of normal recurring items, except for any discussed in the notes below. 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 our consolidated annual financial statements and notes. The consolidated financial statements and notes appearing in this report should be read in conjunction with the consolidated audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2003.

Note 2: Acquisition of New England Business Service, Inc. and related financing

On June 25, 2004, we acquired New England Business Service, Inc. (NEBS) for an estimated total purchase price of $642.6 million. Further detail regarding the accounting for this acquisition can be found in Note 3, Acquisition of New England Business Service, Inc. To finance this acquisition, we utilized $475.0 million of an $800.0 million committed line of credit, as well as commercial paper. The amount drawn on the $800.0 million committed line of credit related to a bridge financing agreement put in place to complete the acquisition (see Note 10). This $800.0 million line of credit expires in May 2005. Accordingly, as of June 30, 2004, we had short-term debt of $916.1 million and a working capital deficit of $987.4 million.

It is our intention to refinance a portion of our short-term debt during the last half of 2004 with long-term debt. We currently have a shelf registration in place for the issuance of up to $500.0 million of long-term debt securities. As of June 30, 2004, $425.0 million remained available for issuance under this shelf registration. Debt issuance activities are subject to market and interest rate conditions. As such, we can provide no assurance as to the timing and/or amount of debt that we may issue or whether the terms of the debt will be favorable to us.

Note 3: Acquisition of New England Business Service, Inc.

On June 25, 2004, we acquired via a tender offer approximately 98% of the outstanding common stock of NEBS for $44 per share. Immediately following the close of the tender offer, we completed a merger under which NEBS became a wholly-owned subsidiary and we became obligated to acquire the untendered shares at a price of $44 per share. We also agreed to redeem all outstanding NEBS stock options for $44 per option less the option exercise price. As of June 30, 2004, payments for the untendered shares, the redemption of stock options and a portion of the direct costs of the acquisition had not been made and were included in accrued liabilities in our consolidated balance sheet. We anticipate

that these payments will be substantially completed during the third quarter of 2004. The estimated total purchase price for the acquisition was comprised of the following (dollars in thousands):

Cash payments for NEBS common stock	$ 587,000
Cash payments to redeem NEBS stock options	46,385
Estimated acquisition expenses	9,237
Total purchase price	$ 642,622
Amount paid through June 30, 2004	$ 564,143
Cash acquired from NEBS	(14,681)
Payments for acquisition through June 30, 2004, net of cash acquired	$ 549,462

As of June 30, 2004, we had $23.8 million of restricted cash. Upon the acquisition of NEBS, we were required to place on deposit the funds required to pay the shareholders who did not tender their shares of NEBS common stock under the tender offer. These shareholders must present their stock certificates in order to receive their portion of the funds. The funds must remain on deposit for a period of nine months, after which time the funds will be returned to us, and thereafter, any remaining unclaimed funds will be remitted to the appropriate governmental authority under applicable escheat laws. In July 2004, we completed the cash payments to redeem the outstanding NEBS stock options.

NEBS is a leading provider of products and services to small businesses. Its offerings include checks, forms, packaging supplies, embossed foil anniversary seals and other printed material which are marketed through direct sales, telesales, a direct sales force, dealers, dedicated distributors and the Internet. NEBS also designs, embroiders and sells specialty apparel products through distributors and independent sales representatives. We believe NEBS is a strategic fit, as we both serve small business customers, and the acquisition expands our product offerings, customer base and non-check revenue.

NEBS operating results are included in our consolidated results of operations from the date of acquisition. Our consolidated balance sheet as of June 30, 2004 reflects the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. This allocation is preliminary, pending detailed analysis and outside appraisals of the fair values of the assets acquired and liabilities assumed, as well as completion of management's integration plans. Once the analyses and the asset appraisals have been completed, the allocation of the purchase price will be finalized. We have announced our intention to utilize a shared services environment approach for both manufacturing and certain selling, general and administrative (SG&A) functions. This approach will most likely result in the exit of certain activities. However, to ensure that we continue to meet client expectations, significant analysis is required before such plans can be finalized. To the extent the activities to be discontinued are NEBS activities, we would adjust the preliminary purchase price allocation to reflect additional restructuring liabilities. If the discontinued activities are Deluxe activities, any restructuring accruals would be reflected in our consolidated statements of income. The preliminary allocation of the purchase price does reflect $11.1 million of restructuring accruals for those NEBS activities which we have already decided to exit. These accruals are discussed in Note 9, Restructuring charges.

The preliminary purchase price allocation resulted in goodwill of $515.9 million. We believe that the NEBS acquisition resulted in the recognition of goodwill primarily because of its industry position, the potential to introduce products across multiple channels and the ability to realize cost synergies. The following illustrates our preliminary allocation of the purchase price to the assets acquired and liabilities assumed (dollars in thousands):

Cash and cash equivalents	$ 14,681
Trade accounts receivable	71,563
Inventories and supplies	41,729
Deferred income taxes	18,210
Other current assets	11,673
Long-term investments	2,974
Property, plant and equipment	43,393
Assets held for sale	1,378
Intangibles	214,411
Goodwill	515,949
Other non-current assets	10,617
Accounts payable	(34,729)
Accrued liabilities	(66,521)
Long-term debt due within one year	(10,417)
Long-term debt	(155,203)
Deferred income taxes	(34,074)
Other non-current liabilities	(3,012)
Total purchase price	$ 642,622

The intangibles acquired primarily relate to trade names and customer lists which will be amortized on the straight-line basis over periods averaging approximately five years. For the quarter ended June 30, 2004, we recorded amortization of intangibles acquired from NEBS of $0.3 million, which related to the post-acquisition activity for the last five days of the quarter. The amount assigned to intangible assets acquired, as well as the related amortization periods, may change once our detailed analysis and outside asset appraisals are completed.

The following unaudited, pro forma financial information illustrates our estimated results of operations as if the acquisition of NEBS had occurred as of the beginning of each period presented (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 483,875	$ 483,015	$ 968,349	$ 974,186
Net income	46,424	31,510	89,685	81,553
Earnings per share:				
Basic	$ 0.93	$ 0.57	$ 1.79	$ 1.43
Diluted	0.92	0.56	1.78	1.41

The pro forma results of operations for the quarter and six months ended June 30, 2003, include goodwill and asset impairment charges of $13.2 million related to NEBS PremiumWear apparel business. The pro forma operating results are presented for comparative purposes only. They do not represent the results which would have been reported had the acquisition occurred on the dates assumed and are not necessarily indicative of future operating results.

Note 4: Employee stock-based compensation

On January 1, 2004, we adopted the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation.* We are reporting this change in accounting principle using the modified prospective method of adoption described in SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure.* Beginning in 2004, our results of operations reflect compensation expense for all employee stock-based compensation, including the unvested portion of previous stock options granted. This is the same amount of compensation expense which would have been recognized had the fair value recognition provisions of SFAS No. 123 been applied from its original effective date. Prior to 2004, we accounted for our employee stock-based compensation in accordance with Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*. Under this method of accounting, no compensation expense was recognized for stock options or for our employee stock purchase plan. In accordance with the modified prospective method of transition, results for 2003 have not been restated to reflect this change in accounting principle.

During the second quarter of 2004, we implemented changes to our long-term compensation strategy. Rather than using stock options as the exclusive form of long-term incentive, we now utilize a combination of stock options, performance shares and restricted stock. All such awards are granted under our shareholder-approved stock incentive plan. The level of shares earned under the performance share component is contingent upon the attainment of specific performance targets over a three-year period. The fair value of the performance shares granted is equal to the market price of our stock at the date of grant. Compensation expense is recorded over the three-year performance period based on our estimate of the number of shares which will be earned by the award recipients. Expense for the performance share component of our long-term incentive plan was $0.6 million for the quarter and six months ended June 30, 2004. In addition, during the second quarter of 2004, we issued 40,404 restricted shares to employees. The fair value of these awards is equal to the market price of our stock at the date of grant. Compensation expense is recorded over the three year vesting period. Expense for these awards was $0.1 million for the quarter and six months ended June 30, 2004. Expense for previously issued restricted shares and restricted stock units was $0.7 million for the quarter ended June 30, 2004 and $1.4 million for the six months ended June 30, 2004.

Total stock-based compensation expense was $3.1 million for the second quarter of 2004. This expense is reflected as cost of goods sold of $0.3 million and SG&A expense of $2.8 million in our consolidated statement of income for the quarter ended June 30, 2004. For the first six months of 2004, total stock-based compensation expense was $5.8 million, with $0.5 million reflected in cost of goods sold and $5.3 million reflected in SG&A expense in our consolidated statement of income for the six months ended June 30, 2004.

The following table illustrates the effect on net income and earnings per share if the fair value method had been applied to all outstanding and unvested awards in each period (dollars in thousands, except per share amounts):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net income, as reported	$ 45,988	$ 44,893	$ 93,650	$ 94,871
Add employee stock-based compensation included in net income:				
Stock options and employee stock purchase plan	1,743	—	3,762	—
Performance shares	595	—	595	—
Restricted stock and restricted stock units	773	371	1,450	765
Total	3,111	371	5,807	765
Tax benefit	(1,204)	(141)	(2,230)	(291)
Employee stock-based compensation included in net income, net of tax	1,907	230	3,577	474
Deduct fair value employee stock-based compensation, net of tax	(1,907)	(1,305)	(3,577)	(2,408)
Pro forma net income	$ 45,988	$ 43,818	$ 93,650	$ 92,937
Earnings per share:				
Basic – as reported	$ 0.92	$ 0.81	$ 1.87	$ 1.66
pro forma	0.92	0.80	1.87	1.62
Diluted – as reported	$ 0.91	$ 0.80	$ 1.86	$ 1.64
pro forma	0.91	0.78	1.86	1.61

Note 5: Changes in accounting estimates

During the first quarter of 2004, we revised the estimated useful lives for certain of our software and production assets, as we anticipate that the assets will be replaced or retired sooner than originally anticipated. The weighted-average useful life for these assets was shortened from 8.0 years to 6.8 years. This change in accounting estimate is expected to result in increased depreciation and amortization expense of $8.5 million in 2004. In the second quarter of 2004, $2.7 million of this additional expense was recorded, and during the six months ended June 30, 2004, $3.4 million of this additional expense was recorded.

Note 6: New accounting pronouncement

In May 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 106-2, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003*. This FSP outlines the appropriate accounting treatment for the effects of the new Medicare law, including the required financial statement disclosures, and supersedes the previous guidance issued by the FASB in January 2004. The new Medicare law introduces a prescription drug

benefit under Medicare, as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare plan. Our retiree medical plans do provide prescription drug coverage which is at least actuarially equivalent to the Medicare plan. Effective April 1, 2004, we have elected to adopt the accounting treatment required by FSP No. FAS 106-2 utilizing the retroactive application method. As a result, our post-retirement benefit expense for the second quarter of 2004 reflects the impact of the new Medicare law. This impact is discussed in Note 12, Post-retirement benefits.

Note 7: Supplementary balance sheet information

Inventories and supplies – Inventories and supplies were comprised of the following (dollars in thousands):

	June 30, 2004	December 31, 2003
Raw materials	$ 43,718	$ 2,550
Semi-finished goods	5,739	5,623
Finished goods	885	975
Total inventories	50,342	9,148
Supplies	8,695	9,504
Inventories and supplies	$ 59,037	$ 18,652

Other current assets — Other current assets were comprised of the following (dollars in thousands):

	June 30, 2004	December 31, 2003
Prepayment to voluntary employee beneficiary association (VEBA) trust	$ 33,818	$ 12,657
Other	18,298	7,327
Other current assets	$ 52,116	$ 19,984

Assets held for sale — Assets held for sale relate to three of our Financial Services check printing facilities which were closed in the first half of 2004, as well as one NEBS facility which was closed prior to our acquisition of NEBS (see Note 3). We are actively seeking buyers for these properties and expect to dispose of them within one year from the date they were closed. Based on preliminary market research and appraisal information, we believe the fair values of the assets less costs to sell exceed the carrying values of the assets. As such, no impairment loss has been recognized for these assets. Assets held for sale were comprised of the following (dollars in thousands):

	June 30, 2004
Land and land improvements	$ 1,925
Buildings and building improvements	13,493
Machinery and equipment	1,278
Total	16,696
Accumulated depreciation	(11,717)
Assets held for sale - net	$ 4,979

We are currently in the process of closing one additional check printing facility located in Anniston, Alabama (see Note 9). We anticipate that this facility will be closed during the fourth quarter of 2004. This facility is leased, and thus will not be reported as an asset held for sale.

Other non-current assets – Other non-current assets were comprised of the following (dollars in thousands):

	June 30, 2004	December 31, 2003
Contract acquisition costs (net of accumulated amortization of $57,976 and $41,608, respectively)	$ 93,957	$ 96,085
Deferred advertising costs	32,742	29,044

Prepaid post-retirement asset	17,836	19,839
Other	18,435	12,541
Other non-current assets	$ 162,970	$ 157,509

Changes in contract acquisition costs during the first six months of 2004 were as follows (dollars in thousands):

Balance, December 31, 2003	$ 96,085
Cash payments	7,696
Change in accruals	6,544
Amortization	(16,368)
Balance, June 30, 2004	$ 93,957

Accrued liabilities — Accrued liabilities were comprised of the following (dollars in thousands):

	June 30, 2004	December 31, 2003
Unpaid NEBS purchase price and direct acquisition costs (see Note 3)	$ 78,479	$ —
Accrued wages	26,551	8,906
Income taxes	26,297	25,372
Employee profit sharing and pension	25,523	22,075
Rebates	21,524	21,253
Other	91,190	49,215
Accrued liabilities	$ 269,564	$ 126,821

Note 8: Earnings per share

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

	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Earnings per share - basic:				
Net income	$ 45,988	$ 44,893	$ 93,650	$ 94,871
Weighted-average shares outstanding	49,977	55,094	50,061	57,214
Earnings per share - basic	$ 0.92	$ 0.81	$ 1.87	$ 1.66
Earnings per share - diluted:				
Net income	$ 45,988	$ 44,893	$ 93,650	$ 94,871
Weighted-average shares outstanding	49,977	55,094	50,061	57,214
Dilutive impact of options	389	807	392	746
Shares contingently issuable	27	14	20	11
Weighted-average shares and potential dilutive shares outstanding	50,393	55,915	50,473	57,971
Earnings per share - diluted	$ 0.91	$ 0.80	$ 1.86	$ 1.64

During the quarter ended June 30, 2004, options to purchase 1.3 million common shares were outstanding but were not included in the computation of diluted earnings per share. During the six months ended June 30, 2004, a weighted-average of 1.8 million options were excluded from the calculation. During the quarter and six months ended June 30, 2003, 1.2 million outstanding options were excluded from the computation. These options were excluded from the calculation of diluted earnings per share because their effect would have been antidilutive.

Note 9: Restructuring charges

During the second quarter of 2004, we recorded restructuring charges of $1.4 million for severance related to the planned closing of our Direct Checks check printing facility located in Anniston, Alabama, as well as various reductions within our Financial Services segment and our corporate support group. The expertise we have developed in logistics, productivity and inventory management, as well as the decline in check usage due to the use of alternative payment methods, allows us to reduce the number of production facilities while still meeting client requirements. Additionally, cost management is one of our strategic objectives, and we are continually seeking ways to lower our cost structure. We anticipate that the Anniston facility will be closed during the fourth quarter of 2004. We estimate that 175 employees will receive $1.1 million of severance benefits in the fourth quarter of 2004, utilizing cash from operations. These severance benefits are being accrued over the last three quarters of 2004, as they are payable under a one-time severance benefit plan. The reductions within Financial Services and our corporate support group are payable under our ongoing severance benefit plan and impact 29 employees. We expect these reductions to be substantially completed by the end of the year. Also during the second quarter of 2004, we reversed $0.2 million of previously recorded restructuring accruals

due to fewer employees receiving severance benefits than originally estimated. These restructuring charges and reversals are reflected as cost of goods sold of $0.1 million and SG&A expense of $1.1 million in our consolidated statement of income for the quarter ended June 30, 2004.

During the first quarter of 2004, we recorded restructuring charges of $1.4 million for severance related to employee reductions within various functional areas, primarily within our Direct Checks segment. These reductions were a result of our ongoing cost management efforts. The restructuring charges included estimated severance payments for 105 employees, which are payable under our ongoing severance benefit plan. The majority of these reductions were completed in the first quarter of 2004. The related severance payments are expected to be substantially completed by the third quarter of 2004, utilizing cash from operations. Also during the first quarter of 2004, we reversed $0.9 million of previously recorded restructuring accruals due to fewer employees receiving severance benefits than originally estimated. These restructuring charges and reversals, along with those recorded during the second quarter of 2004, are reflected as cost of goods sold of $0.1 million and SG&A expense of $1.6 million in our consolidated statement of income for the six months ended June 30, 2004.

During the second quarter of 2003, we recorded restructuring charges of $1.3 million for employee severance related to the closing of our Financial Services check printing facility located in Indianapolis, Indiana. This facility was closed during the first quarter of 2004. The restructuring charges reflected severance payments for 136 employees, which are payable under our ongoing severance benefit plan. We anticipate that these payments will be completed in the third quarter of 2004, utilizing cash from operations. The restructuring charges are reflected in cost of goods sold in our consolidated statements of income for the quarter and six months ended June 30, 2003.

As a result of the NEBS acquisition on June 25, 2004 (see Note 3), we assumed restructuring accruals of $1.3 million related to NEBS facility closings which were completed prior to the acquisition. Employee severance payments related to these facility closings are expected to be substantially completed by the end of 2004, utilizing cash from operations. Additionally, as a result of the acquisition, we recorded restructuring accruals of $11.1 million related to activities of NEBS which will be exited as we combine the two companies and execute a shared services model for both manufacturing and certain SG&A functions. These accruals include severance payments for 115 employees in information services, finance and human resources. This amount also includes payments due to certain NEBS executives under change of control provisions included in their employment agreements, as we eliminate redundancies between the two companies. The related payments are expected to be substantially completed by the end of 2004, utilizing cash from operations. As these accruals were included in the liabilities recorded upon acquisition, they are not reflected in our consolidated statements of income.

Restructuring accruals for employee severance costs of $17.2 million as of June 30, 2004 and $10.7 million as of December 31, 2003 are reflected in accrued liabilities in the consolidated balance sheets. Our restructuring accruals as of December 31, 2003, related to the closing of three Financial Services check printing facilities and other employee reductions within Financial Services and our corporate support group. All three of the check printing facilities were closed in the first half of 2004. The other employee reductions were substantially completed during the first quarter of 2004.

Changes in the restructuring accruals during the first six months of 2004 were as follows (dollars in thousands):

	2003 initiatives		2004 initiatives		NEBS pre-acquisition		NEBS acquisition-related		Total	
	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected
Balance, December 31, 2003	$ 10,748	533	$ —	—	$ —	—	$ —	—	$ 10,748	533
Restructuring charges	—	—	2,760	302	—	—	—	—	2,760	302
Restructuring reversals	(1,096)	(41)	—	—	—	—	—	—	(1,096)	(41)
Severance paid	(6,833)	(457)	(862)	(103)	—	—	—	—	(7,695)	(560)
NEBS acquisition	—	—	—	—	1,321	—	11,143	115	12,464	115
Balance, June 30, 2004	$ 2,819	35	$ 1,898	199	$ 1,321	—	$ 11,143	115	$ 17,181	349

On a cumulative basis through June 30, 2004, the status of our restructuring accruals was as follows (dollars in thousands):

	2003 initiatives		2004 initiatives		NEBS pre-acquisition		NEBS acquisition-related		Total	
	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected
Original restructuring charges	$ 11,794	635	$ 2,760	302	$ 1,321	—	$ 11,143	115	$ 27,018	1,052
Restructuring reversals	(1,296)	(61)	—	—	—	—	—	—	(1,296)	(61)
Severance paid	(7,679)	(539)	(862)	(103)	—	—	—	—	(8,541)	(642)
Balance, June 30, 2004	$ 2,819	35	$ 1,898	199	$ 1,321	—	$ 11,143	115	$ 17,181	349

In addition to severance costs, we are also incurring costs related to the closing of our Financial Services and Direct Checks check printing facilities such as equipment moves, training and travel. These costs are expensed as incurred, primarily as cost of goods sold, and are expected to total approximately $2 million. Of this amount, $0.9 million was expensed in the first six months of 2004 and $0.3 million was expensed in 2003. The remainder of these expenses will be recognized in the last half of 2004 as we complete the closure of the Direct Checks facility.

Note 10: Debt

Total debt outstanding was comprised of the following (dollars in thousands):

	June 30, 2004	December 31, 2003
5.0% senior, unsecured notes due December 15, 2012, net of discount	$ 298,399	$ 298,304
2.75% senior, unsecured notes due September 15, 2006	50,000	50,000
Variable rate senior, unsecured notes due November 4, 2005	25,000	25,000
Long-term portion of capital lease obligations	6,843	7,316
Long-term portion of debt	380,242	380,620
Bridge line of credit	475,000	—
Commercial paper	441,141	213,250
Short-term debt	916,141	213,250
Capital lease obligations due within one year	1,548	1,074
Total debt	$ 1,297,931	$ 594,944

Our short-term debt consisted of amounts drawn on a committed line of credit, as well as commercial paper outstanding under a $500.0 million commercial paper program. The amount of our commercial paper program was increased from $350.0 million to $500.0 million during the second quarter of 2004. The amount drawn on the committed line of credit related to a bridge financing agreement put in place to complete the acquisition of NEBS (see Note 3). This $800.0 million line of credit expires in May 2005 and carries a commitment fee of ten basis points (.10%). It also supported up to $150.0 million of our commercial paper program as of June 30, 2004. The daily average amount outstanding under this line of credit during the first six months of 2004 was $5.2 million at a weighted-average interest rate of 4.00%. As of June 30, 2004, $475.0 million was outstanding at a weighted-average interest rate of 4.00%. The daily average amount of commercial paper outstanding during the first six months of 2004 was $193.5 million at a weighted-average interest rate of 1.10%. As of June 30, 2004, $441.1 million was outstanding at a weighted-average interest rate of 1.40%. The daily average amount of commercial paper outstanding during

2003 was $149.4 million at a weighted-average interest rate of 1.15%. As of December 31, 2003, $213.3 million was outstanding at a weighted-average interest rate of 1.11%.

In addition to the $800.0 million bridge line of credit, we also have committed lines of credit which primarily support our commercial paper program. As of June 30, 2003, we had a 364-day line of credit for $175.0 million which was scheduled to expire on August 11, 2004 and carried a commitment fee of ten basis points (.10%). In July 2004, we canceled this credit facility and we entered into two new credit facility agreements. One of the new facilities is a 364-day line of credit for $100.0 million which expires in July 2005 and carries a commitment fee of ten basis points (.10%). The other new line of credit is for $225.0 million. This line of credit expires in July 2009 and carries a commitment fee of 12.5 basis points (.125%). We also have a $175.0 million line of credit which expires in August 2007 and carries a commitment fee of 12.5 basis points (.125%). The credit agreements governing the lines of credit contain customary covenants regarding the ratio of earnings before interest and taxes (EBIT) to interest expense and levels of subsidiary indebtedness. No amounts were drawn on these lines of credit during the first six months of 2004 or during 2003, and no amounts were outstanding under these lines of credit as of June 30, 2004. To the extent not needed to support outstanding commercial paper or letters of credit, we may borrow funds under our lines of credit. As of June 30, 2004, $230.6 million was available under our lines of credit for borrowing or for support of additional commercial paper. As a result of the new credit facilities established in July, we also reduced the amount available under our bridge financing agreement to $650.0 million.

We also have an uncommitted bank line of credit for $50.0 million available at variable interest rates. No amounts were drawn on this line of credit during the first six months of 2004 or during 2003, and no amounts were outstanding under this line of credit as of June 30, 2004.

In December 2002, we issued $300.0 million of senior, unsecured notes which mature in December 2012 and have a coupon rate of 5.0%. The notes include covenants that place restrictions on the issuance of debt that would be senior to the notes and the execution of certain sale-leaseback arrangements. The fair value of these notes was estimated to be $290.0 million as of June 30, 2004, based on quoted market rates.

On April 30, 2003, we filed a Form S-3 shelf registration statement with the Securities and Exchange Commission. This shelf registration allows for the issuance of debt securities, from time to time, up to an aggregate of $500.0 million. The shelf registration statement became effective on July 8, 2003. In September 2003, we established a $250.0 million medium-term note program under this shelf registration and issued $50.0 million of medium-term notes. These notes mature in September 2006 and have a coupon rate of 2.75%. The fair value of these notes was estimated to be $49.6 million as of June 30, 2004, based on quoted market rates. In November 2003, we issued $25.0 million of medium-term notes which mature in November 2005 and have an interest rate equal to the 3-month London InterBank Offered Rate (LIBOR) plus .05%. This interest rate is reset on a quarterly basis. The fair value of these notes was estimated to be $24.9 million as of June 30, 2004, based on a broker quote.

Note 11: Derivative financial instruments

In June 2004, we entered into $350.0 million of forward starting interest rate swaps to hedge, or lock-in, the interest rate on anticipated long-term debt we plan to issue during the last half of 2004. Gains and losses on these instruments, to the extent that the hedge relationship is effective, are reflected in accumulated other comprehensive loss in our consolidated balance sheets. Any ineffectiveness on these instruments is immediately recognized in interest expense. As of June 30, 2004, the hedges were effective, and unrealized pre-tax losses of $3.1 million were reflected in accumulated other comprehensive loss in our consolidated balance sheet. These agreements will be terminated upon the issuance of the anticipated debt. Once the agreements are terminated, any realized gain or loss will be reclassified ratably to our statements of income as a component of interest expense over the term of the debt.

Note 12: Post-retirement benefits

We have historically provided certain health care benefits for a large number of retired employees. As discussed in Note 6, our retiree medical plan provides prescription drug coverage which is at least actuarially equivalent to the Medicare law enacted in December 2003. Our post-retirement benefit expense for the second quarter of 2004 reflects the impact of the new Medicare law, utilizing the retroactive application method outlined in FSP No. FAS 106-2. In accordance with this accounting guidance, we completed a re-measurement of our plan assets and liabilities as of December 31, 2003. The federal subsidy provided for under the new Medicare law resulted in a $9.5 million reduction in our accumulated post-retirement benefit obligation as of December 31, 2003 and resulted in a $0.3 million reduction in our post-retirement benefit expense for the quarter ended June 30, 2004.

Our post-retirement benefit expense for the quarters and six months ended June 30, 2004 and 2003 consisted of the following components (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Service cost (benefits earned during the period)	$ 182	$ 639	$ 387	$ 1,278
Interest cost on the accumulated post-retirement benefit obligation	1,444	1,949	3,039	3,898
Expected return on plan assets	(1,635)	(1,123)	(3,105)	(2,245)
Amortization of transition obligation	—	105	—	210
Amortization of prior service (benefit) cost	(654)	90	(1,309)	181
Recognized amortization of net actuarial losses	1,759	1,021	3,827	2,041
Total post-retirement benefit expense	$ 1,096	$ 2,681	$ 2,839	$ 5,363

We have invested assets in a trust established under section 401(h) of the Internal Revenue Code to partially fund our post-retirement benefit obligation. We are not contractually obligated to make contributions to this trust, and we do not anticipate making any such contributions during 2004. However, we do anticipate that we will pay benefits of $9.6 million during 2004 utilizing the assets of our VEBA trust which are available to fund employee and retiree medical and severance benefits.

As discussed in Note 3, we acquired NEBS on June 25, 2004. NEBS sponsors a plan which provides post-retirement health and dental care benefits for officers and health and insurance benefits for certain employees of two NEBS subsidiaries, Safeguard Business Systems, Inc. and PremiumWear, Inc. As of the date of acquisition, the plan's accumulated post-retirement benefit obligation was estimated to be $3 million. This plan is not funded. NEBS also has a supplemental executive retirement plan (SERP). As of the date of our acquisition of NEBS, the SERP's projected benefit obligation was estimated to be $7 million. We are currently in the process of completing full valuations of these liabilities. Once these valuations are complete, we will fully fund the SERP obligation.

Note 13: eFunds indemnification

In connection with the spin-off of our former eFunds segment on December 29, 2000, we agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of eFunds' electronic benefits transfer and medical eligibility verification business prior to eFunds' initial public offering in June 2000, and for certain future losses on identified loss contracts in excess of eFunds' accrual for contract losses as of April 30, 2000. The maximum contractual amount of litigation and contract losses for which we would indemnify eFunds is $14.6 million. This agreement remains in effect until one year after the termination of the identified loss contracts or until all disputes have been settled. All identified loss contracts are scheduled to expire by 2006. Through June 30, 2004, no amounts have been paid or claimed under this

indemnification agreement. This obligation is not reflected in the consolidated balance sheets, as it is not probable that any payment will occur.

Note 14: Shareholders' deficit

Shareholders' deficit decreased from $298.1 million as of December 31, 2003 to $251.4 million as of June 30, 2004. We are in a deficit position primarily due to our share repurchase programs. Share repurchases are reflected as reductions of shareholders' equity in the consolidated balance sheets. Under the laws of Minnesota, our state of incorporation, shares which we repurchase are considered to be authorized and unissued shares. Thus, share repurchases are not presented as a separate treasury stock caption in our consolidated balance sheets, but are recorded as direct reductions of additional paid-in capital and retained earnings.

In January 2001, our board of directors approved a plan to purchase up to 14 million shares of our common stock. These repurchases were completed in June 2002 at a cost of $463.8 million. In August 2002, our board of directors approved the repurchase of an additional 12 million shares. These repurchases were completed in September 2003 at a cost of $503.2 million. In August 2003, the board authorized the repurchase of up to 10 million additional shares of our common stock. Through June 30, 2004, 2.1 million of these additional shares had been repurchased at a cost of $85.0 million.

Changes in shareholders' deficit during the first six months of 2004 were as follows (dollars and shares in thousands):

	Common shares	Additional		Accumulated other	Total

	Number of shares	Par value	paid-in capital	Accumulated deficit	Unearned compensation	comprehensive loss[1]	shareholders' deficit
Balance, December 31, 2003	50,173	$ 50,173	$ —	$ (345,950)	$ (41)	$ (2,265)	$ (298,083)
Net income	—	—	—	93,650	—	—	93,650
Cash dividends	—	—	—	(37,115)	—	—	(37,115)
Common shares issued	498	498	10,600	—	—	—	11,098
Tax benefit of stock options	—	—	1,593	—	—	—	1,593
Common shares repurchased	(634)	(634)	(11,496)	(13,390)	—	—	(25,520)
Other common shares retired	(23)	(23)	(973)	—	—	—	(996)
Fair value of employee stock-based compensation	1	1	5,765	—	41	—	5,807
Loss on derivatives, net of tax	—	—	—	—	—	(1,834)	(1,834)
Balance, June 30, 2004	50,015	$ 50,015	$ 5,489	$ (302,805)	$ —	$ (4,099)	$ (251,400)

(1) Accumulated other comprehensive loss is comprised of the following (dollars in thousands):

	Loss on derivatives
Balance, December 31, 2003	$ (2,265)
Amortization of loss on derivatives	126
Unrealized loss on derivatives	(1,960)
Balance, June 30, 2004	$ (4,099)

Note 15: Business segment information

For most of the second quarter of 2004 we operated three business segments: Financial Services, Direct Checks and Business Services. Financial Services sells checks, related products and check merchandising services to financial institutions. Direct Checks sells checks and related products directly to consumers through direct mail and the Internet. Business Services sells checks, forms and related products to small businesses and home offices through financial institution referrals, business alliances and via direct mail and the Internet. All three of these segments operate only in the United States. On June 25, 2004, we acquired NEBS (see Note 3). We have not yet completed our evaluation as to how NEBS various lines of business will be incorporated into our reportable business segments. Until this evaluation is completed, we will manage and monitor NEBS as a separate segment. NEBS operates primarily in the United States, but also has operations in Canada, the United Kingdom and France.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as presented in the notes to consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003. Corporate expenses are allocated to three of our segments based on segment revenues. No corporate expenses are allocated to NEBS, as their operations have not yet been integrated into our corporate functions. The corporate allocation includes expenses for various support activities such as executive management, human resources and finance and includes depreciation and amortization expense related to corporate assets. The corresponding corporate asset balances are not allocated to the segments. Corporate assets consist primarily of cash, deferred tax assets, investments and internal-use software related to corporate activities.

We are an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations and the sharing of assets. Therefore, we do not represent that these segments, if operated independently, would report the operating income and other financial information shown.

The following is our segment information as of and for the quarters ended June 30, 2004 and 2003 (dollars in thousands):

		Reportable business segments					
		Financial Services	Direct Checks	Business Services	NEBS	Corporate	Consolidated
Revenue from external customers:	2004	$167,082	$ 71,016	$ 63,543	$ 7,738	$ —	$ 309,379
	2003	173,498	75,773	60,285	—	—	309,556

Operating income:	2004	38,532	20,880	20,223	205	—	79,840
	2003	35,712	23,398	18,714	—	—	77,824
Depreciation and amortization expense:	2004	11,631	2,629	1,516	554	—	16,330
	2003	11,327	1,973	1,470	—	—	14,770
Total assets:	2004	250,971	139,658	31,576	942,923	165,945	1,531,073
	2003	304,428	155,093	33,972	—	111,028	604,521
Capital purchases:	2004	2,359	656	202	—	6,497	9,714
	2003	1,941	608	407	—	1,882	4,838

The following is our segment information as of and for the six months ended June 30, 2004 and 2003 (dollars in thousands):

		Reportable business segments					
		Financial Services	**Direct Checks**	**Business Services**	**NEBS**	**Corporate**	**Consolidated**
Revenue from external customers:	2004	$333,877	$148,120	$128,476	$ 7,738	$ —	$ 618,211
	2003	350,796	156,536	119,423	—	—	626,755
Operating income:	2004	77,242	42,373	41,826	205	—	161,646
	2003	72,977	54,661	34,885	—	—	162,523
Depreciation and amortization expense:	2004	22,032	4,906	3,088	554	—	30,580
	2003	22,643	3,957	2,788	—	—	29,388
Total assets:	2004	250,971	139,658	31,576	942,923	165,945	1,531,073
	2003	304,428	155,093	33,972	—	111,028	604,521
Capital purchases:	2004	4,388	1,187	262	—	7,851	13,688
	2003	4,755	1,320	912	—	3,326	10,313

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

Company Profile

We are the largest provider of checks in the United States, both in terms of revenue and number of checks produced. We design, manufacture and distribute a comprehensive line of printed checks. In addition to checks, we also offer other personalized printed items (e.g., business forms, business cards, stationery, greeting cards, labels, and shipping and packaging supplies), promotional products and merchandising materials, fraud prevention services and customer retention programs. On June 25, 2004, we acquired New England Business Service, Inc. (NEBS). NEBS is a leading provider of products and services to small businesses. We believe NEBS is a strategic fit, as we both serve small business customers, and the acquisition expands our product offerings, customer base and non-check revenue.

Until the acquisition of NEBS, we operated three business segments: Financial Services, Direct Checks and Business Services. Financial Services sells checks, related products and check merchandising services to more than 8,000 financial institution clients nationwide, including banks, credit unions and financial services companies. Direct Checks is the nation's leading direct-to-consumer check supplier, selling under the Checks Unlimited® and Designer® Checks brands. Through these two brands, Direct Checks sells personal and business checks, as well as related products, using direct response marketing and the Internet. Business Services sells checks, forms and related products to small businesses and home offices through financial institution referrals, business alliances and via direct mail and the Internet. All three of these segments operate only in the United States. We have not yet completed our evaluation as to how NEBS various lines of business will be incorporated into our reportable business segments. Until this evaluation is completed, we will manage and monitor NEBS as a separate segment. NEBS operates primarily in the United States, but also has operations in Canada, the United Kingdom and France.

The biggest challenge we face is that our two largest product groups, checks and business forms, are not growth products. The check printing portion of the payments industry is mature. According to our estimates, the total number of personal, business and government checks written in the United States has been in decline since the mid-1990s as a result of alternative payment methods, such as debit cards, smart cards, electronic and other bill paying services and Internet-based payment services. However, a 2002 Federal Reserve study reported that the check is still Americans' preferred method of non-cash payment,

accounting for approximately 60% of all non-cash payments. Another planned Federal Reserve update this year is expected to provide more insight into check volumes and the trend of total checks written. The business forms product has also reached maturity. Continual technological improvements have provided small business customers with alternative means to enact and record business transactions. For example, the price and performance capabilities of personal computers and related printers now provide a cost effective means to print low quality versions of business forms on plain paper. Additionally, electronic transaction systems and off-the-shelf business software applications have been designed to automate several of the functions performed by business forms products.

Because our products are mature, we have been encountering significant pricing pressure when negotiating contracts with our financial institution clients. Our relationships with specific financial institutions are usually formalized through supply contracts. This pricing pressure has resulted in reduced profit margins, and we expect this trend to continue.

Our Direct Checks segment and our newly acquired NEBS business have been impacted by reduced consumer response rates to direct mail advertisements. We believe that the decline in consumer response rates is attributable to the decline in check usage, the gradual obsolescence of our standardized forms products and an overall increase in direct mail solicitations received by our target customers. Because each advertisement is resulting in fewer new customers, the cost to acquire each new customer has increased. We have also been impacted by a lengthening of the check reorder cycle due to the decline in check usage and the multi-box promotional strategies which are standard practice for direct mail sellers of checks.

To offset all of these challenges, we have focused on increasing revenue per unit by improving our selling techniques and introducing new product offerings. We have also taken steps to lower our cost structure.

In Financial Services, we have implemented the DeluxeSelect[SM] program. This program allows us to interact directly with the customers of financial institutions and to leverage our extensive market research and knowledge of consumer behaviors and preferences. As of June 30, 2004, over 4,500 financial institutions had enrolled in DeluxeSelect. Our Financial Services segment intends to target financial institution clients that understand the value we provide. We provide high quality products, superior service, enhanced customer satisfaction and the check program management skills which lead to improved revenue and profitability for financial institutions. We will not focus on financial institutions for which the only goal is low price. In Direct Checks, we have encouraged consumers to place their orders by phone, where our sales associates have the opportunity to interact with the consumer. During the first half of 2004, 27% of first-time customers placed their orders via the telephone, as compared to 16% in the first half of 2003. In Business Services, we have partnered with our financial institution clients to increase the use of our financial institution referral program. Under this program, our financial institution clients refer their small business customers to us at the time of new account opening. This allows us direct interaction with the small business customer. Additionally, Business Services has established business alliances under which consumers interact directly with us when ordering checks and related products. We have also provided extensive training to our Business Services sales associates to transition that organization from a service to a selling environment. All of these efforts have led to increased sales of premium-priced licensed and specialty check designs and additional value-added products and services such as fraud prevention and express delivery. Additionally, through the NEBS acquisition, we will have the ability to introduce products across channels, thereby enhancing our product and service offerings to small businesses. To combat the reduced consumer response rates to direct mail advertisements within the Direct Checks and NEBS businesses, we continually analyze our marketing approach to ensure we utilize the most effective media sources.

We continue to be cost conscious so that we are able to compete as the decline in check usage and pricing pressure continue. We have closed three check printing facilities this year and will close one additional facility in the fourth quarter of 2004. We have also implemented other employee reductions in recent quarters. The application of lean principles in our manufacturing area has resulted in increased efficiencies, and we intend to apply these principles throughout the rest of the company. We continue to closely manage spending and seek additional cost saving opportunities wherever possible. Additionally,

in integrating NEBS businesses, we plan to realize cost synergies exceeding $25 million annually beginning in 2005. We expect to realize these synergies through eliminating redundancies, leveraging our shared services environment and enhancing productivity by implementing lean principles and sharing best practices.

Recent economic indicators have been somewhat promising. Consumer spending began improving in the second half of 2003 and continued to improve in the first half of 2004. Additionally, the employment growth that occurred in the first quarter of this year continued into the second quarter. There is a correlation between employment and the rate at which consumers open checking accounts. Thus, the employment rate is a key factor for the check printing portion of the payments industry. Our Business Services and NEBS segments are also impacted by small business confidence. Statistics indicate that 2004 will be a strong year for small businesses. The National Federation of Independent Business (NFIB) reported that 29% of small business owners expect the economy to be better in six months. Additionally, small business sales levels, employment and capital spending are all trending upwards. We will continue to monitor the impact these economic conditions are having on our business.

Even with the challenges we face with our mature products, checks and business forms printing continues to be a profitable business for us. We generated operating cash flows of $123.5 million during the first half of 2004 and $181.5 million during full year 2003. We believe our stable cash flows and our focus on cost management will allow us to maintain our leadership position in the check printing portion of the payments industry. We were able to complete the NEBS acquisition during the second quarter of 2004 utilizing our debt capacity. We have also utilized debt proceeds to repurchase our common shares. During the first half of 2004, we repurchased 0.6 million shares; and during 2003, we repurchased a total of 12.2 million shares. We have also continued to pay dividends at an annual rate of $1.48 per share, resulting in a dividend yield of 3.4% based on our June 30, 2004 closing stock price. We believe we have sufficient financial resources to pursue additional acquisitions which leverage our core competencies and are accretive to earnings and cash flow, to strengthen our leading position in the markets in which we compete and to expand into closely related or adjacent products and services.

Acquisition of New England Business Service, Inc.

As discussed earlier under *Company Profile*, on June 25, 2004, we acquired via a tender offer approximately 98% of the outstanding common stock of NEBS for $44 per share. Immediately following the close of the tender offer, we completed a merger under which NEBS became a wholly-owned subsidiary and we became obligated to acquire the untendered shares at a price of $44 per share. We also agreed to redeem all outstanding NEBS stock options for $44 per option less the option exercise price. As of June 30, 2004, payments for the untendered shares, the redemption of stock options and a portion of the direct costs of the acquisition had not been made and were included in accrued liabilities in our consolidated balance sheet. We anticipate that these payments will be substantially completed during the third quarter of 2004. The estimated total purchase price for the acquisition was comprised of the following (dollars in thousands):

Cash payments for NEBS common stock	$ 587,000
Cash payments to redeem NEBS stock options	46,385

Estimated acquisition expenses	9,237
Total purchase price	$ 642,622

Amount paid through June 30, 2004	$ 564,143
Cash acquired from NEBS	(14,681)
Payments for acquisition through June 30, 2004, net of cash acquired	$ 549,462

As of June 30, 2004, we had $23.8 million of restricted cash. Upon the acquisition of NEBS, we were required to place on deposit the funds required to pay the shareholders who did not tender their shares of NEBS common stock under the tender offer. These shareholders must present their stock

certificates in order to receive their portion of the funds. The funds must remain on deposit for a period of nine months, after which time the funds will be returned to us, and thereafter, any remaining unclaimed funds will be remitted to the appropriate governmental authority under applicable escheat laws. In July 2004, we completed the cash payments to redeem the outstanding NEBS stock options.

NEBS operating results are included in our consolidated results of operations from the date of acquisition. Our consolidated balance sheet as of June 30, 2004 reflects the allocation of the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. This allocation is preliminary, pending detailed analysis and outside appraisals of the fair values of the assets acquired and liabilities assumed, as well as completion of management's integration plans. Once the analyses and the asset appraisals have been completed, the allocation of the purchase price will be finalized. We have announced our intention to utilize a shared services environment approach for both manufacturing and certain selling, general and administrative (SG&A) functions. This approach will most likely result in the exit of certain activities. However, to ensure that we continue to meet client expectations, significant analysis is required before such plans can be finalized. To the extent the activities to be discontinued are NEBS activities, we would adjust the preliminary purchase price allocation to reflect additional restructuring liabilities. If the discontinued activities are Deluxe activities, any restructuring accruals would be reflected in our consolidated statements of income. The preliminary allocation of the purchase price does reflect $11.1 million of restructuring accruals for those NEBS activities which we have already decided to exit. These accruals are discussed in *Other Matters*.

The preliminary purchase price allocation resulted in goodwill of $515.9 million. We believe that the NEBS acquisition resulted in the recognition of goodwill primarily because of its industry position, the potential to introduce products across multiple channels and the ability to realize cost synergies. The following illustrates our preliminary allocation of the purchase price to the assets acquired and liabilities assumed (dollars in thousands):

Cash and cash equivalents	$ 14,681
Trade accounts receivable	71,563
Inventories and supplies	41,729
Deferred income taxes	18,210
Other current assets	11,673
Long-term investments	2,974
Property, plant and equipment	43,393
Assets held for sale	1,378
Intangibles	214,411
Goodwill	515,949
Other non-current assets	10,617
Accounts payable	(34,729)
Accrued liabilities	(66,521)
Long-term debt due within one year	(10,417)
Long-term debt	(155,203)
Deferred income taxes	(34,074)
Other non-current liabilities	(3,012)
Total purchase price	$ 642,622

The intangibles acquired primarily relate to trade names and customer lists which will be amortized on the straight-line basis over periods averaging approximately five years. For the quarter ended June 30, 2004, we recorded amortization of intangibles acquired from NEBS of $0.3 million, which related to the post-acquisition activity for the last five days of the quarter. The amount assigned to

intangible assets acquired, as well as the related amortization periods, may change once our detailed analysis and outside asset appraisals are completed.

The following unaudited, pro forma financial information illustrates our estimated results of operations as if the acquisition of NEBS had occurred as of the beginning of each period presented (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 483,875	$ 483,015	$ 968,349	$ 974,186
Net income	46,424	31,510	89,685	81,553
Earnings per share:				
Basic	$ 0.93	$ 0.57	$ 1.79	$ 1.43
Diluted	0.92	0.56	1.78	1.41

The pro forma results of operations for the quarter and six months ended June 30, 2003, include goodwill and asset impairment charges of $13.2 million related to NEBS PremiumWear apparel business. The pro forma operating results are presented for comparative purposes only. They do not represent the results which would have been reported had the acquisition occurred on the dates assumed and are not necessarily indicative of future operating results.

To finance this acquisition, we utilized $475.0 million of an $800.0 million committed line of credit, as well as commercial paper. The amount drawn on the $800.0 million committed line of credit related to a bridge financing agreement put in place to complete the acquisition. This $800.0 million line of credit expires in May 2005. Accordingly, as of June 30, 2004, we had short-term debt of $916.1 million and a working capital deficit of $987.4 million.

It is our intention to refinance a portion of our short-term debt during the last half of 2004 with long-term debt. We currently have a shelf registration in place for the issuance of up to $500.0 million of long-term debt securities. As of June 30, 2004, $425.0 million remained available for issuance under this shelf registration. Debt issuance activities are subject to market and interest rate conditions. As such, we can provide no assurance as to the timing and/or amount of debt that we may issue or whether the terms of the debt will be favorable to us.

Results of Operations – Quarter Ended June 30, 2004 Compared to the Quarter Ended June 30, 2003

The following table presents, for the periods indicated, the relative composition of selected statement of income data (dollars in thousands):

	Quarter Ended June 30,			
	2004		2003	
	$	% of revenue	$	% of revenue
Revenue from external customers:				
Financial Services	$167,082	54.0%	$ 173,498	56.0%
Direct Checks	71,016	23.0%	75,773	24.5%
Business Services	63,543	20.5%	60,285	19.5%
NEBS	7,738	2.5%	—	—
Total	$309,379	100.0%	$ 309,556	100.0%
Gross profit	206,513	66.8%	202,838	65.5%
Selling, general and administrative expense	126,625	40.9%	125,143	40.4%
Asset impairment and net disposition losses (gains)	48	—	(129)	—
Operating income[1]:				
Financial Services	$ 38,532	23.1%	$ 35,712	20.6%
Direct Checks	20,880	29.4%	23,398	30.9%
Business Services	20,223	31.8%	18,714	31.0%
NEBS	205	2.6%	—	—
Total	$ 79,840	25.8%	$ 77,824	25.1%
Earnings before interest, taxes, depreciation and amortization of intangibles (EBITDA)[2]	$ 96,450	31.2%	$ 91,999	29.7%

See note 15 of the Notes to Unaudited Consolidated Financial Statements included in Item 1 of this report for discussion of the accounting policies of our reportable business segments.

(1) Segment percentages represent segment operating income as a percentage of segment revenue from external customers.

(2) EBITDA is not a measure of financial performance under generally accepted accounting principles (GAAP). We disclose EBITDA because it can be used to analyze profitability between companies and industries by eliminating the effects of financing (i.e., interest) and capital investments (i.e., depreciation and amortization). We continually evaluate EBITDA, as we believe that an increasing EBITDA depicts increased ability to attract financing and increases the valuation of our business. We do not consider EBITDA to be a substitute for performance measures calculated in accordance with GAAP. Instead, we believe that EBITDA is a useful performance measure which should be considered in addition to those measures reported in accordance with GAAP. EBITDA is derived from net income as follows (dollars in thousands):

	Quarter Ended June 30, 2004	2003
Net income	$ 45,988	$ 44,893
Provision for income taxes	29,004	27,548
Interest expense, net	5,128	4,788
Depreciation	5,202	5,490
Amortization of intangibles	11,128	9,280
EBITDA	$ 96,450	$ 91,999

Revenue — Revenue was flat at $309.4 million for the second quarter of 2004 compared to $309.6 million for the second quarter of 2003. The NEBS acquisition contributed revenue of $7.7 million for the second quarter of 2004 for the five days subsequent to the acquisition. Unit volume for our other businesses was down 6.1% as compared to 2003. Revenue was impacted by the overall decline in the number of checks being written due to the increasing use of alternative payment methods. Our Direct Checks segment was also impacted by lower direct mail consumer response rates, longer reorder cycles due to promotional strategies for multi-box orders and lower customer retention. These decreases in unit volume were partially offset by increased financial institution referrals within our Business Services segment. Revenue per unit was up 3.8% as compared to 2003 due to continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services such as express delivery and fraud prevention, as well as price increases in our Direct Checks and Business Services segments. Partially offsetting these increases was continuing competitive pricing pressure within our Financial Services segment.

Gross profit — Gross profit increased $3.7 million, or 1.8%, to $206.5 million for the second quarter of 2004 from $202.8 million for the second quarter of 2003. Gross margin increased to 66.8% for the second quarter of 2004 from 65.5% for the second quarter of 2003. The increase in revenue per unit due to continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services, as well as continued productivity improvements and on-going cost management efforts was partially offset by the continued pricing pressure facing our Financial Services segment.

Selling, general and administrative (SG&A) expense — SG&A expense increased $1.5 million, or 1.2%, to $126.6 million for the second quarter of 2004 from $125.1 million for the second quarter of 2003. The increase was due to NEBS SG&A expense for the five days subsequent to the acquisition and a $2.5 million increase in stock-based compensation expense. In January 2004 we adopted the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 123, *Accounting for Stock-Based Compensation.* Further information concerning this change in accounting principle can be found under *Other Matters*. Partially offsetting these increases were cost management efforts, including savings realized from the employee reductions announced during the last three quarters, and lower discretionary spending. As a percentage of revenue, SG&A expense increased to 40.9% for the second quarter of 2004 from 40.4% for the second quarter of 2003.

Net income — Net income increased $1.1 million, or 2.4%, to $46.0 million for the second quarter of 2004 from $44.9 million for the second quarter of 2003. The increase was primarily due to the manufacturing productivity improvements and cost management efforts discussed earlier.

Diluted earnings per share — Diluted earnings per share increased $0.11, or 13.8%, to $0.91 for the second quarter of 2004 from $0.80 for the second quarter of 2003. In addition to higher net income, the increase was due to the net decrease in average shares outstanding resulting from our share repurchase programs. In August 2002, our board of directors authorized the repurchase of 12 million shares of our common stock and in August 2003, the board authorized the repurchase of up to 10 million additional shares. As of June 30, 2004, 14.1 million shares had been repurchased under these authorizations. The change in average shares outstanding resulting from share repurchases, partially offset by the impact of shares issued under employee stock purchase and stock incentive plans, resulted in a $0.09 increase in earnings per share for the second quarter of 2004 as compared to 2003.

During 2003, we accounted for our employee-stock based compensation in accordance with Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*. Accordingly, our 2003 results of operations do not include compensation expense for stock options or for our employee stock purchase plan. Had this expense been included in our results, diluted earnings per share would have been $0.02 lower for the second quarter of 2003. On January 1, 2004, we adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* As a result, our 2004 results include compensation expense for all employee stock-based compensation. Further information concerning this change in accounting principle can be found under *Other Matters*.

Results of Operations – Six Months Ended June 30, 2004 Compared to the Six Months Ended June 30, 2003

The following table presents, for the periods indicated, the relative composition of selected statement of income data (dollars in thousands):

	Six Months Ended June 30, 2004		2003	
	$	% of revenue	$	% of revenue
Revenue from external customers:				
Financial Services	$ 333,877	54.0%	$ 350,796	56.0%
Direct Checks	148,120	24.0%	156,536	25.0%
Business Services	128,476	20.8%	119,423	19.0%
NEBS	7,738	1.2%	—	—
Total	$ 618,211	100.0%	$ 626,755	100.0%

Gross profit	408,459	66.1%	410,213	65.5%
Selling, general and administrative expense	246,735	40.0%	247,901	39.6%
Asset impairment and net disposition losses (gains)	78	—	(211)	—
Operating income[3]:				
Financial Services	$ 77,242	23.1%	$ 72,977	20.8%
Direct Checks	42,373	28.6%	54,661	34.9%
Business Services	41,826	32.6%	34,885	29.2%
NEBS	205	2.6%	—	—
Total	$ 161,646	26.1%	$ 162,523	25.9%
Earnings before interest, taxes, depreciation and amortization of intangibles (EBITDA)[4]	$ 192,879	31.2%	$ 191,477	30.6%

See note 15 of the Notes to Unaudited Consolidated Financial Statements included in Item 1 of this report for discussion of the accounting policies of our reportable business segments.

(3) Segment percentages represent segment operating income as a percentage of segment revenue from external customers.

(4) EBITDA is not a measure of financial performance under GAAP. We disclose EBITDA because it can be used to analyze profitability between companies and industries by eliminating the effects of financing (i.e., interest) and capital investments (i.e., depreciation and amortization). We continually evaluate EBITDA, as we believe that an increasing EBITDA depicts increased ability to attract financing and increases the valuation of our business. We do not consider EBITDA to be a substitute for performance measures calculated in accordance with GAAP. Instead, we believe that EBITDA is a useful performance measure which should be considered in addition to those measures reported in accordance with GAAP. EBITDA is derived from net income as follows (dollars in thousands):

	Six Months Ended June 30, 2004	2003
Net income	$ 93,650	$ 94,871
Provision for income taxes	58,468	58,179
Interest expense, net	10,181	9,039
Depreciation	9,866	11,251
Amortization of intangibles	20,714	18,137
EBITDA	$ 192,879	$ 191,477

Revenue — Revenue decreased $8.6 million, or 1.4%, to $618.2 million for the first six months of 2004 from $626.8 million for the first six months of 2003. The NEBS acquisition contributed revenue of $7.7 million for the second quarter of 2004 for the five days subsequent to the acquisition. Unit volume for our other businesses was down 4.0% as compared to 2003 due to an overall decline in the number of checks being written due to the increasing use of alternative payment methods. Our Direct Checks segment was also impacted by lower direct mail consumer response rates, longer reorder cycles due to promotional strategies for multi-box orders and lower customer retention. These decreases in unit volume were partially offset by increased financial institution referrals for our Business Services segments. Partially offsetting the unit decline was a 1.4% increase in revenue per unit as compared to 2003 due to continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services such as express delivery and fraud prevention, as well as price increases in our Direct Checks and Business Services segments. These increases were partially offset by increased competitive pricing pressure within our Financial Services segment.

Gross profit — Gross profit decreased $1.7 million, or 0.4%, to $408.5 million for the first six months of 2004 from $410.2 million for the first six months of 2003. Gross margin increased to 66.1% for the first six months of 2004 from 65.5% for the first six months of 2003. The increase in revenue per unit due to continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services, as well as continued productivity improvements and on-going cost management efforts was partially offset by the continued pricing pressure facing our Financial Services segment.

Selling, general and administrative (SG&A) expense — SG&A expense decreased $1.2 million, or 0.5%, to $246.7 million for the first six months of 2004 from $247.9 million for the first six months of 2003. The decrease was primarily due to cost management efforts, including savings realized from the employee reductions announced during the last three quarters, and lower discretionary spending. These decreases were partially offset by a $7.9 million increase in Direct Checks advertising expense due to new product launches, higher cost per customer acquisition and the timing of promotional spending. Additionally, stock-based compensation expense increased $4.6 million and our results included NEBS SG&A expense for the five days subsequent to the acquisition. In January 2004, we adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* Further information concerning this change in accounting principle can be found under *Other Matters*. As a percentage of revenue, SG&A expense increased to 40.0% for the first six months of 2004 from 39.6% for the first six months of 2003.

Interest expense — Interest expense increased $1.1 million to $10.4 million for the first six months of 2004 from $9.3 million for the first six months of 2003 due to an increase in debt levels as we continued to repurchase shares throughout 2003 and the first half of 2004, partially offset by lower interest rates. During the first six months of 2004, we had weighted-average debt outstanding of $585.4 million at a weighted-average interest rate of 3.62%. During the first six months of 2003, we had weighted-average debt outstanding of $394.4 million at a weighted-average interest rate of 4.11%.

Net income — Net income decreased $1.2 million, or 1.3%, to $93.7 million for the first six months of 2004 from $94.9 million for the first six months of 2003. The decrease was primarily due to lower revenue, partially offset by the decrease in SG&A expense and the manufacturing productivity improvements discussed earlier.

Diluted earnings per share — Despite the decrease in net income, diluted earnings per share increased $0.22, or 13.4%, to $1.86 for the first six months of 2004 from $1.64 for the first six months of 2003. The increase was due to the net decrease in average shares outstanding resulting from our share repurchase programs. In August 2002, our board of directors authorized the repurchase of 12 million shares of our common stock and in August 2003, the board authorized the repurchase of up to 10 million additional shares. As of June 30, 2004, 14.1 million shares had been repurchased under these authorizations. The change in average shares outstanding resulting from share repurchases, partially offset by the impact of shares issued under employee stock purchase and stock incentive plans, resulted in a $0.24 increase in earnings per share for the first six months of 2004 as compared to 2003.

During 2003, we accounted for our employee-stock based compensation in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Accordingly, our 2003 results of operations do not include compensation expense for stock options or for our employee stock purchase plan. Had this

expense been included in our results, diluted earnings per share would have been $0.03 lower for the first six months of 2003. On January 1, 2004, we adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* As a result, our 2004 results include compensation expense for all employee stock-based compensation. Further information concerning this change in accounting principle can be found under *Other Matters*.

Segment Disclosures

Additional information regarding our business segments appears in note 15 of the Notes to Unaudited Consolidated Financial Statements included in Item 1 of this report.

Financial Services — Financial Services sells checks, related products and check merchandising services to financial institutions. Additionally, we offer enhanced services to our financial institution clients, such as customized reporting, file management, expedited account conversion support and fraud prevention. The following table shows the results of this segment for the quarters and six months ended June 30, 2004 and 2003 (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 167,082	$ 173,498	$ 333,877	$ 350,796
Operating income	38,532	35,712	77,242	72,977
% of revenue	23.1%	20.6%	23.1%	20.8%

Financial Services revenue decreased $6.4 million, or 3.7%, to $167.1 million for the second quarter of 2004 from $173.5 million for the second quarter of 2003. The decrease was primarily due to competitive pricing pressure and an overall decline in the number of checks being written due to the increasing use of alternative payment methods. These revenue decreases were partially offset by increased sales of premium-priced licensed and specialty check designs and additional value-added services.

Operating income increased $2.8 million, or 7.9%, to $38.5 million for the second quarter of 2004 from $35.7 million for the second quarter of 2003. This increase was the result of cost management efforts, lower discretionary spending and productivity improvements, partially offset by the revenue decline.

Financial Services revenue decreased $16.9 million, or 4.8%, to $333.9 million for the first six months of 2004 from $350.8 million for the first six months of 2003. The decrease was primarily due to competitive pricing pressure and an overall decline in the number of checks being written due to the increasing use of alternative payment methods. These revenue decreases were partially offset by increased sales of premium-priced licensed and specialty check designs and additional value-added services, as well as the timing of client gains and losses.

Operating income increased $4.2 million, or 5.8%, to $77.2 million for the first six months of 2004 from $73.0 million for the first six months of 2003. As for the quarter, this increase was the result of cost management efforts, lower discretionary spending and productivity improvements, partially offset by the revenue decline.

Direct Checks — Direct Checks sells checks and related products directly to consumers through direct mail and the Internet. We use a variety of direct marketing techniques to acquire new customers in the direct-to-consumer channel, including freestanding inserts in newspapers, in-package advertising, statement stuffers and co-op advertising. We also use e-commerce strategies to direct traffic to our websites. Direct Checks sells under the Checks Unlimited and Designer Checks brand names. The following table shows the results of this segment for the quarters and six months ended June 30, 2004 and 2003 (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 71,016	$ 75,773	$ 148,120	$ 156,536
Operating income	20,880	23,398	42,373	54,661
% of revenue	29.4%	30.9%	28.6%	34.9%

Direct Checks revenue decreased $4.8 million, or 6.3%, to $71.0 million for the second quarter of 2004 from $75.8 million for the second quarter of 2003. Unit volume decreased from 2003 due to an overall decline in the number of checks being written resulting from the increasing use of alternative payment methods, lower consumer response rates to direct mail advertisements, longer reorder cycles due to our promotional strategies for multi-box orders and lower customer retention. Partially offsetting the volume decline was an increase in revenue per unit due to price increases, the improved effectiveness of our selling techniques and continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services.

Operating income decreased $2.5 million, or 10.8%, to $20.9 million for the second quarter of 2004 from $23.4 million for the second quarter of 2003. This decrease was primarily due to the revenue decline, partially offset by productivity improvements.

Direct Checks revenue decreased $8.4 million, or 5.4%, to $148.1 million for the first six months of 2004 from $156.5 million for the first six months of 2003. Unit volume decreased from 2003 due to an overall decline in the number of checks being written resulting from the increasing use of alternative payment methods, lower consumer response rates to direct mail advertisements, longer reorder cycles due to our promotional strategies for multi-box orders and lower customer retention. Partially offsetting the volume decline was an increase in revenue per unit due to price increases, the improved effectiveness of our selling techniques and continued strength in selling premium-priced licensed and specialty check designs and additional value-added products and services.

Operating income decreased $12.3 million, or 22.5%, to $42.4 million for the first six months of 2004 from $54.7 million for the first six months of 2003. This decrease was primarily due to a $7.9 million increase in advertising expense due to new product launches, higher cost per customer acquisition and the timing of promotional spending. Additionally, the revenue decline and severance charges contributed to the decrease. Further information concerning the severance charges can be found under *Other Matters*.

Business Services — Business Services sells checks, forms and related products to small businesses and home offices through financial institution referrals, business alliances and via direct mail and the Internet. Through our business referral program, our financial institution clients refer new small business customers by calling us directly at the time of new account opening. We also use a variety of direct marketing techniques to retain customers. The following table shows the results of this segment for the quarters and six months ended June 30, 2004 and 2003 (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 63,543	$ 60,285	$ 128,476	$ 119,423
Operating income	20,223	18,714	41,826	34,885
% of revenue	31.8%	31.0%	32.6%	29.2%

Business Services revenue increased $3.2 million, or 5.4%, to $63.5 million for the second quarter of 2004 from $60.3 million for the second quarter of 2003. The increase resulted primarily from higher unit

volume. Financial institution referrals increased due to the timing of client gains and losses and due to our focus on increasing the visibility of this program with our financial institution clients. Partially offsetting this improvement was the overall decline in the number of checks being written due to the increasing use of alternative payment methods.

Operating income increased $1.5 million, or 8.1%, to $20.2 million for the second quarter of 2004 from $18.7 million for the second quarter of 2003. The increase was due to the higher revenue and our ability to leverage fixed costs as revenues increase, as well as lower discretionary spending.

Business Services revenue increased $9.1 million, or 7.6%, to $128.5 million for the first six months of 2004 from $119.4 million for the first six months of 2003. The increase resulted from increased financial institution referrals, as well as improved selling techniques and price increases. Partially offsetting these improvements was the overall decline in the number of checks being written due to the increasing use of alternative payment methods.

Operating income increased $6.9 million, or 19.9%, to $41.8 million for the first six months of 2004 from $34.9 million for the first six months of 2003. The increase was due to the higher unit volume, lower discretionary spending and price increases.

NEBS — NEBS is a leading provider of products and services to small businesses. Its offerings include checks, forms, packaging supplies, embossed foil anniversary seals and other printed material which are marketed through direct sales, telesales, a direct sales force, dealers, dedicated distributors and the Internet. NEBS also designs, embroiders and sells specialty apparel products through distributors and independent sales representatives. The following table shows the results of this segment for the quarters and six months ended June 30, 2004 and 2003 (dollars in thousands):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 7,738	$ —	$ 7,738	$ —
Operating income	205	—	205	—
% of revenue	2.6%	—	2.6%	—

As discussed earlier, we acquired NEBS on June 25, 2004. As such, NEBS results of operations are included in our operating results only for the last five days of June.

Liquidity, Capital Resources and Financial Condition

As of June 30, 2004, we had cash and cash equivalents of $19.8 million. The following table shows our cash flow activity for the first six months of 2004 and 2003 and should be read in conjunction with the consolidated statements of cash flows (dollars in thousands):

	Six Months Ended June 30,	
	2004	2003
Net cash provided by operating activities	$ 123,546	$ 50,259
Net cash used by investing activities	(587,396)	(11,348)
Net cash provided (used) by financing activities	480,641	(156,741)
Net change in cash and cash equivalents	$ 16,791	$ (117,830)

Net cash provided by operating activities increased $73.2 million to $123.5 million for the first six months of 2004 from $50.3 million for the first six months of 2003. The increase was due primarily to a $28.2 million decrease in contract acquisition payments to financial institution clients within the Financial

Services segment, a $19.0 million decrease in payments made for profit sharing and pension contributions and the 2003 change in deferred advertising and accounts receivable.

During the first six months of 2004, cash inflows generated from operations were utilized primarily to make income tax payments of $43.2 million, voluntary employee beneficiary association (VEBA) trust contributions of $35.9 million, employee profit sharing and pension contributions of $20.6 million, interest payments of $12.3 million and contract acquisition payments to financial institution clients of $7.7 million. Net proceeds from short-term debt of $702.9 million, cash provided by operating activities during the first six months of 2004 of $123.5 million, cash receipts of $11.1 million from shares issued under employee plans and cash on hand of $3.0 million at December 31, 2003, enabled us to make net payments related to the NEBS acquisition of $549.5 million, to make payments on long-term debt of $165.6 million, to pay dividends of $37.1 million, to spend $26.6 million on share repurchases, to fund $23.8 million of restricted cash to pay for NEBS shares not tendered and to purchase capital assets of $13.7 million. The payments on long-term debt primarily related to NEBS debt assumed at the time of acquisition.

During the first six months of 2003, cash inflows generated from operations were utilized primarily to make employee profit sharing and pension contributions of $39.6 million, income tax payments of $36.2 million, contract acquisition payments to financial institution clients of $35.9 million and VEBA trust contributions of $32.0 million, as well as to fund changes in accounts receivable and deferred advertising costs. The net issuance of $215.2 million of commercial paper, cash on hand of $124.9 million as of December 31, 2002, net cash provided by operating activities during the first six months of 2003 of $50.3 million and cash receipts of $11.3 million from shares issued under employee plans enabled us to spend $337.2 million on share repurchases, to pay dividends of $42.1 million and to purchase capital assets of $10.3 million.

During July 2004, we completed the payments to redeem the outstanding stock options of NEBS as discussed earlier under *Acquisition of New England Business Service, Inc*. We anticipate that the majority of the direct costs of the acquisition will also be paid in the third quarter of 2004. Additionally, we anticipate that our third quarter cash flow from operating activities will be negatively impacted by payments made to NEBS executives under change of control provisions included in their employment agreements, as well as the funding of NEBS supplemental executive retirement plan and NEBS fiscal year 2004 cash bonus payments.

We believe that important measures of our financial strength are the ratios of earnings before interest and taxes (EBIT[(5)]) to interest expense and free cash flow[(6)] to total debt. We calculate free cash flow as cash provided by operating activities less purchases of capital assets and dividends paid to shareholders. EBIT to interest expense was 15.7 times on a four-quarter trailing basis through June 30, 2004 and 16.5 times for the year ended December 31, 2003. Our committed lines of credit contain covenants requiring a minimum EBIT to interest expense ratio on a four-quarter trailing basis of 3.0 times. The decrease in 2004 was primarily due to higher interest expense resulting from higher debt levels as we continued to repurchase shares. This ratio will continue to decrease due to the additional debt we issued to complete the acquisition of NEBS. Nonetheless, we believe the risk of violating our financial covenants is low as we expect solid profitability and cash flow to continue. The comparable ratio of net income to interest expense was 9.4 times on a four-quarter trailing basis through June 30, 2004 and 10.0 times for the year ended December 31, 2003. Free cash flow to total debt was 11.9% on a four-quarter trailing basis through June 30, 2004 and 13.3% for the year ended December 31, 2003. The decrease was primarily due to the higher debt level as of June 30, 2004, due to financing required for the NEBS acquisition. The comparable ratio of net cash provided by operating activities to total debt was 19.6% on a four-quarter trailing basis through June 30, 2004 and 30.5% for the year ended December 31, 2003.

As of June 30, 2004, we had $1,297.9 million of debt outstanding. Of this amount, $916.1 million was short-term debt and the remainder was long-term debt. Our short-term debt consisted of amounts drawn on a committed line of credit, as well as commercial paper outstanding under a $500.0 million commercial paper program. The amount of our commercial paper program was increased from $350.0 million to $500.0 million during the second quarter of 2004. The amount drawn on the committed line of credit related to a bridge financing agreement put in place to complete the acquisition of NEBS. This $800.0 million line of credit expires in May 2005 and carries a commitment fee of ten basis points (.10%). It also supported up to $150.0 million of our commercial paper program as of June 30, 2004. The daily average amount outstanding

(5) EBIT is not a measure of financial performance under GAAP. By excluding interest and income taxes, this measure of profitability can indicate whether a company's earnings are adequate to pay its debts. We monitor this measure on an ongoing basis, as we believe it illustrates our operating performance without regard to financing methods, capital structure or income taxes. We do not consider EBIT to be a substitute for performance measures calculated in accordance with GAAP. Instead, we believe that EBIT is a useful performance measure which should be considered in addition to those measures reported in accordance with GAAP. The measure of EBIT to interest expense illustrates how many times the current year's EBIT covers the current year's interest expense. Our committed lines of credit contain covenants requiring a minimum EBIT to interest expense ratio. EBIT is derived from net income as follows (dollars in thousands):

	Twelve Months Ended	
	June 30, 2004	December 31, 2003
Net income	$ 191,250	$ 192,472
Provision for income taxes	107,197	106,908
Interest expense, net	20,014	18,872
EBIT	$ 318,461	$ 318,252

(6) Free cash flow is not a measure of financial performance under GAAP. We monitor free cash flow on an ongoing basis, as it measures the amount of cash generated from our operating performance after investment initiatives and the payment of dividends. It represents the amount of cash available for interest payments, debt service, general corporate purposes and strategic initiatives. We do not consider free cash flow to be a substitute for performance measures calculated in accordance with GAAP. Instead, we believe that free cash flow is a useful liquidity measure which should be considered in addition to those measures reported in accordance with GAAP. The measure of free cash flow to total debt is a liquidity measure which illustrates to what degree our free cash flow covers our existing debt. Free cash flow is derived from net cash provided by operating activities as follows (dollars in thousands):

	Twelve Months Ended	
	June 30, 2004	December 31, 2003
Net cash provided by operating activities	$ 254,754	$ 181,467
Purchases of capital assets	(25,409)	(22,034)
Cash dividends paid to shareholders	(75,449)	(80,453)
Free cash flow	$ 153,896	$ 78,980

under this line of credit during the first six months of 2004 was $5.2 million at a weighted-average interest rate of 4.00%. As of June 30, 2004, $475.0 million was outstanding at a weighted-average interest rate of 4.00%.

Our commercial paper program carries a credit rating of A2/P2. This credit rating was downgraded from A1/P1 during the second quarter of 2004 due to the additional debt we issued in conjunction with the acquisition of NEBS. If for any reason we were unable to access the commercial paper markets, we would rely on our committed lines of credit for liquidity. The daily average amount of commercial paper outstanding during the first six months of 2004 was $193.5 million at a weighted-average interest rate of 1.10%. As of June 30, 2004, $441.1 million was outstanding at a weighted-average interest rate of 1.40%. The daily average amount of commercial paper outstanding during 2003 was $149.4 million at a weighted-average interest rate of 1.15%. As of December 31, 2003, $213.3 million was outstanding at a weighted-average interest rate of 1.11%.

In addition to the $800.0 million bridge line of credit, we also have committed lines of credit which primarily support our commercial paper program. As of June 30, 2003, we had a 364-day line of credit for $175.0 million which was scheduled to expire on August 11, 2004 and carried a commitment fee of ten basis points (.10%). In July 2004, we canceled this credit facility and we entered into two new credit facility agreements. One of the new facilities is a 364-day line of credit for $100.0 million which expires in July 2005 and carries a commitment fee of ten basis points (.10%). The other new line of credit is for $225.0 million. This line of credit expires in July 2009 and carries a commitment fee of 12.5 basis points (.125%). We also have a $175.0 million line of credit which expires in August 2007 and carries a commitment fee of 12.5 basis points (.125%). The credit agreements governing the lines of credit contain customary covenants regarding the ratio of EBIT to interest expense and levels of subsidiary indebtedness. No amounts were drawn on these lines of credit during the first six months of 2004 or during 2003, and no amounts were outstanding under these lines of credit as of June 30, 2004. As a result of the new credit facilities established in July, we also reduced the amount available under our bridge financing agreement to $650.0 million.

To the extent not needed to support outstanding commercial paper or letters of credit, we may borrow funds under our lines of credit. As of June 30, 2004, $230.6 million was available under our committed lines of credit for borrowing or for support of additional commercial paper, as follows (dollars in thousands):

	Total available	Amount outstanding	Net available	Expiration date
364-day line of credit	$ 175,000	$ —	$ 175,000	August 2004
Five year line of credit	175,000	—	175,000	August 2007
Bridge line of credit	800,000	475,000	325,000	May 2005
Total committed lines of credit	$ 1,150,000	$ 475,000	675,000	
Commercial paper outstanding			(441,141)	
Letters of credit outstanding			(3,238)	
Net available for borrowing as of June 30, 2004			$ 230,621	

We also have an uncommitted bank line of credit for $50.0 million available at variable interest rates. No amounts were drawn on this line of credit during the first six months of 2004 or during 2003, and no amounts were outstanding under this line of credit as of June 30, 2004.

As a result of the short-term debt we issued to complete the acquisition of NEBS, we had a working capital deficit of $987.4 million as of June 30, 2004. It is our intention to refinance a portion of our short-term debt during the last half of 2004 with long-term debt. We currently have a shelf registration in place for the issuance of up to $500.0 million of long-term debt securities. As of June 30, 2004, $425.0 million remained available for issuance under this shelf registration. Debt issuance activities are subject to market and interest rate conditions. As such, we can provide no assurance as to the timing and/or amount of debt that we may issue or whether the terms of the debt will be favorable to us.

Absent certain defined events of default under our committed credit facilities, there are no significant contractual restrictions on our ability to pay cash dividends.

Our long-term debt consisted of $373.4 million of long-term notes, net of discount and $8.4 million due under capital lease obligations. During the second quarter of 2004, as a result of the additional debt we issued to complete the acquisition of NEBS, our long-term credit rating was downgraded to ‘BBB+ (negative outlook)’ from ‘A’ by Standard & Poor’s and was downgraded to ‘Baa1 (stable)’ from ‘A2’ by Moody’s Investors Service. We do not expect these downgrades to impact our ability to borrow and our credit facilities do not have covenants or events of default tied to maintaining our credit rating.

In December 2002, we issued $300.0 million of senior, unsecured notes which mature in December 2012 and have a coupon rate of 5.0%. The proceeds from these notes were used for general corporate purposes, including funding share repurchases, capital asset purchases and working capital. On April 30, 2003, we filed a Form S-3 shelf registration statement with the Securities and Exchange Commission. This shelf registration allows for the issuance of debt securities, from time to time, up to an aggregate of $500.0 million. The shelf registration statement became effective on July 8, 2003. In September 2003, we established a $250.0 million medium-term note program under this shelf registration. As of June 30, 2004, we had issued $75.0 million of medium-term notes. Of these notes, $50.0 million mature in September 2006 and have a coupon rate of 2.75% and $25.0 million mature in November 2005 and have an interest rate equal to the 3-month London InterBank Offered Rate (LIBOR) plus .05%. This interest rate is reset on a quarterly basis.

In September 2003, we completed all repurchases under the 12 million share repurchase program approved by our board of directors in August 2002. In August 2003, the board authorized the repurchase of up to 10 million additional shares of our common stock. As of June 30, 2004, we had repurchased 2.1 million shares under the August 2003 authorization. Although this authorization remains in place, we will most likely not repurchase additional shares in the near future. Instead, we intend to focus on paying off a portion of the debt we issued to complete the NEBS acquisition.

Changes in financial condition – The table included earlier under *Acquisition of New England Business Service, Inc.* illustrates the preliminary allocation of the NEBS purchase price to the assets acquired and liabilities assumed.

Other current assets increased $32.1 million to $52.1 million as of June 30, 2004 from $20.0 million as of December 31, 2003. In addition to the other current assets acquired from NEBS, the increase resulted from contributions made to the VEBA trust which we use to fund employee and retiree medical and severance payments. Contributions of $35.9 million were made to the trust in the first six months of 2004.

Other non-current assets increased $5.5 million to $163.0 million as of June 30, 2004 from $157.5 million as of December 31, 2003. The increase resulting from the acquisition of NEBS was partially offset by a $2.1 million decrease in contract acquisition costs of our Financial Services segment. Contract acquisition costs are recorded as non-current assets upon contract execution and are amortized, generally on the straight-line basis, as reductions of revenue over the related contract term. Changes in contract acquisition costs during the first six months of 2004 were as follows (dollars in thousands):

Balance, December 31, 2003	$	96,085
Cash payments		7,696
Change in accruals		6,544
Amortization		(16,368)
Balance, June 30, 2004	$	93,957

The number of checks being written has been in decline since the mid-1990s, contributing to increased competitive pressure when attempting to retain or obtain clients. Beginning in 2001, as competitive pressure intensified, both the number of financial institution clients requiring contract acquisition payments and the amount of the payments increased. Although we anticipate that we will continue to make contract acquisition payments, we cannot quantify future amounts with certainty. The amount paid is dependent on numerous factors such as the number and timing of contract executions and renewals, the actions of our competitors, overall product discount levels and the structure of up-front product discount payments versus providing higher discount levels throughout the term of the contract. We anticipate that these payments may continue to be a significant use of cash. When the overall discount level provided for in a contract is unchanged, contract acquisition costs do not result in lower net revenue. The impact of these costs is the timing of cash flows. An up-front cash payment is made as opposed to providing higher product discount levels throughout the term of the contract.

Total debt increased $703.0 million to $1,297.9 million as of June 30, 2004 from $594.9 million as of December 31, 2003 due primarily to the financing required to complete the acquisition of NEBS.

Shareholders' deficit decreased $46.7 million to $251.4 million as of June 30, 2004 from $298.1 million as of December 31, 2003. We are in a deficit position due to the required accounting treatment for share repurchases. During 2001, we repurchased 11.3 million common shares at a cost of $345.4 million; during 2002, we repurchased 3.9 million common shares at a cost of $172.8 million; and in 2003, we repurchased 12.2 million common shares at a cost of $508.2 million. During the first six months of 2004, we repurchased 0.6 million common shares at a cost of $25.5 million. Given the strength of our financial position, as reflected in our cash flow and coverage ratios such as EBIT to interest expense and free cash flow to total debt, we do not expect our shareholders' deficit position to result in any adverse reaction from rating agencies or others that would negatively affect our liquidity or financial condition.

Contractual Obligations

A table of our contractual obligations was provided in the *Management's Discussion and Analysis of Financial Condition and Results of Operation* section of our Annual Report on Form 10-K for the year ended December 31, 2003. During the first quarter of 2004, we renewed a contract with one of our information technology service providers. The original contract had been scheduled to expire in August 2004, and the contractual commitments previously reported included an obligation of $27.6 million for the first eight months of 2004. The new agreement requires us to make payments of $34.2 million per year through 2014. By renewing this contract prior to its expiration, we were able to obtain lower rates for the same services. Additionally, the new agreement results in a $35.5 million increase in the amount previously reported for early contract termination penalties.

As discussed earlier, we acquired NEBS on June 25, 2004. Immediately following the acquisition, we retired $165.1 million of NEBS long-term debt. NEBS remaining debt as of June 30, 2004 consisted of capital lease obligations of $0.5 million. NEBS also has various operating lease and purchase obligations. We are currently completing a detailed analysis and compilation of these obligations.

Contingent Commitments/Off-balance Sheet Arrangements

In connection with the spin-off of our former eFunds segment on December 29, 2000, we agreed to indemnify eFunds for future losses arising from any litigation based on the conduct of eFunds' electronic benefits transfer and medical eligibility verification business prior to eFunds' initial public offering in June 2000, and for certain future losses on identified loss contracts in excess of eFunds' accrual for contract losses as of April 30, 2000. The maximum contractual amount of litigation and contract losses for which we would indemnify eFunds is $14.6 million. This agreement remains in effect until one year after the termination of the identified loss contracts or until all disputes have been settled. All identified loss contracts are scheduled to expire by 2006. Through June 30, 2004, no amounts have been paid or claimed under this indemnification agreement. This obligation is not reflected in the consolidated balance sheets, as it is not probable that any payment will occur.

It has not been our practice to enter into off-balance sheet arrangements. In the normal course of business we periodically enter into agreements that incorporate general indemnification language. These indemnifications encompass such items as intellectual property rights, governmental regulations and/or employment-related matters. Performance

under these indemnities would generally be triggered by a breach of terms of the contract or by a third-party claim. There have historically been no material losses related to such indemnifications, and we do not expect any material adverse claims in the future. We have established a formal contract review process to assist in identifying significant indemnification clauses.

We are not engaged in any transactions, arrangements or other relationships with unconsolidated entities or other third parties that are reasonably likely to have a material effect on our liquidity, or on our access to, or requirements for capital resources. In addition, we have not established any special purpose entities.

Related Party Transactions

We entered into no significant related party transactions during the first six months of 2004 or during 2003.

Critical Accounting Policies

A description of our critical accounting policies was provided in the *Management's Discussion and Analysis of Financial Condition and Results of Operation* section of our Annual Report on Form 10-K for the year ended December 31, 2003. There were no changes to these accounting policies during the first six months of 2004.

During the first quarter of 2004, we revised the estimated useful lives for certain of our software and production assets, as we anticipate that the assets will be replaced or retired sooner than originally anticipated. The weighted-average useful life for these assets was shortened from 8.0 years to 6.8 years. This change in accounting estimate is expected to result in increased depreciation and amortization expense of $8.5 million in 2004. In the second quarter of 2004, $2.7 million of this additional expense was recorded, and during the six months ended June 30, 2004, $3.4 million of this additional expense was recorded. Even with this change in accounting estimate, we expect total depreciation and amortization expense in 2004 to be comparable to 2003, excluding the impact of the NEBS acquisition.

Other Matters

Restructuring charges — During the second quarter of 2004, we recorded restructuring charges of $1.4 million for severance related to the planned closing of our Direct Checks check printing facility located in Anniston, Alabama, as well as various reductions within our Financial Services segment and our corporate support group. The expertise we have developed in logistics, productivity and inventory management, as well as the decline in check usage due to the use of alternative payment methods, allows us to reduce the number of production facilities while still meeting client requirements. Additionally, cost management is one of our strategic objectives, and we are continually seeking ways to lower our cost structure. We anticipate that the Anniston facility will be closed during the fourth quarter of 2004. We estimate that 175 employees will receive $1.1 million of severance benefits in the fourth quarter of 2004, utilizing cash from operations. These severance benefits are being accrued over the last three quarters of 2004, as they are payable under a one-time severance benefit plan. The reductions within Financial Services and our corporate support group are payable under our on-going severance benefit plan and impact 29 employees. We expect these reductions to be substantially completed by the end of the year. Also during the second quarter of 2004, we reversed $0.2 million of previously recorded restructuring accruals due to fewer employees receiving severance benefits than originally estimated. These restructuring charges and reversals are reflected as cost of goods sold of $0.1 million and SG&A expense of $1.1 million in our consolidated statement of income for the quarter ended June 30, 2004.

During the first quarter of 2004, we recorded restructuring charges of $1.4 million for severance related to employee reductions within various functional areas, primarily within our Direct Checks segment. These reductions were a result of our ongoing cost management efforts. The restructuring charges included estimated severance payments for 105 employees, which are payable under our on-going severance benefit plan. The majority of these reductions were completed in the first quarter of 2004. The related severance payments are expected to be substantially completed by the third quarter of 2004, utilizing cash from operations. Also during the first quarter of 2004, we reversed $0.9 million of previously recorded restructuring accruals due to fewer employees receiving severance benefits than originally estimated. These restructuring charges and reversals, along with those recorded during the second quarter of 2004, are reflected as cost of goods sold of $0.1 million and SG&A expense of $1.6 million in our consolidated statement of income for the six months ended June 30, 2004.

During the first six months of 2004, we closed three Financial Services check printing facilities located in Indianapolis, Indiana, Pittsburgh, Pennsylvania and Campbell, California. Also during 2003, we

announced other employee reductions across various functional areas within Financial Services and our corporate support group. These reductions were substantially completed during the first quarter of 2004.

As a result of these facility closings and other employee reductions, we expect to realize net cost savings of approximately $6 million in cost of goods sold and $18 million in SG&A expense in 2004. Beginning in 2005, we anticipate net cost savings of approximately $16 million in cost of goods sold and $20 million in SG&A expense. Reduced costs consist primarily of labor and facility expenses, such as insurance, taxes, depreciation and maintenance. In addition to a total of $13 million of severance payments, we are also incurring costs related to the closing of facilities such as equipment moves, training and travel. These costs are expensed as incurred, primarily as cost of goods sold, and are expected to total approximately $2 million. Of this amount, $0.9 million was expensed in the first six months of 2004 and $0.3 million was expensed in 2003. The remainder of these expenses will be recognized in the last half of 2004 as we complete the closure of the Direct Checks facility. We are also improving our remaining check printing facilities to allow them to handle the increased volume. These improvements, which are expected to total approximately $5 million, will be capitalized and depreciated, primarily as cost of goods sold, over their estimated useful lives. During the first six months of 2004, $2.8 million was spent on these improvements; and during 2003, we spent $1.4 million.

In conjunction with the acquisition of NEBS, we assumed restructuring accruals of $1.3 million related to NEBS facility closings which were completed prior to the acquisition. Employee severance payments related to these facility closings are expected to be substantially completed by the end of 2004, utilizing cash from operations. Additionally, as a result of the acquisition, we recorded restructuring accruals of $11.1 million related to activities of NEBS which will be exited as we combine the two companies and execute a shared services model for both manufacturing and certain SG&A functions. These accruals include severance payments for 115 employees in information services, finance and human resources. This amount also includes payments due to certain NEBS executives under change of control provisions included in their employment agreements, as we eliminate redundancies between the two companies. The related payments are expected to be substantially completed by the end of 2004, utilizing cash from operations. As these accruals were included in the liabilities recorded upon acquisition, they are not reflected in our consolidated statements of income. As a result of these employee reductions, we expect to realize cost savings of approximately $10 million in SG&A expense beginning in 2005.

Employee stock-based compensation — On January 1, 2004, we adopted the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation.* We are reporting this change in accounting principle using the modified prospective method of adoption described in SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure.* Beginning in 2004, our results of operations reflect compensation expense for all employee stock-based compensation, including the unvested portion of previous stock options granted. This is the same amount of compensation expense which would have been recognized had the fair value recognition provisions of SFAS No. 123 been applied from its original effective date. Prior to 2004, we accounted for our employee stock-based compensation in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Under this method of accounting, no compensation expense was recognized for stock options or for our employee stock purchase plan.

During the second quarter of 2004, we implemented changes to our long-term compensation strategy. Rather than using stock options as the exclusive form of long-term incentive, we now utilize a combination of stock options, performance shares and restricted stock. All such awards are granted under our shareholder-approved stock incentive plan. The level of shares earned under the performance share

component is contingent upon the attainment of specific performance targets over a three-year period. The fair value of the performance shares granted is equal to the market price of our stock at the date of grant. Compensation expense is recorded over the three-year performance period based on our estimate of the number of shares which will be earned by the award recipients. Expense for the performance share component of our long-term incentive plan was $0.6 million for the quarter and six months ended June 30, 2004. In addition, during the second quarter of 2004, we issued 40,404 restricted shares to employees. The fair value of these awards is equal to the market price of our stock at the date of grant. Compensation expense is recorded over the three year vesting period. Expense for these awards was $0.1 million for the quarter and six months ended June 30, 2004. Expense for previously issued restricted shares and restricted stock units was $0.7 million for the quarter ended June 30, 2004 and $1.4 million for the six months ended June 30, 2004.

Total stock-based compensation expense was $3.1 million in the second quarter of 2004. This expense is reflected as cost of goods sold of $0.3 million and SG&A expense of $2.8 million in our consolidated statement of income for the quarter ended June 30, 2004. For the first six months of 2004, total stock-based compensation expense was $5.8 million, with $0.5 million reflected in cost of goods sold and $5.3 million reflected in SG&A expense in our consolidated statement of income for the six months ended June 30, 2004.

New accounting pronouncement — In May 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FAS 106-2, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003*. This FSP outlines the appropriate accounting treatment for the effects of the new Medicare law, including the required financial statement disclosures, and supersedes the previous guidance issued by the FASB in January 2004. The new Medicare law introduces a prescription drug benefit under Medicare, as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare plan. Our retiree medical plans do provide prescription drug coverage which is at least actuarially equivalent to the Medicare plan. Effective April 1, 2004, we have elected to adopt the accounting treatment required by FSP No. FAS 106-2 utilizing the retroactive application method. In accordance with this accounting guidance, we completed a re-measurement of our plan assets and liabilities as of December 31, 2003. The federal subsidy provided for under the new Medicare law resulted in a $9.5 million reduction in our accumulated post-retirement benefit obligation as of December 31, 2003 and resulted in a $0.3 million reduction in our post-retirement benefit expense for the quarter ended June 30, 2004.

Outlook

Excluding the impact of the newly acquired NEBS business, we expect that 2004 revenue will be down slightly from 2003. For our historical Deluxe businesses, unit volume is expected to decrease as compared to 2003 due to the decline in check usage and lengthening reorder cycles, as well as lower consumer response rates to direct mail advertisements for our Direct Checks segment. However, we expect Business Services to continue benefiting from its business referral program. Under the business referral program, financial institution clients refer their small business customers to us at the time of new account opening. We will also continue to target financial institutions that value high quality and superior service for their customers, not just the lowest price.

We anticipate that the decline in unit volume and the continuing pricing pressure faced by Financial Services will be partially offset by steps we are taking to increase revenue per unit, such as the Financial Services DeluxeSelect program, improved selling techniques within Direct Checks and Business Services and expanded product offerings in all three segments. Additionally, the acquisition of NEBS expands our product offerings, customer base and non-check revenue. We expect NEBS to contribute over $375 million of revenue during the remainder of 2004. We also expect that for the reminder of 2004 NEBS operating income will offset the additional interest expense resulting from the debt we issued to complete the acquisition. We will also continue to focus on value and service. We are committed to focusing on financial institutions who value high quality, superior service and the best experience for their customers. We believe this approach will allow us to retain business and also attract new clients who want to maximize their check programs.

Excluding the impact of NEBS, we anticipate that operating income will be flat in 2004 as compared to 2003. As discussed earlier under *Other Matters*, we expect to realize approximately $24 million of net cost savings in 2004 from the closing of four check printing facilities and other employee reductions. We anticipate that these savings will be offset to a large extent by the pricing pressure facing Financial Services and the decline in check usage. We expect diluted earnings per share to be between $0.90 and $0.95 for the third quarter of 2004 and at least $3.65 for the full year.

We anticipate that operating cash flow will be in excess of $235 million in 2004, compared to $181.5 million in 2003. The increase is due primarily to lower contract acquisition payments to financial institution clients, lower payments for performance-based employee compensation and the 2003 change in deferred adverting and accounts payable.

We expect to spend approximately $45 million on purchases of capital assets during 2004. Approximately $20 million is projected to be devoted to maintaining our business, with the remainder targeted primarily for information technology initiatives.

The 10 million share repurchase authorization approved by our board of directors in August 2003 remains in place. However, we have canceled our share repurchase plan established under Rule 10b5-1. We will most likely not repurchase additional shares in the near future, but will focus on paying off a portion of the debt issued to complete the acquisition of NEBS. We currently have no plans to change our dividend payout level.

Looking forward to 2005, our revenue will be impacted by approximately $75 million due to the loss of a major financial institution client. We lost this client as a result of the intense price competition facing our Financial Services segment. Our contract with this client expires at the end of 2004. We anticipate that we will be able to eliminate all variable costs associated with serving this client, and we will adjust our infrastructure wherever possible to minimize the impact of fixed costs. We estimate that our operating income will decrease approximately $20 million as a result of this loss. We intend to seek other cost saving opportunities throughout the company as well. One example is the implementation of

a new sales and distribution system in our order processing and call center operations. This new system will reduce redundancy while standardizing systems and processes. The project is expected to be completed by the end of 2005.

In the meantime, our focus over the next several months will be the successful integration of NEBS. We have announced our intention to utilize a shared services approach for both manufacturing and certain SG&A functions. This approach will most likely result in the exit of certain activities. However, to ensure that we continue to meet client expectations, significant analysis is required before such plans can be finalized. We estimate that we will be able to eliminate at least $25 million of costs beginning in 2005, as we take advantage of operational synergies. Additionally, we will be exploring the most effective ways to take maximum advantage of NEBS industry position and the potential to introduce products across multiple channels.

Cautionary Statement

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 discussed below under *Certain Factors That May Affect Future Results* (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.

Certain Factors That May Affect Future Results

The check printing portion of the payments industry is mature and if it declines faster than expected, it could have a materially adverse impact on our operating results.

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, the total number of checks written by individuals and small businesses continued to decline slightly in 2003, and the total number of personal, business and government checks written in the United States has been in decline since the mid-1990s. We believe that the number of checks written will continue to 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 are the leading check printer in the United States, we face considerable competition. In addition to competition from alternative payment systems, we also face intense competition from other check printers in our traditional financial institution sales channel, from direct mail sellers of checks, from sellers of business checks and forms, from check printing software vendors and, increasingly, from Internet-based sellers of checks to individuals and small businesses. Additionally, low-price, high volume office supply chain stores offer standardized business forms, checks and related products to small businesses. The corresponding pricing pressure placed on us has been significant and has resulted in reduced profit margins. We expect these pricing pressures to continue to impact our results of operations. We cannot assure you that we will be able to compete effectively against current and future competitors. Continued competition could result in additional price reductions, reduced profit margins, loss of customers and an increase in up-front cash payments to financial institutions upon contract execution or renewal.

Continuing softness in direct mail response rates could have an adverse impact on our operating results.

Our direct-to-consumer businesses and our newly acquired NEBS business have experienced declines in response and retention rates related to direct mail promotional materials. We believe that these declines are attributable to a number of factors, including the decline in check usage, the overall increase in direct mail solicitations received by our target customers, the gradual obsolescence of NEBS standardized forms products and in the case of our direct-to-consumer check business, the multi-box promotional strategies employed by us and our competitors. To offset these impacts, we may have to modify and/or increase our marketing and sales efforts, which could result in increased expense. The profitability of our direct-to-consumer businesses depends in large part on our ability to secure adequate advertising media placements at acceptable rates, as well as the consumer response rates generated by such advertising, and there can be no assurances regarding the future cost, effectiveness and/or availability of suitable advertising media. Competitive pressure may inhibit our ability to reflect any of these increased costs in the prices of our products. We can provide no assurance that we will be able to sustain our current levels of profitability in this situation.

Consolidation among financial institutions may adversely affect our ability to sell our products.

The number of financial institutions has declined due to large-scale consolidation in the last few years. In recent months, financial institution consolidation activities have begun to increase once again. Margin pressures arise from such consolidation as 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 financial institution clients and attracting significant additional clients in an increasingly competitive environment. The increase in general negotiating leverage possessed by such consolidated entities also presents a risk that new and/or renewed contracts with these institutions may not be secured on terms as favorable as those historically negotiated with these clients. Although we devote considerable efforts toward 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 financial institution clients will be retained or that the loss of a significant client can be counterbalanced through the addition of new clients or by expanded sales to our remaining clients.

Standardized business forms and related products face technological obsolescence and changing customer preferences.

Continual technological improvements have provided small business customers with alternative means to enact and record business transactions. For example, the price and performance capabilities of personal computers and related printers now provide a cost effective means to print low quality versions of business forms on plain paper. Additionally, electronic transaction systems and off-the-shelf business software applications have been designed to automate several of the functions performed by business forms products. If we are unable to develop new products and services with comparable profit margins, our results of operations could be adversely affected.

We face uncertainty with respect to recent and future acquisitions.

We acquired NEBS in June 2004 and may pursue additional acquisitions 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. Significant acquisitions typically result in the incurrence of contingent liabilities or debt, or additional amortization expense related to acquired intangible assets, and thus, could adversely affect our business, results of operations and financial condition. Additionally, the success of any acquisition depends upon our ability to effectively integrate the acquired businesses into ours. The process of integrating acquired businesses involves 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 clients and customers or clients and customers of the acquired businesses.

The success of our apparel business is dependent on our ability to secure reliable inventory sources, as well as the success of the promotional activities of our apparel licensors.

We purchase a majority of our apparel products from manufacturers located outside the United States. In most cases, these same manufacturers supply other apparel companies, many of which are significantly larger than us. Because of their larger size, these apparel companies are able, when necessary, to secure preferential treatment from the manufacturers. The availability of product from these manufacturers can also be adversely impacted by social, political and economic conditions in their respective countries. If a significant disruption in our supply of apparel products were to occur, we can provide no assurance that we would be able to readily locate alternative supply sources at comparable levels of price and quality.

Additionally, our apparel business is dependent on our apparel licensors to adequately promote our licensed brands and protect those brands from infringement. We believe that brand awareness is an important factor to our apparel customers. As such, we sell a majority of our products under nationally-recognized brands licensed from third parties. In each case, the licensor is primarily responsible for promoting its brand and protecting its brand from infringement. The failure of one or more of our licensors to adequately promote or defend their brands could diminish the perceived value of those brands to our customers and result in reduced revenue and profits.

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 factors discussed here.

In addition, independent analysts periodically publish reports regarding our projected future performance. 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 independent analysts. If you are relying on these estimates, you should pursue your own investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

Economic conditions within the United States could have an adverse effect on our operating results.

Downturns in general economic conditions adversely affected our 2003 operating results. Consumer spending, employment levels and small business confidence are a few of the statistics which impact our business, among others. If these economic factors do not continue to show improvement, as they have in recent quarters, we could experience additional declines in our revenue and profitability.

We may be unable to protect our rights in 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. In addition, designs licensed from third parties account for an increasing portion of our revenues, and there can be no guarantee that such licenses will be available to us indefinitely or on terms that would allow us to continue to be profitable with those products. 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.

We are dependent upon third party providers for certain significant information technology needs.

We have entered into agreements with third party providers for the provision of information technology services, including software development and support services, and personal computer, telecommunications, network server and help desk services. In the event that one or more of these providers 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 one or more of our service providers 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.

We are subject to regulations implementing the privacy and information security requirements of the 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 regulations could have the effect of 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, e-commerce or marketing practices generally relating to consumer privacy. Such laws or regulations may impede the growth of the Internet and/or use of other sales or marketing vehicles. As an example, new privacy laws could decrease traffic to our websites, decrease telemarketing opportunities 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.

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 is subject to change. In addition, any new operations of these businesses in states where they do not currently 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.

We may be subject to environmental risks.

Our check printing facilities 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 facilities before the environmental regulations came into existence. We have sold former check printing facilities to third parties and in some instances have agreed to indemnify the current owner of the facility for on-site environmental liabilities. In order to contain our risk, we have obtained insurance coverage related to the environmental status of these facilities. We believe that the coverage is sufficient to avoid the future expenditure of material amounts, but unforeseen conditions could result in additional exposure at lesser levels.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to changes in interest rates primarily as a result of the borrowing activities used to support our capital structure, maintain liquidity and fund business operations. We do not enter into financial instruments for speculative or trading purposes. During the first six months of 2004, we continued to utilize commercial paper to fund share repurchases and working capital requirements. Additionally, in June 2004, we completed the acquisition of NEBS. We utilized commercial paper and a bridge credit facility to finance this acquisition. We intend to refinance a portion of this debt later this year with long-term debt. In addition, we have various lines of credit available and capital lease obligations which are due through 2009. 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 June 30, 2004, our total debt was comprised of the following (dollars in thousands):

	Carrying amount	Fair value[1]	Weighted-average interest rate
Long-term notes maturing December 2012	$ 298,399	$ 290,007	5.00%
Long-term notes maturing September 2006	50,000	49,563	2.75%
Long-term notes maturing November 2005	25,000	24,929	1.23%
Capital lease obligations maturing through September 2009	8,391	8,391	10.41%
Bridge line of credit	475,000	475,000	4.00%
Commercial paper	441,141	441,141	1.40%
Total debt	$ 1,297,931	$ 1,289,031	3.29%

(1) Based on quoted market rates as of June 30, 2004, except for our capital lease obligations which are shown at carrying value.

Based on the outstanding variable rate debt in our portfolio, a one percentage point increase in interest rates would have resulted in additional interest expense of $1.1 million for the first six months of 2004 and $0.5 million for the first six months of 2003.

During 2002, we entered into two forward rate lock agreements to effectively hedge, or lock-in, the annual interest rate on $150.0 million of the $300.0 million notes we issued in December 2002. Upon issuance of the notes, these lock agreements were terminated, yielding a deferred pre-tax loss of $4.0 million, which is reflected in accumulated other comprehensive loss in our consolidated balance sheets. This amount is being reclassified ratably to our statements of income as an increase to interest expense over the ten-year term of the notes.

In June 2004, we entered into $350.0 million of forward starting interest rate swaps to hedge, or lock-in, the interest rate on anticipated long-term debt we plan to issue during the last half of 2004. Gains and losses on these instruments, to the extent that the hedge relationship is effective, are reflected in accumulated other comprehensive loss in our consolidated balance sheets. Any ineffectiveness on these instruments is immediately recognized in interest expense. As of June 30, 2004, the hedges were effective, and unrealized pre-tax losses of $3.1 million were reflected in accumulated other comprehensive loss. These agreements will be terminated upon issuance of the anticipated debt. Once the agreements are terminated, any realized gain or loss will be reclassified ratably to our statements of income as a component of interest expense over the term of the debt.

As a result of the acquisition of NEBS in June 2004, we are now exposed to changes in foreign currency exchange rates. Investments in and loans and advances to foreign subsidiaries and branches, as well as the operations of these businesses, are denominated in foreign currencies. The effect of exchange rate changes is expected to have a minimal impact on our results of operations and liquidity, as NEBS foreign operations represent a relatively small portion of our business.

Item 4. Controls and Procedures.

(a) Disclosure Controls and Procedures — As of the end of the period covered by this report (the Evaluation Date), we carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14 of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were adequately designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms.

(b) Internal Control over Financial Reporting — No change in our internal control over financial reporting identified in connection with such evaluation during the quarter ended June 30, 2004, has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, except as follows.

We completed the acquisition of NEBS on June 25, 2004. We have not completed our documentation and testing of NEBS internal control over financial reporting at this time.

PART II–OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in routine litigation incidental to our business, but there are no material pending legal proceedings to which we are a party or to which any of our property is subject.

Item 2. Change in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

The following table shows purchases of our own equity securities, based on trade date, which we completed during the second quarter of 2004.

Issuer Purchases of Equity Securities

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
April 1, 2004 - April 30, 2004	182,300	$41.12	182,300	7,897,200
May 1, 2004 - May 31, 2004	—	—	—	7,897,200
June 1, 2004 - June 30, 2004	—	—	—	7,897,200
Total	182,300	$41.12	182,300	7,897,200

In August 2003, our board of directors approved an authorization to purchase up to 10 million shares of our common stock. This authorization has no expiration date. We do not intend to purchase additional shares in the near future, as we will focus on paying off our outstanding debt. However, we have not terminated this authorization and may purchase additional shares under this authorization.

Item 4. Submission of Matters to a Vote of Security Holders.

We held our annual shareholders' meeting on May 4, 2004.

44,070,243 shares were represented (88.02% of the 50,069,169 shares outstanding and entitled to vote at the meeting). Five items were scheduled to be considered at the meeting and the results of the voting were as follows:

Election of Directors:

The nominees in the proxy statement were: Ronald E. Eilers, Charles A. Haggerty, William A. Hawkins, III, Cheryl Mayberry McKissack, Lawrence J. Mosner, Stephen P. Nachtsheim, Mary Ann O'Dwyer, Martyn R. Redgrave and Robert C. Salipante. The results were as follows:

Election of Directors	For	Withhold
Ronald E. Eilers	43,448,224	622,019
Charles A. Haggerty	43,463,459	606,784
William A. Hawkins, III	43,414,167	656,076
Cheryl Mayberry McKissack	42,261,576	1,808,667
Lawrence J. Mosner	42,565,967	1,504,276
Stephen P. Nachtsheim	42,237,980	1,832,263
Mary Ann O'Dwyer	42,931,093	1,139,150
Martyn R. Redgrave	42,974,147	1,096,096
Robert C. Salipante	41,746,093	2,324,150

Ratification of the selection of PricewaterhouseCoopers LLP as independent auditors:

For:	43,179,577
Against:	589,130
Abstain:	301,536

Approve the Deluxe Corporation 2004 Annual Incentive Plan:

For:	40,852,829
Against:	2,812,002
Abstain:	405,412

Approve amendments to the Deluxe Corporation Stock Incentive Plan:

For:	31,072,020
Against:	4,704,595
Abstain:	428,482
Broker non-vote:	7,865,146

Shareholder proposal relating to executive compensation:

This proposal was withdrawn per written confirmation from shareholder dated May 3, 2004.

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
2.1	Agreement and Plan of Merger, dated as of May 17, 2004, by and among us, Hudson Acquisition Corporation and New England Business Service, Inc. (incorporated by reference to Exhibit (d)(1) to the Deluxe Corporation Schedule TO-T filed with the Commission on May 25, 2004)	*
3.1	Articles of Incorporation (incorporated by reference to the 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 Quarterly Report on Form 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 us 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 Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Commission on February 7, 1997)	
4.2	Amendment No. 1 to Amended and Restated Rights Agreement, entered into as of January 21, 2000, between us and Norwest Bank Minnesota, National Association as Rights Agent (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)	*
4.3	First Supplemental Indenture dated as of December 4, 2002, by and between us and Wells Fargo Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, National Association), as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed with the Commission on December 5, 2002)	*
4.4	Indenture, dated as of April 30, 2003, by and between us and Wells Fargo Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, National Association), as trustee (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-3 (Registration No. 333-104858) filed with the Commission on April 30, 2003)	*

4.5	Credit Agreement dated as of August 19, 2002, among us, Bank One, N.A. as administrative agent, The Bank of New York as syndication agent, Wachovia Bank, N.A. as documentation agent and the other financial institutions party thereto, related to a $175,000,000 5-year revolving credit agreement (incorporated by reference to Exhibit 4.5 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)	*
4.6	Amended and Restated Credit Agreement dated as of August 14, 2003, among us, Bank One, N.A. as administrative agent, Credit Suisse First Boston as syndication agent, Wachovia Bank, N.A., Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi, Ltd., Chicago Branch as documentation agents and the other financial institutions party thereto, related to a $175,000,000 364-day revolving credit agreement (incorporated by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)	*
4.7	Credit Agreement, dated as of May 27, 2004, by and between us, Bank One, NA, The Bank of New York and Wachovia Bank, National Association (incorporated by reference to Exhibit (b) to the Deluxe Corporation Schedule TO-T filed with the Commission on May 25, 2004)	*
4.8	Revolving Credit Agreement dated as of July 22, 2004 among us, Bank One, NA as administrative agent, Credit Suisse First Boston as Syndication Agent, The Bank of New York, the Bank of Tokyo-Mitsubishi, Ltd., and Wachovia Bank, National Association as documentation agents and the other financial institutions party thereto, related to a $100,000,000 364-day revolving credit agreement	Filed herewith
4.9	Revolving Credit Agreement dated as of July 22, 2004 among us, Bank One, NA as administrative agent, Credit Suisse First Boston as Syndication Agent, The Bank of New York, the Bank of Tokyo-Mitsubishi, Ltd., and Wachovia Bank, National Association as documentation agents and the other financial institutions party thereto, related to a $225,000,000 5-year revolving credit agreement	Filed herewith
10.1	Deluxe Corporation 2004 Annual Incentive Plan	Filed herewith
10.2	Deluxe Corporation 2000 Stock Incentive Plan, as Amended	Filed herewith
12	Statement re: Computation of Ratios	Filed herewith
31.1	CEO Certification of Periodic Report pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith

31.2	CFO Certification of Periodic Report pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	CEO and CFO Certification of Periodic Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith

*Incorporated by reference

(b) Reports on Form 8-K:

A Form 8-K was furnished to the Securities and Exchange Commission on April 29, 2004, reporting results from first quarter, 2004.

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: August 6, 2004

By: /s/ Lawrence J. Mosner

Lawrence J. Mosner
Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2004

By: /s/ Douglas J. Treff

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

Date: August 6, 2004

By: /s/ Katherine L. Miller

Katherine L. Miller
Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

INDEX TO EXHIBITS

31.2	CFO Certification of Periodic Report pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	CEO and CFO Certification of Periodic Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

364-DAY REVOLVING CREDIT AGREEMENT

Dated as of July 22, 2004

among

DELUXE CORPORATION,

BANK ONE, NA,
as Administrative Agent,

CREDIT SUISSE FIRST BOSTON,
as Syndication Agent,

THE BANK OF NEW YORK,
THE BANK OF TOKYO-MITSUBISHI, LTD., and
WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agents

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

arranged by

J.P. MORGAN SECURITIES INC. and
CREDIT SUISSE FIRST BOSTON,
as Co-Lead Arrangers and Joint Book Runners

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364-DAY REVOLVING CREDIT AGREEMENT

This 364-DAY REVOLVING CREDIT AGREEMENT is entered into as of July 22, 2004, among DELUXE CORPORATION, a Minnesota corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and BANK ONE, NA, with its principal office in Chicago, Illinois, as administrative agent (in such capacity, the "Agent") for the Banks.

WHEREAS, the Banks have agreed to make available to the Company a revolving credit facility upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms have the following meanings:

"Absolute Rate" has the meaning specified in subsection 2.06(c).

"Absolute Rate Auction" means a solicitation of Competitive Bids setting forth Absolute Rates pursuant to Section 2.06.

"Absolute Rate Bid Loan" means a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

"Acquisition"means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any material part of the business and operations or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or a Subsidiary is the surviving entity.

"Affiliate"means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means Bank One in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 9.09.

"Agent-Related Persons" means Bank One in its capacity as Agent and any successor agent arising under Section 9.09, together with their respective Affiliates

(including, in the case of Bank One, J.P. Morgan Securities Inc.), the Syndication Agent and the Documentation Agents, together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on Schedule 10.02 hereto in relation to the Agent, or such other address as the Agent may from time to time specify.

"Agreement" means this 364-Day Revolving Credit Agreement.

"Applicable Facility Fee Rate" means, at any time, the percentage rate per annum at which the Facility Fee (as defined in Section 2.12) accrues at such time as set forth in the pricing grid on Annex I.

"Applicable Margin" means (i) with respect to Base Rate Committed Loans, the amount set forth below the indicated Level Status opposite the heading "Base Rate Applicable Margin" and (ii) with respect to Offshore Rate Committed Loans, the amount set forth below the indicated Level Status opposite the heading "LIBO Rate Applicable Margin" in the pricing grid set forth on Annex I. The Applicable Margin shall automatically change in respect of all Committed Loans then outstanding or as to which a Notice of Borrowing has been delivered as of the date of any public announcement by S&P or Moody's resulting in a change of Level Status.

"Applicable Utilization Fee Rate" means, at any time, the percentage rate per annum at which the Utilization Fee (as defined in Section 2.12) accrues at such time as set forth in the pricing grid on Annex I.

"Arrangers"means J.P. Morgan Securities Inc. and Credit Suisse First Boston.

"Assignee"has the meaning specified in subsection 10.08(a).

"Assignment and Acceptance" has the meaning specified in Section 10.08(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

"Bank"has the meaning specified in the introductory clause hereto.

"Bank One" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.).

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to (i) the higher of (a) the Prime Rate for such day and (b) the sum of (A) the Federal Funds Effective Rate for such day and (B) one-half of one percent (0.5%) per annum, *plus*(ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"Base Rate Committed Loan" means a Committed Loan that bears interest based on the Base Rate.

"Bid Borrowing" means a Borrowing hereunder consisting of one or more Bid Loans made to the Company on the same day by one or more Banks.

"Bid Loan" means a Loan by a Bank to the Company under Section 2.05, which may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

"Bid Loan Lender" means, in respect of any Bid Loan, the Bank making such Bid Loan to the Company.

"Bid Loan Note" has the meaning specified in Section 2.02.

"Borrowing"means a borrowing hereunder consisting of Loans of the same Type (in the case of Committed Loans) made to the Company on the same day by one or more of the Banks under Article II, and may be a Committed Borrowing or a Bid Borrowing and, other than in the case of Base Rate Committed Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.03.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or Chicago are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all Banks (or, in the case of subsection 4.01(e), waived by the Person entitled to receive such payment).

"Code"means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Combined Commitment" means the sum of (i) the aggregate of the Commitments of all Banks hereunder, plus (ii) the aggregate of the "Commitments" of all "Banks"under (and as such terms are defined in) the 2004 5-Year Credit Agreement.

"Combined Utilized Amount" means, for any date, the sum of (i) the aggregate principal amount of all outstanding Loans (including all Bid Loans) as of such date, plus (ii) the "Aggregate Outstanding Credit Exposure" (including all "Bid Loans") as of such date under (and as defined in) the 2004 5-Year Credit Agreement.

"Commitment", as to each Bank, has the meaning specified in Section 2.01.

"Committed Borrowing" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Pro Rata Shares and, in the case of Offshore Rate Committed Loans, having the same Interest Periods.

"Committed Loan" means a Loan by a Bank to the Company under Section 2.01, and may be an Offshore Rate Committed Loan or a Base Rate Committed Loan (each, a "Type" of Committed Loan).

"Committed Loan Note" has the meaning specified in Section 2.02.

"Competitive Bid" means an offer by a Bank to make a Bid Loan in accordance with subsection 2.06(c).

"Competitive Bid Request" has the meaning specified in subsection 2.06(a).

"Compliance Certificate" means a certificate substantially in the form of Exhibit A.

"Contingent Obligation" means, as applied to any Person, any material direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, Surety Instrument or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof; in each case (a), (b), (c) or (d), including arrangements wherein the rights and remedies of the holder of the primary obligation are limited to repossession or sale of certain property of such Person. The amount of any Contingent Obligation shall be deemed equal to the lesser of (x) the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, or (y) any limitation of such Contingent Obligation contained in the instrument or agreement creating such Contingent Obligation.

"Contractual Obligation" means, as to any Person, any provision either of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound and which in either case is material to such Person.

"Conversion/Continuation Date" means any date on which, under Section 2.04, the Company (a) converts Committed Loans of one Type to another Type, or (b) continues Committed Loans of the same Type, but with a new Interest Period, in the case of Committed Loans having Interest Periods expiring on such date.

"Conversion Date" is defined in Section 2.01(b).

"Converted Loan Termination Date" means the date that is one year after the Conversion Date (or, if such date is not a Business Day, on the immediately preceding Business Day), or such earlier date on which the Loans shall be required to be paid pursuant to Section 8.02.

"Default"means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Documentation Agents" means The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd. and Wachovia Bank, National Association, in their capacity as documentation agents for the credit transaction evidenced by this Agreement.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"Eligible Assignee" means (i) any Bank party hereto as of the Closing Date, (ii) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; or (iv) a Person that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a Person of which a Bank is a Subsidiary; provided that any such bank or Person shall also have senior unsecured long-term debt ratings which are rated at least A- (or the equivalent) as publicly announced by S&P or A3 (or the equivalent) as publicly announced by Moody's.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"ERISA"means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA of, or the commencement of proceedings by the PBGC to terminate, a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and regulations promulgated thereunder.

"Existing Bridge Credit Agreement" means that certain Bridge Revolving Credit Agreement, dated as of May 24, 2004, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Existing Credit Agreements" means, collectively, (i) the Existing 5-Year Credit Agreement, (ii) the 2004 5-Year Credit Agreement, and (iii) the Existing Bridge Credit Agreement.

"Existing 5-Year Credit Agreement" means that certain 5-Year Revolving Credit Agreement, dated as of August 19, 2002, by and among the Company, the lenders parties thereto and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Existing 364-Day Credit Agreement" means that certain Amended and Restated 364-Day Revolving Credit Agreement, dated as of August 14, 2003, by and among the Company, the lenders parties thereto and Bank One, NA, as administrative agent, as amended, supplemented or otherwise modified.

"Facility Fee" has the meaning specified in Section 2.12(a).

"Facility Termination Date" means the Revolving Termination Date, or if the Company shall have converted Loans hereunder to a term loan pursuant to Section 2.01(b), the Converted Loan Termination Date.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"FRB"means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Funded Debt" means as of the date of any determination all outstanding Indebtedness of the Company and its consolidated Subsidiaries which matures more than one (1) year after the incurrence thereof or is extendable, renewable or refundable, at the option of the obligor, to a date more than one (1) year after the incurrence thereof.

"GAAP"means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession).

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any governmental regulatory authority or agency such as the FDIC, FRB, IRS or SEC.

"Guarantors"means, collectively, NEBS and, if applicable, each Material Subsidiary which becomes a party to the Guaranty pursuant to Section 6.13 or Section 7.03. As of the Closing Date the sole Guarantor shall be NEBS.

"Guaranty"means that certain Guaranty, dated as of July 22, 2004, made by the Guarantors in favor of the Agent, for the benefit of the Agent and the Banks, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Indebtedness"of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all

recourse indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person; (f) all obligations with respect to capital leases; and (g) all reimbursement obligations with respect to letters of credit; provided, however, that the term "Indebtedness" shall not include non-recourse obligations or indebtedness of any kind; and providedfurther, however, that the term "Indebtedness" shall not include any such obligations or indebtedness owing by the Company or any Subsidiary to the Company or any Subsidiary.

"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person"has the meaning specified in Section 10.05.

"Independent Auditor" has the meaning specified in subsection 6.01(a).

"Insolvency Proceeding" means with respect to a Person (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors generally, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Interest Payment Date" means, as to any Loan other than a Base Rate Committed Loan, the last day of each Interest Period applicable to such Loan, the Revolving Termination Date and the Converted Loan Termination Date, and, as to any Base Rate Committed Loan, the last Business Day of each calendar quarter, the Revolving Termination Date and the Converted Loan Termination Date, provided, however, that (a) if any Interest Period for an Offshore Rate Committed Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, and (b) as to any Bid Loan, such intervening dates prior to the maturity thereof as may be specified by the Company and agreed to by the applicable Bid Loan Lender in the applicable Competitive Bid shall also be Interest Payment Dates.

"Interest Period" means, (a) as to any Offshore Rate Committed Loan, the period commencing on the Business Day such Loan is disbursed, or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Committed Loan, and ending on the date one, two, three or six months thereafter, as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be; (b) as to any LIBOR Bid Loan, the period commencing on the Business Day such Loan is disbursed and ending on the date one, two, three, six, nine or twelve months thereafter as selected by the Company in the applicable Competitive Bid Request and agreed to by the applicable Bid Loan Lender(s); and (c) as to any Absolute Rate Bid Loan, a period of not less than 7 days and not more than 364 days as selected by the Company in the applicable Competitive Bid Request and agreed to by the applicable Bid Loan Lender(s);

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;

(iii) no Interest Period for any Loan shall extend beyond the Revolving Termination Date, or, (A) in the case of any Bid Loan, beyond the Conversion Date, and (B) in the case of a Committed Loan that is to be converted to a term loan pursuant to Section 2.01(b), beyond the earlier of (x) the date described in clause (a) of the definition of "Revolving Termination Date" and (y) the Conversion Date; and

(iv) if the Company has elected to convert Loans to a term loan pursuant to Section 2.01(b), from and after the Conversion Date no Interest Period for any Loan shall extend beyond the Converted Loan Termination Date.

"Invitation for Competitive Bids" means a solicitation for Competitive Bids, substantially in the form of Exhibit D.

"IRS"means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.02, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

"Level I Status" has the meaning specified in Annex I.

"Level II Status" has the meaning specified in Annex I.

"Level III Status" has the meaning specified in Annex I.

"Level IV Status" has the meaning specified in Annex I.

"Level V Status" has the meaning specified in Annex I.

"Level Status"means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status (as such terms are defined in Annex I), as applicable at any time.

"LIBO Base Rate" for any Interest Period, with respect to each LIBOR Bid Loan in any Bid Borrowing or each Offshore Rate Committed Loan comprising part of the same Committed Borrowing, means, for the relevant Interest Period, the applicable British Bankers'Association Interest Settlement Rate for deposits in Dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period; provided that if no such British Bankers' Association Interest Settlement Rate is available, the applicable LIBO Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One offers to place deposits in Dollars with first class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan, and having a maturity equal to such Interest Period.

"LIBO Rate" means, with respect to each LIBOR Bid Loan in any Bid Borrowing or Offshore Rate Committed Loan comprising part of the same Committed Borrowing for the relevant Interest Period, the sum of (i) the quotient of (a) the LIBO Base Rate applicable to such Interest Period, *divided by* (b) one *minus* the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, *plus* (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"LIBOR Auction" means a solicitation of Competitive Bids setting forth a LIBOR Bid Margin pursuant to Section 2.06.

"LIBOR Bid Loan" means any Bid Loan that bears interest at a rate based upon the LIBO Rate.

"LIBOR Bid Margin" has the meaning specified in subsection 2.06(c)(ii)(C).

"Lien"means any security interest, mortgage, deed of trust, pledge, hypothecation, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement signed by and naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law), but not including the interest of a lessor under an operating lease.

"Loan"means an extension of credit by a Bank to the Company under Article II, and may be a Committed Loan (including as converted pursuant to Section 2.01(b)) or a Bid Loan.

"Loan Documents" means this Agreement, the Guaranty, any Notes and all other documents, instruments and agreements delivered to the Agent or any Bank in connection herewith.

"Majority Banks" means (a) at any time prior to the Revolving Termination Date, Banks then holding greater than 50% of the Commitments, and (b) otherwise, Banks then holding greater than 50% of the then aggregate unpaid principal amount of the Loans.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of this Agreement, the Guaranty or the Notes.

"Material Subsidiary" means (a) NEBS, and (b) at any time, any other Subsidiary having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period in excess of 20% of total (gross) revenues of the Company and its consolidated Subsidiaries for such period or (ii) total assets, as of the last day of the preceding fiscal quarter, having a net book value in excess of 20% of the total assets of the Company and its consolidated Subsidiaries as of such day, in each case, based upon the Company's most recent annual or quarterly financial statements delivered to the Agent under Section 6.01.

"Moody's"means Moody's Investors Service, a division of Dun & Bradstreet Corporation.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"NEBS"means New England Business Service, Inc., a Delaware corporation.

"Notes"means the Committed Loan Notes and the Bid Loan Notes.

"Notice of Borrowing" means a notice in substantially the form of Exhibit B.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit C.

"Notice to Convert" has the meaning specified in Section 2.01(b).

"Obligations"means all advances, debts, fees, liabilities, obligations (including, but not limited to, reimbursement obligations with respect to letters of credit), covenants and duties arising under this Agreement and the Notes, owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Rate Committed Loan" means any Committed Loan that bears interest based on the LIBO Rate.

"Offshore Rate Loan" means any LIBOR Bid Loan or any Offshore Rate Committed Loan.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Participant"has the meaning specified in subsection 10.08(d).

"PBGC"means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Liens" has the meaning specified in Section 7.01.

"Person"means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan"means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Pro Rata Share" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the aggregate Commitments hereunder (or, if all Commitments have been terminated or the Loans shall have been converted to a term loan pursuant to Section 2.01(b), the aggregate principal amount of such Bank's Loans divided by the aggregate principal amount of the Loans then held by all Banks). The initial Pro Rata Share of each Bank is set forth opposite such Bank's name in Schedule 2.01 under the heading "Pro Rata Share".

"Replacement Bank" has the meaning specified in Section 3.08.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on "Eurocurrency liabilities" (as defined in Regulation D).

"Responsible Officer" means any of the following officers of the Company: the chief executive officer, the chief operating officer, the president, the chief financial officer, the treasurer, the assistant treasurer, or any other officer of the Company having similar authority and responsibility to any of the foregoing.

"Revolving Termination Date" means the earlier to occur of:

(a) July 20, 2005, as such date may be extended in accordance with Section 2.09; and

(b) the date on which the Commitments terminate in accordance with Section 2.07 or 8.02 of this Agreement.

"S&P"means Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc.

"SEC"means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Solvent"means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value, it being recognized that such determination shall not be made based on the book value of such assets as determined in accordance with GAAP) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of this definition of "Solvent", with respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the

time, represent the amount which can be reasonably be expected to become an actual or matured liability.

"Subsidiary"of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 60% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Syndication Agent" means Credit Suisse First Boston, in its capacity as syndication agent for the credit transaction evidenced by this Agreement.

"Taxes"means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office; provided, however, that "Taxes" shall be limited to taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, which are imposed by any Governmental Authority in the United States unless the Company makes any payments hereunder with funds derived from sources outside the United States.

"2004 5-Year Credit Agreement" means that certain 5-Year Revolving Credit Agreement, dated as of July 22, 2004, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Type"has the meaning specified in the definition of "Committed Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Utilization Fee" has the meaning specified in Section 2.12(b).

"Wholly-Owned Subsidiary" means any corporation in which (other than directors' qualifying shares or similar nominal shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made,

is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.02 Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC shall have the meanings therein described.

(b) The Agreement. The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms.

(i) The term "documents"includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including"is not limiting and means "including without limitation."

(d) Performance; Time. Whenever any performance obligation hereunder shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including." If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all reasonable means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein, references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(h) Independence of Provisions. The parties acknowledge that this Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.01 The Revolving Credit; Conversion to Term Loan.

(a) Each Bank severally agrees, on the terms and conditions set forth herein, to make Committed Loans to the Company from time to time on any Business Day during the period from the Closing Date to the earlier of the Revolving Termination Date and the delivery of a Notice to Convert, in an aggregate amount not to exceed at any time outstanding the amount set forth on Schedule 2.01 (such an amount as the same may be reduced or increased under Section 2.07 or extended under Section 2.09 or changed as a result of one or more assignments under Section 10.08, such Bank's "Commitment"); provided, however, that, the aggregate principal amount of all outstanding Committed Loans, together with the aggregate principal amount of all Bid Loans outstanding, shall not at any time exceed the aggregate Commitments hereunder. Within the limits of each Bank's Commitment, at any time prior to the earlier of the Revolving Termination Date and the delivery of a Notice to Convert and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.01(a), prepay under Section 2.08 and reborrow under this Section 2.01(a).

(b) From and after the Closing Date to but not including the Revolving Termination Date, at the Company's option upon written notice (a "Notice to Convert") to the Agent (who shall promptly notify each of the Banks), the Company may convert the then outstanding aggregate principal amount of the Committed Loans hereunder to a term loan. The Notice to Convert shall expressly state the date on which such conversion shall occur (such date being the "Conversion Date") and shall be irrevocable once given and shall constitute a representation and warranty by the Company that the conditions contained in Section 4.02 have been satisfied as of the date of such Notice to Convert and as of the Conversion Date. Upon delivery of such Notice to Convert, (i) the Company's option to request extensions of the Revolving Termination Date under Section 2.09 above and to borrow and reborrow Committed Loans and Bid Loans shall terminate, (ii) the Company's option to request increases in the Commitments pursuant to Section 2.07(b) shall terminate, (iii) the obligation of each Bank to make any Loans under Section 2.01(a) shall be terminated, and (iv) the outstanding principal

balance of all Committed Loans hereunder shall be due and payable on the Converted Loan Termination Date. From and after the Conversion Date, the Applicable Margin applicable to all Loans converted hereunder shall be increased by the per annum rate set forth below the indicated Level Status opposite the heading "Term-Out Fee" in the pricing grid set forth on Annex I. All references in this Agreement to Committed Loans or Loans shall include such Loans as converted hereunder.

2.02 Loan Accounts; Notes.

(a) The Committed Loans and Bid Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be prima facie evidence of the amount of the Loans made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) If requested by any Bank, the Company shall execute and deliver to such Bank a promissory note evidencing such Bank's Committed Loans (each a "Committed Loan Note") and a promissory note evidencing such Bank's Bid Loans (each a "Bid Loan Note", and collectively, the "Notes") (each such Committed Loan Note to be substantially in the form of Exhibit G-1, and each such Bid Loan Note to be substantially in the form of Exhibit G-2). Each Bank shall endorse on the schedule

annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note and each Bank's record shall be prima facie evidence of the amount of each such Loan; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent (i) prior to 10:00 a.m. (Chicago time) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Committed Loans; and (ii) prior to 10:00 a.m. (Chicago time) on the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Committed Loans comprising the Committed Borrowing; and

(D) if the Committed Loans consist of Offshore Rate Committed Loans, the duration of the Interest Period applicable to such Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Committed Borrowing comprised of Offshore Rate Committed Loans, such Interest Period shall be one month.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Committed Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Committed Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 12:00 noon (Chicago time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. Any such amount which is received later than 12:00 noon (Chicago time) shall be deemed to have been received on the immediately succeeding Business Day. The proceeds of each such Committed Borrowing will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of Bank One for the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent, or if requested by the Company, by wire transfer in accordance with written instructions provided to the Agent by the Company of such funds as received by the Agent, unless on the date of the Committed Borrowing all or any portion of the proceeds thereof shall then be required to be applied to the repayment of any outstanding Loans, in which case such proceeds or portion thereof shall be applied to the payment of such Loans.

(d) After giving effect to any Committed Borrowing, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.04 Conversion and Continuation Elections for Committed Borrowings.

(a) The Company may, upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Committed Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Committed Loans, to convert any such Committed Borrowings (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Committed Borrowings of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Committed Borrowings having Interest Periods expiring on such day (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Committed Loans in respect of any Committed Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than $1,000,000, such Offshore Rate Committed Loans shall automatically convert into Base Rate Committed Loans, and on and after such date the right of the Company to continue

such Committed Loans as, and convert such Committed Loans into, Offshore Rate Committed Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than (i) 10:00 a.m. (Chicago time) at least three Business Days in advance of the Conversion/Continuation Date, if the Committed Borrowings are to be converted into or continued as Offshore Rate Committed Loans; and (ii) 10:00 a.m. (Chicago time) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Committed Loans, the Company has failed to select timely a new Interest Period to be applicable to such Loans in accordance with Section 2.04(b), or if any Event of Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Committed Loans into Base Rate Committed Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of an Event of Default, the Company may not elect to have a Committed Loan made as, converted into or continued as, an Offshore Rate Committed Loan.

(f) Unless otherwise agreed to by the Agent, after giving effect to any conversion or continuation of Committed Loans, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.05 Bid Borrowings. In addition to Committed Borrowings, each Bank severally agrees that the Company may, as set forth in Section 2.06, from time to time request the Banks prior to the earlier to occur of the Revolving Termination Date and the delivery of a Notice to Convert, to submit offers to make Bid Loans to the Company; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Company may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans made by all Banks, plus the outstanding

aggregate principal amount of all Committed Loans made by all Banks exceed the combined Commitments; or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed eight (8) unless agreed by the Agent.

2.06 Procedure for Bid Borrowings. The Company may, as set forth in this Section, request the Agent to solicit offers from all the Banks to make Bid Loans.

(a) When the Company wishes to request the Banks to submit offers to make Bid Loans hereunder, it shall transmit to the Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of Exhibit E(a "Competitive Bid Request") so as to be received no later than 10:00 a.m. (Chicago time) (x) four Business Days prior to the date of a proposed Bid Borrowing in the case of a LIBOR Auction, or (y) one Business Day prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Bid Borrowing, which shall be a minimum amount of $5,000,000 or in multiples of $1,000,000 in excess thereof;

(iii) whether the Competitive Bids requested are to be for LIBOR Bid Loans or Absolute Rate Bid Loans or both; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to subsection 2.06(c), the Company may not request Competitive Bids for more than three Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five Business Days.

(b) Upon receipt of a Competitive Bid Request, the Agent will promptly send to the Banks by facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Company to each Bank to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.06.

(c) (i) (d) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this subsection 2.06(c) and must be submitted to the Agent by facsimile transmission at its offices specified in or pursuant to Section 10.02 not later than (1) 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (2) 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; provided that Competitive Bids by Bank One (or any Affiliate of Bank One) may only be submitted if Bank One or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (B) 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit F, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Commitment of the quoting Bank, (y) must be $5,000,000 or in multiples of $1,000,000 in excess thereof, and (z) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) in case the Company elects a LIBOR Auction, the margin above or below the LIBO Rate (exclusive of the Applicable Margin) (the "LIBOR Bid Margin") offered for each such Bid Loan, expressed in multiples of 1/1000th of one basis point to be added to or subtracted from the applicable LIBO Rate

(exclusive of the Applicable Margin) and the Interest Period applicable thereto;

(D) in case the Company elects an Absolute Rate Auction, the rate of interest per annum expressed in multiples of 1/1000th of one basis point (the "Absolute Rate") offered for each such Bid Loan and the Interest Period applicable thereto; and

(E) the identity of the quoting Bank.

(F) a Competitive Bid may contain up to three separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit F or does not specify all of the information required by subsection (c)(ii) of this Section;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in subsection (c)(i).

(d) Promptly on receipt and not later than 9:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 9:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Agent will notify the Company of the terms (i) of any Competitive Bid submitted by a Bank that is in accordance with subsection 2.06(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank with respect to the same Competitive Bid Request. Notwithstanding the foregoing, any such subsequent Competitive Bid shall be disregarded by the Agent unless such subsequent

Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in subsection 2.06(c). The Agent's notice to the Company shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Request; (2) the respective principal amounts and LIBOR Bid Margins or Absolute Rates, as the case may be, so offered; and (3) any other information regarding such Competitive Bid reasonably requested by the Company. Subject only to the provisions of Sections 3.02, 3.05 and 4.02 hereof and the provisions of this subsection (d), any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Company.

(e) Not later than 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Company shall notify the Agent, in writing and in a form reasonably acceptable to the Agent, of its acceptance or non-acceptance of the offers received by it pursuant to subsection 2.06(c) or notified to it pursuant to subsection 2.06(d). The Company shall be under no obligation to accept any offer and may choose to accept or reject some or all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Company may accept any Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be $5,000,000 or in any multiple of $1,000,000 in excess thereof;

(iii) acceptance of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates within each Interest Period, as the case may be; and

(iv) the Company may not accept any offer that is described in subsection 2.06(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two or more Banks with the same LIBOR Bid Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks (in such multiples, not less than $1,000,000, as the Agent may deem appropriate) as nearly as practicable in proportion to the aggregate principal amounts of such offers. Determination by the Agent of the amounts of Bid Loans shall be conclusive in the absence of manifest error.

(g) (i) The Agent will promptly notify each Bank having submitted a Competitive Bid if its offer has been accepted and, if its offer has been accepted, of the amount of the Bid Loan or Bid Loans to be made by it on the date of the Bid Borrowing.

(ii) Each Bank, which has received notice pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted, shall make the amounts

of such Bid Loans available to the Agent for the account of the Company at the Agent's Payment Office, by 11:00 a.m. (Chicago time) in the case of Absolute Rate Bid Loans, and by 11:00 a.m. (Chicago time) in the case of LIBOR Bid Loans, on such date of Bid Borrowing, in funds immediately available to the Agent for the account of the Company at the Agent's Payment Office.

(iii) Promptly following each Bid Borrowing, the Agent shall notify each Bank of the ranges of bids submitted and the highest and lowest bids accepted for each Interest Period requested by the Company and the aggregate amount borrowed pursuant to such Bid Borrowing.

(h) If, on or prior to the proposed date of Borrowing, the Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 3.02, 3.05 and 4.02 hereof are satisfied, the Bank or Banks whose offers the Company has accepted will fund each Bid Loan so accepted. Nothing in this Section 2.06 shall be construed as a right of first offer in favor of the Banks or to otherwise limit the ability of the Company to request and accept credit facilities from any Person (including any of the Banks), provided that such credit facilities are not prohibited by this Agreement.

2.07 Termination or Reduction of Commitments; Increase of Commitments.

(a) The Company may, upon not less than three Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof; unless, after giving effect thereto and to any payments or prepayments of Committed Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the aggregate Commitments then in effect. The Agent shall promptly notify the Banks of any such termination or reduction. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued Facility Fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination.

(b) At any time prior to the earlier of the Revolving Termination Date and the delivery of a Notice to Convert the Company may, on the terms set forth below, request that the Commitments hereunder and the "Commitments" under (and as defined in) the 2004 5-Year Credit Agreement be increased on a pro rata basis by an aggregate amount up to $75,000,000; provided, however, that (i) an increase in the Commitments hereunder may only be made at a time when no Default or Unmatured Default shall have occurred and be continuing and (ii) in no event shall the Combined Commitment exceed $400,000,000 in the aggregate. In the event of such a requested increase in the Commitments, any financial institution which the Company and the Agent invite to become a Bank or to increase its Commitment may set the amount of its Commitment at a level agreed to by the Company and the Agent. In the event that the Company and one or more of the Banks (or other financial institutions) shall agree upon such an increase in the Commitments (i) the Company, the Agent and each Bank or other financial institution increasing its Commitment or extending a new Commitment shall enter into an amendment to this Agreement setting forth the amounts of the Commitments, as so increased, providing that the financial institutions extending new Commitments shall be Banks for all purposes under this

Agreement, and setting forth such additional provisions as the Agent and the Company shall consider reasonably appropriate and (ii) the Company shall furnish, if requested, new Notes to each financial institution that is extending a new Commitment or increasing its Commitment. No such amendment shall require the approval or consent of any Bank whose Commitment is not being increased. Upon the execution and delivery of such amendment as provided above, and upon satisfaction of such other conditions as the Agent may reasonably specify upon the request of the financial institutions that are extending new Commitments (including, without limitation, the Agent administering the reallocation of any outstanding Loans (other than Bid Loans) ratably among the Banks after giving effect to each such increase in the Commitments, and the delivery of certificates, evidence of corporate authority and legal opinions on behalf of the Company), this Agreement shall be deemed to be amended accordingly.

2.08 Optional Prepayments.

(a) Subject to Section 3.04, the Company may, at any time or from time to time, upon not less than three Business Days'irrevocable notice to the Agent, in the case of Offshore Rate Committed Loans, or upon not less than one Business Day's irrevocable notice to the Agent, in the case of Base Rate Committed Loans, ratably prepay such Loans in whole or in part, in minimum amounts of $5,000,000 or any multiple of $1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest thereon to each such date on the amount prepaid and any amounts required pursuant to Section 3.04; provided that if the Company shall fail to make any such payment on the date specified therein, such failure shall not constitute an Event of Default hereunder, and if the Committed Loan is a Base Rate Committed Loan such Loan shall continue as if such prepayment notice had not been given, and if the Committed Loan is an Offshore Rate Committed Loan such Loan shall be automatically converted to a Base Rate Committed Loan as of the date specified in such notice.

(b) Bid Loans may not be voluntarily prepaid.

2.09 Extension of Revolving Termination Date. Provided that no Default or Event of Default exists as of the date of the Request, the Company may, by irrevocable written notice ("Request") to the Agent and each Bank delivered no earlier than 60 days and no later than 30 days before the then-applicable Revolving Termination Date, request the Banks to extend the Revolving Termination Date to the date that is 364 days after the then-current Revolving Termination Date. Each Bank shall, no later than 20 days after the date of such Request, give written notice to the Agent stating whether such Bank agrees to extend the Revolving Termination Date, in its sole discretion. If the Agent receives such agreement by such date from each of the Banks, provided there exists no Default or Event of Default on the then-current Revolving Termination Date, the Revolving Termination Date shall be extended for 364 days and the Agent shall promptly notify the Bank and the Company of such extension. If any Bank fails to respond to the Request within the time specified above, it shall be deemed to have declined the Request. If less than all the Banks shall agree to such extension, the extension contemplated in this Section may nonetheless occur with respect to the consenting Banks,

provided that any such extension shall be conditioned upon an agreement to such extension by Banks with at least 80% of the aggregate Commitments. The Agent shall notify the Company and each of the Banks as to which Banks have agreed to such extension and as to the new Revolving Termination Date as a result thereof, or that such extension shall not occur, as the case may be. In the event that the Revolving Termination Date is extended by some but not all of the Banks, on the existing Revolving Termination Date for any Bank not extending (each a "Non-Continuing Bank"), the Company shall repay all Loans of such Non-Continuing Bank, together with all accrued and unpaid interest thereon, and all fees and other amounts (including amounts arising under Section 3.04(d)) owing to such Non-Continuing Bank, and upon such payment each such Non-Continuing Bank shall cease to constitute a Bank hereunder, except with respect to the indemnification provisions of this Agreement, which shall survive as to such Non-Continuing Bank.

2.10 Repayment. The Company shall repay to the Banks on the Facility Termination Date the aggregate principal amount of Loans outstanding on such date. The Company shall repay each Offshore Rate Committed Loan on the last day of the relevant Interest Period. The Company shall repay each Bid Loan on the earliest of (i) the last day of the relevant Interest Period, (ii) the Conversion Date and (iii) the Revolving Termination Date.

2.11 Interest.

(a) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the LIBO Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.04). Each Bid Loan shall bear interest on the outstanding principal amount thereof from the relevant Borrowing Date at a rate per annum equal to the LIBO Rate (exclusive of the Applicable Margin) plus (or minus) the LIBOR Bid Margin, or at the Absolute Rate, as the case may be.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Committed Loans (except in the case of a Base Rate Committed Loan, as to which such interest shall be paid on the next Interest Payment Date) under Section 2.08 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof.

(c) Notwithstanding subsection (a) of this Section, after acceleration or the occurrence and continuation of an Event of Default under Section 8.01(a) or (c), or commencing five (5) days after the occurrence and continuation of any other Event of Default, the Company shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the Applicable Margin then in effect for such Loans and, in the case of Obligations not subject to an Applicable Margin, at a rate per annum equal to the Base Rate plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, after the expiration of such Interest Period and during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2%. Interest payable under this

subsection 2.11(c) shall be payable on demand by the Majority Banks or the applicable Bid Loan Bank, as the case may be.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.12 Fees.

(a) Facility Fee. The Company shall pay to the Agent for the account of each Bank a facility fee (the "Facility Fee") (x) prior to the Conversion Date, on the entire portion of such Bank's Commitment (whether utilized or unutilized) and (y) from and after the Conversion Date, on the average daily aggregate outstanding principal amount of all Loans, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, equal to the Applicable Facility Fee Rate. Such Facility Fee shall accrue from the Closing Date to the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on September 30, 2004 through the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full and on the Conversion Date and the Converted Loan Termination Date, with the final payment to be made on the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full; provided that, in connection with any reduction or termination of Commitments under Section 2.07, the accrued Facility Fee calculated for the period ending on such date shall also be paid on the date of such reduction or termination, with the following quarterly payment being calculated on the basis of the period from such reduction or termination date to such quarterly payment date. The Facility Fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

(b) Utilization Fee. The Company shall pay to the Agent for the account of each Bank a utilization fee (the "Utilization Fee") on the actual outstanding Loan balance for all days on which the Combined Utilized Amount exceeds fifty percent (50%) of the Combined Commitment (or, if all or any part of the Combined Commitment has been terminated, the Combined Commitment in effect immediately prior to such termination), equal to the Applicable Utilization Fee Rate. Such utilization fee shall (i) be computed on a quarterly basis in arrears on the last Business Day of each calendar quarter during which the Combined Utilized Amount exceeds fifty percent (50%) of the Combined Commitment (or, if all or any part of the Combined Commitment has been terminated, the Combined Commitment in effect immediately prior to such termination), (ii) accrue for all such days from the Closing Date to the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full, and (iii) be payable in arrears on the last Business Day of each such quarter commencing on the last Business Day of the fiscal quarter following the Closing Date through the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full and on the Conversion Date and the Converted Loan Termination Date, with the final payment, if

applicable, to be made on the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full.

2.13 Computation of Fees and Interest.

(a) All computations of interest for Base Rate Committed Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent will, at the request of the Company or any Bank, deliver to the Company or the Bank, as the case may be, a statement showing the quotations used by the Agent in determining any interest rate.

(c) The Agent will, with reasonable promptness, notify the Company and the Banks of each determination of the LIBO Rate; provided that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent. Any change in the interest rate payable on the Offshore Rate Committed Loans or in the Facility Fees or Utilization Fees payable under Section 2.12 resulting from a change in the Company's senior unsecured long-term debt ratings shall become effective and shall apply to any such Loans then outstanding or to such fees as of the opening of business on the day on which such change in the Company's debt ratings becomes effective. The Agent will with reasonable promptness notify the Company and the Banks of the effective date and the amount of each such change, provided that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent.

2.14 Payments by the Company.

(a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 12:00 noon (Chicago time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 12:00 noon (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as

and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.15 Payments by the Banks to the Agent.

(a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, prior to 11:00 a.m. (Chicago time) on the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Loan comprising a Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Committed Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Committed Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Committed Loan to be made by such other Bank on any Borrowing Date.

2.16 Sharing of Payments, Etc. If, other than as expressly provided in Section 3.08 or 10.08 hereof, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in

respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments. Any Bank having outstanding both Committed Loans and Bid Loans at any time a right of set-off is exercised by such Bank shall apply the proceeds of such set-off first to such Bank's Committed Loans, until its Committed Loans are reduced to zero, and thereafter to its Bid Loans.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Subject to subsection 3.01(f), any and all payments by the Company to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) Subject to subsection 3.01(f), the Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Banks or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date any Bank or the Agent makes written demand therefor. If the Company in good faith determines that any such Taxes or Other Taxes for which indemnification has been sought hereunder are not due or owing or otherwise correctly assessed, each Bank or the Agent at the request of the Company, or the Company at the election of each Bank or the Agent following any such request, in either case at the expense of the Company, shall by appropriate means file for a refund or

otherwise contest the payment of such Taxes or Other Taxes, provided that any such filing or contest does not result in any penalty, lien or other liability to any Bank or the Agent for which the Company has not provided a satisfactory undertaking to indemnify and hold any Bank or the Agent harmless. The Banks and the Agent agree to provide reasonable cooperation to the Company in connection with any such filing or contest, at the Company's expense and, if the Company has paid any such Tax or Other Tax or compensated the Banks or Agent with respect thereto, any refund thereof shall belong and be remitted to the Company.

(c) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then, subject to subsection 3.01(f):

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the

case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) Each Bank which is a foreign person (i.e., a person other than a United States person for United States Federal income tax purposes) agrees that:

(i) it shall, no later than the Closing Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.08 after the Closing Date, the date upon which the Bank becomes a party hereto) deliver to the Company through the Agent two accurate and complete signed originals of Internal Revenue Service Form W-8 BEN or any successor thereto ("Form W-8 BEN"), or two accurate and complete signed originals of Internal Revenue Service Form W-8 ECI or any successor thereto ("Form W-8 ECI"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new Form W-8 BEN or Form W-8 ECI, it shall with reasonable promptness deliver to the Company through the Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form W-8 BEN; or two accurate and complete signed originals of Form W-8 ECI, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time) requiring a change in or renewal of the most recent Form W-8 BEN or Form W-8 ECI previously delivered by such Bank, deliver to the Company through the Agent two accurate and complete original signed copies of Form W-8 BEN or Form W-8 ECI in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's or the Agent's reasonable request to that effect, deliver to the Company or the Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any

applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

(f) The Company will not be required to indemnify, hold harmless or pay any additional amounts in respect of United States Federal income tax pursuant to subsection 3.01(c) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to indemnify, hold harmless or pay such additional amounts would not have arisen but for a failure by such Bank to comply with its obligations (if any) under subsection 3.01(e) in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company a Form W-8 BEN in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 BEN; or

(iii) if the Bank shall have delivered to the Company a Form W-8 ECI in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 ECI.

(g) If the Company is required to pay additional amounts to any Bank or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

(h) Each Bank agrees to promptly notify the Company of the first written assessment of any Taxes payable by the Company hereunder which is received by such Bank, provided that failure to give such notice shall not in any way prejudice the Bank's rights under Section 3.01 hereof. The Company shall not be obligated to pay any Taxes under Section 3.01 which are assessed against any Bank if the statute of limitations applicable thereto (as same may be extended from time to time by agreement between such Bank and the relevant Governmental Authority) has lapsed. Additionally, the Company shall not be obligated to pay any penalties, interest, additions to tax or expenses with respect to any final assessment of Taxes against any Bank (i) unless such Bank shall have first notified the Company in writing of such final assessment, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.02 Illegality.

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make additional Offshore Rate Loans (including in respect of any LIBOR Bid Loan as to which the Company has accepted such Bank's Competitive Bid, but as to which the Borrowing Date has not arrived) shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Committed Loan, then concurrently with such prepayment, the Company shall borrow from the affected Bank, and the affected Bank shall lend to the Company, in the amount of such repayment, a Base Rate Committed Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Committed Loans has been so terminated or suspended, the Company may elect, by giving notice to the Bank through the Agent that all Loans which would otherwise be made by the Bank as Offshore Rate Committed Loans shall be instead Base Rate Committed Loans.

(d) Before giving any notice to the Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank in such Bank's reasonable judgment.

3.03 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the Closing Date or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the Closing Date, there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then the Company shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction after the Closing Date of any Capital Adequacy Regulation, (ii) any change after the Closing Date in any

Capital Adequacy Regulation, (iii) any change after the Closing Date in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any change in any Capital Adequacy Regulation after the Closing Date, affects the amount of capital required to be maintained by any Bank or any corporation controlling any Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, upon demand of such Bank to the Company through the Agent, the Company shall pay to the applicable Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank for such increase.

(c) The Company shall not be obligated to pay any amounts under subsection 3.03(a) or (b) to any Bank (i) unless such Bank shall have first notified the Company in writing that it intends to seek compensation from the Company pursuant to such subsection, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.04 Funding Losses. The Company shall reimburse each Bank and hold each Bank harmless from any direct loss or expense (but excluding any consequential loss or expense) which the Bank may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment required hereunder of principal of any Offshore Rate Loan;

(b) the failure of the Company to borrow a Bid Loan after the Agent has notified a Bank pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted by the Company, or the failure of the Company to borrow, continue or convert a Committed Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Company to make any prepayment of any Committed Loan in accordance with any notice delivered under Section 2.08;

(d) the prepayment (including pursuant to Sections 2.08 or 2.09) or payment after acceleration thereof following an Event of Default of any Offshore Rate Loan or Absolute Rate Bid Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under the proviso contained in Section 2.04(a) or under the proviso contained in Section 2.08 of any Offshore Rate Committed Loan to a Base Rate Committed Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.03(a), each Offshore Rate Committed Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBO Rate by a matching

deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Committed Loan is in fact so funded.

3.05 Inability to Determine Rates. If the LIBO Rate applicable pursuant to subsection 2.11(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make additional Offshore Rate Loans hereunder shall be suspended until the Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company without cost or expense may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Banks shall make, convert or continue the Committed Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Committed Loans shall be made, converted or continued as Base Rate Committed Loans instead of Offshore Rate Committed Loans.

3.06 Reserves on Offshore Rate Committed Loans. The Company shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Offshore Rate Committed Loan equal to the actual costs of such reserves allocated to such Committed Loan by the Bank (as reasonably determined by the Bank), payable on each date on which interest is payable on such Committed Loan, provided the Company shall have received at least 30 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 30 days prior to the relevant Interest Payment Date, such additional interest shall be payable 30 days from receipt of such notice. No Bank shall be entitled to additional interest under this Section 3.06 accruing more than 90 days prior to the date of receipt by the Company of notice requesting payment thereof.

3.07 Certificates of Banks. Any Bank claiming reimbursement or compensation under this Article III shall deliver to the Company (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to such Bank hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error unless the Company shall have notified such Bank of its objection to such certificate (with a copy to the Agent) within 30 days of the Company's receipt of such claim.

3.08 Substitution of Banks. Upon the receipt by the Company from any Bank (an "Affected Bank") of a claim for compensation under Section 3.01, 3.02 or 3.03, the Company may: (i) request the Affected Bank to use its reasonable efforts to obtain a replacement bank or financial institution satisfactory to the Company and the Agent and meeting the qualifications of an Eligible Assignee to acquire and assume all or a ratable part of all of such Affected Bank's Committed Loans and Commitment (a "Replacement Bank"); (ii) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Committed Loans and Commitment (but no other Bank shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld). Any transfer arising under this Section 3.08 shall comply with the requirements of Section 10.08 and on the date of transfer the Affected Bank shall be entitled to all sums payable to it hereunder on

such date including, outstanding principal, accrued interest and fees, and other sums (including amounts payable under Section 3.04(d)) arising under the provisions of this Agreement with reference to such Committed Loans.

3.09 Survival. The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions to Effectiveness of Commitments and to Initial Loans. The obligation of each Bank to make its initial Committed Loan hereunder, and to receive through the Agent the initial Competitive Bid Request, is subject to and shall become effective when the Agent shall have received on or before the Closing Date all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement; Notes; Guaranty. This Agreement, the Guaranty (and, if requested, Notes for each such requesting Bank) properly executed;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors (or appropriate committee thereof) of each of the Company and the initial Guarantor (together, the "Initial Loan Parties") authorizing the transactions contemplated by the Loan Documents to which it is a party, certified as of the Closing Date by the Secretary, Assistant Secretary or other appropriate officer of such Initial Loan Party; and

(ii) A certificate of the Secretary, Assistant Secretary or other appropriate officer of each Initial Loan Party certifying the names and true signatures of the officers of such Initial Loan Party authorized to execute, deliver and perform, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of each Initial Loan Party as in effect on the Closing Date, certified by the Secretary, Assistant Secretary or other appropriate officer of such Initial Loan Party as of the Closing Date; and

(ii) a good standing certificate dated within five (5) days of the Closing Date for each Initial Loan Party from the Secretary of State (or similar, applicable Governmental Authority) of its respective state of incorporation;

(d) Legal Opinions. An opinion letter from Anthony C. Scarfone, General Counsel to the Initial Loan Parties, addressed to the Agent and the Banks, containing opinions substantially in the form of Exhibit H;

(e) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, including any such costs, fees and expenses arising under or referenced in Section 2.12;

(f) Certificate. A certificate signed on behalf of the Company by the Company's chief executive officer, chief financial officer or treasurer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists as of the Closing Date; and

(iii) there has occurred since December 31, 2003, no event or circumstance that has resulted or would reasonably be expected to result in a material adverse change in, or material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole;

(g) Existing 364-Day Credit Agreement and Existing Bridge Credit Agreement. Evidence satisfactory to the Agent that (i) the Existing 364-Day Credit Agreement shall have been or shall simultaneously on the Closing Date be terminated (except for those provisions that expressly survive the termination thereof), all loans outstanding and other amounts owed to the lenders or agents thereunder shall have been paid in full, and all liens and security interests granted in connection therewith shall have been or shall simultaneously on the Closing Date be terminated, and (ii) the aggregate "Commitments" under (and as defined in) the Existing Bridge Credit Agreement shall have been or shall simultaneously on the Closing Date be permanently reduced by an amount not less than $150,000,000; and

(h) 2004 5-Year Credit Agreement. Evidence satisfactory to the Agent that the 2004 5-Year Credit Agreement shall have been duly executed by all parties thereto.

(i) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request, as well as any other information required by Section 326 of the USA PATRIOT Act of 2001 or necessary for the Agent or any Bank to verify the identity of the Company as required by Section 326 of the USA PATRIOT Act of 2001.

4.02 Conditions to All Borrowings. The obligation of each Bank to make any Committed Loan to be made by it, or any Bid Loan as to which the Company has accepted the relevant Competitive Bid (including the initial Loan), or to continue or convert any Committed Loan under Section 2.04 is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date or Conversion/Continuation Date:

(a) Notice of Borrowing or Conversion/Continuation. As to any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable;

(b) Continuation of Representations and Warranties. The representations and warranties in Article V (excluding those contained in Section 5.11(b)) shall be true and correct

on and as of such Borrowing Date or Conversion/Continuation Date with the same effect as if made on and as of such Borrowing Date or Conversion/Continuation Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing or continuation or conversion.

Each Notice of Borrowing and Notice of Conversion/Continuation and Competitive Bid Request submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice or request and as of each Borrowing Date or Conversion/Continuation Date, as applicable, that the conditions in Section 4.02 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence and Power. The Company and each of its Material Subsidiaries:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business (except where the failure to have any such governmental license, authorization, consent or approval would not reasonably be expected to have a Material Adverse Effect) and as to the Company and each Guarantor only, to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction except where the failure to so qualify or to be so licensed or in good standing would preclude it from enforcing its rights with respect to any of its assets or expose it to any liability and which, in either case, would reasonably be expected to have a Material Adverse Effect; and

(d) is in all material respects in compliance with the Requirements of Law except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Loan Document to which the Company or any Material Subsidiary is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's or such Material Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the Company or such Material Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or such Material Subsidiary or its respective property is subject except where such conflict, breach, contravention or Lien would not reasonably be expected to have a Material Adverse Effect; or

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, which has not been obtained by the Company and its Subsidiaries, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or any of its Subsidiaries of the Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement and each other Loan Document to which the Company or any of its Material Subsidiaries is a party constitute the legal, valid and binding obligations of the Company or such Material Subsidiary, as applicable, enforceable against the Company or such Material Subsidiary, as applicable, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) would reasonably be expected to have a Material Adverse Effect.

No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. At the Closing Date and at the time of any Borrowing, no Default or Event of Default exists or would result from the incurring of any Obligations by the Company. As of the Closing Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.01(e).

5.07 ERISA Compliance. Except as specifically disclosed in Schedule 5.07:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance

would not reasonably be expected to result in a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or, if otherwise, the failure to apply for or receive a favorable determination letter would not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, nothing has occurred which would cause the loss of qualification the effect of which would reasonably be expected to result in a Material Adverse Effect. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan when the failure to make such contribution or when such application or extension would reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA that, in the case of any of clauses (i) through (v), would reasonably be expected to result in a Material Adverse Effect.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.05. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.09 Title to Properties. The Company and each Subsidiary have good record and marketable title in fee simple to, or to their knowledge valid leasehold interests in, all real property necessary for the ordinary conduct of their respective businesses, except for such defects in title as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in

accordance with GAAP or where failure to file such return or to pay any such tax would not reasonably be expected to have a Material Adverse Effect. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Financial Condition.

(a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 2003, and the unaudited consolidated financial statements dated March 31, 2004, and the related consolidated statements of income or operations, balance sheet and cash flows for the fiscal year or the fiscal quarter, respectively, ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments in the case of such unaudited statements;

(ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations except for Indebtedness and other liabilities, the existence of which would not have a Material Adverse Effect.

(b) Since December 31, 2003, there has been no Material Adverse Effect.

5.12 Environmental Matters. The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that, except as specifically disclosed in Schedule 5.12, such Environmental Laws and Environmental Claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Person controlling the Company, or any Subsidiary, is an “Investment Company” within the meaning of the Investment Company Act of 1940. The Company is not subject to any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 No Burdensome Restrictions. Neither the Company nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which would reasonably be expected to have a Material Adverse Effect.

5.15 Copyrights, Patents, Trademarks and Licenses, etc. Except as disclosed in Schedule 5.15, the Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises,

authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person except where the failure to own, be licensed to or otherwise have the right to use the same would not have a Material Adverse Effect. To the best knowledge of the Company, no material slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person where any such infringement would reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in Schedule 5.05, no claim or litigation regarding any of the foregoing is pending or to the knowledge of the Company threatened, which would reasonably be expected to have a Material Adverse Effect.

5.16 Subsidiaries. As of the Closing Date, the Company has no Subsidiaries other than those specifically disclosed in part (a) of Schedule 5.16 hereto and has no material equity investments in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 5.16.

5.17 Insurance. The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance or reinsurance companies, in such amounts, with such deductibles and covering such risks as are believed by the Company to be adequate in the exercise of its reasonable business judgment.

5.18 Full Disclosure. None of the representations or warranties made by the Company or any of its Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, financial report or statements or certificate furnished by or on behalf of the Company in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

5.19 Reportable Transaction. The Company does not intend to treat the Loans and related transactions as being a "reportable transaction" (within the meaning of the Treasury Regulation Section 1.6011-4). In the event the Company determines to take any action inconsistent with such intention, it will promptly notify the Agent thereof.

5.20 Solvency. After giving effect to the Loans to be made on the date such Loans are requested to be made, the Company and its Subsidiaries taken as a whole are Solvent.

5.21 Specially Designated Nationals or Blocked Persons List. None of the Company, Subsidiaries of the Company or Affiliates of the Company are named on the United States Department of the Treasury's Specially Designated Nationals or Blocked Persons list available through http://www.treas.gov/offices/ectoffc/ofac/sdn/index.html or as otherwise published from time to time.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 Financial Statements. The Company shall deliver to the Agent, in form and detail reasonably satisfactory to the Agent, with sufficient copies for each Bank:

(a) as soon as available, but not later than the date which is the earlier of (x) 120 days after the end of each fiscal year or (y) five (5) Business Days after the delivery of the following financial statements to the SEC, a copy of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of PriceWaterhouseCoopers LLP or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records; and

(b) as soon as available, but not later than the date which is the earlier of (x) 60 days after the end of each of the first three fiscal quarters of each fiscal year or (y) five (5) Business Days after the delivery of the following financial statements to the SEC, a copy of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified on behalf of the Company by a Responsible Officer as fairly presenting, in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

6.02 Certificates; Other Information. The Company shall furnish to the Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer on behalf of the Company which certifies that no Default or Event of Default has occurred and is continuing (except as described therein);

(b) promptly, copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K) that the Company or any Subsidiary may make to, or file with, the SEC; and

(c) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank,

may from time to time reasonably request and which materially relates to the ability of the Company to perform under this Agreement.

6.03 Notices. Upon obtaining knowledge of any event described below, the Company shall promptly notify the Agent and each Bank:

(a) of the occurrence of any Default or Event of Default;

(b) of any of the following matters of which a Responsible Officer obtains knowledge that would result in a Material Adverse Effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Company or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of the occurrence of any of the following events affecting the Company or any ERISA Affiliate which would reasonably be expected to result in a Material Adverse Effect (but in no event more than 10 days after a Responsible Officer obtains knowledge of such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(d) of any material change in accounting policies or financial reporting practices by the Company or any of its consolidated Subsidiaries which would reasonably be expected to materially affect the Company's consolidated financial reports; and

(e) of any change in the Company's senior unsecured long-term debt ratings as publicly announced by either S&P or Moody's including placement of such ratings on watch status, provided that any failure by the Company to give notice of such change shall not affect the Company's payment obligations hereunder and such failure shall not constitute an Event of Default.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time.

Each notice under subsection 6.03(a) shall describe with particularity any and all provisions of this Agreement or other Loan Document (if any) that have been breached or violated.

6.04 Preservation of Corporate Existence, Etc. Except pursuant to a transaction permitted under Section 7.02 and Section 7.03, the Company shall, and shall cause each Material Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation;

(b) to the extent practicable, using reasonable efforts, preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except (x) when the non-preservation and non-maintenance of such rights, privileges, qualifications, permits, licenses or franchises would not reasonably be expected to have a Material Adverse Effect or (y) in connection with transactions permitted by Section 7.03 and sales of assets permitted by Section 7.02;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect; and

(d) to the extent practicable, using reasonable efforts, preserve or renew all of its registered patents, trademarks, trade names and service marks, except when non-preservation or non-renewal of such patents, trademarks, trade names or service marks would not reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear and casualty loss excepted and make all necessary repairs thereto and renewals and replacements thereof except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities except where the failure to do would not reasonably be expected to have a Material Adverse Effect.

6.06 Insurance. The Company shall maintain, and shall cause each Material Subsidiary to maintain, with financially sound and reputable insurers or independent reinsurers, insurance with respect to its properties and business against loss or damage of the kinds and in the amounts determined by the Company to be necessary or desirable in the exercise of its reasonable business judgment.

6.07 Payment of Obligations. The Company shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary or unless the failure to pay or discharge would not have a Material Adverse Effect;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property except when the failure to pay or discharge would not have a Material Adverse Effect; and

(c) all Indebtedness, as and when due and payable (except for such Indebtedness which is contested by the Company or any Subsidiary in good faith or where the failure to pay or discharge would not reasonably be expected to result in a Material Adverse Effect), but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.08 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or where the failure to comply would not have a Material Adverse Effect.

6.09 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance would not reasonably be expected to result in a Material Adverse Effect; and (b) make all required contributions to any Plan subject to Section 412 of the Code except where failure to make any contribution would not reasonably be expected to result in a Material Adverse Effect.

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Material Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. Subject to reasonable safeguards to protect confidential information, the Company shall permit, and shall cause each Material Subsidiary to permit, representatives and independent contractors of the Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and with respect to the Company but not its Subsidiaries to discuss their respective affairs, finances and accounts with the Company's directors, senior officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company. Such inspections and examinations described in the preceding sentence (i) by or on behalf of any Bank shall, unless occurring at a time when an Event of Default shall be continuing, be at such Bank's expense and (ii) by or on behalf of the Agent, other than the first such inspection or examination occurring during any calendar year or any inspections and examination occurring at a time when an Event of Default be continuing, shall be at the Agent's expense; all other such inspections and visitations shall be at the Company's expense and at any time during normal business hours and without advance notice.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws except where the failure to comply would not have a Material Adverse Effect.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans for commercial paper liquidity support, to repurchase the Company's capital stock, to refinance Indebtedness under the Existing 364-Day Credit Agreement and a portion of the Existing Bridge Credit Agreement and for other general corporate purposes including Acquisitions not in contravention of any Requirement of Law or any provision of this Agreement.

6.13 Guarantors. The Company shall cause (i) each Subsidiary that (a) is created for the purpose of acquiring assets or capital stock or other ownership interests in connection with an Acquisition and (b) becomes a Material Subsidiary after giving effect to such Acquisition, and (ii) each Material Subsidiary acquired in connection with an Acquisition, in each case, to guarantee the Obligations pursuant to the Guaranty promptly and in any event within 30 days following the date of creation or acquisition thereof. In furtherance of the foregoing, the Company shall cause such Material Subsidiary to (i) execute a supplement to the Guaranty and (ii) deliver such other documentation as the Agent may reasonably request in connection with the foregoing, including, without limitation, certified resolutions and other authority documents of such Material Subsidiary and, to the extent requested by the Agent, favorable opinions of counsel to such Material Subsidiary (which shall cover, among other things, the legality, validity, binding effect and enforceability of the Guaranty), all in form, content and scope reasonably satisfactory to the Agent.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth in Schedule 7.01 or shown as a liability on the Company's consolidated financial statements as of March 31, 2004 securing Indebtedness outstanding on such date, provided that the aggregate amount of all such Indebtedness secured by all such Liens does not exceed $10,000,000;

(b) any Lien created under any Loan Document or under any "Loan Document" as defined in the Existing Credit Agreements;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is

permitted by Section 6.07, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and

its Subsidiaries;

(h) Liens on (i) assets of corporations which become Subsidiaries after the date of this Agreement, provided, however, that such Liens existed at the time the respective corporations became Subsidiaries, and (ii) any assets prior to the acquisition thereof by the Company or any Subsidiary and not created in contemplation of such acquisition, provided, however, that such Liens do not encumber any other property or assets;

(i) purchase money security interests on any property acquired or held by the Company or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; providedthat (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, and (iii) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such property;

(j) Liens securing obligations in respect of capital leases on assets subject to such leases;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral

to the depository institution except in either case when such deposit accounts are established or required in the ordinary course of business and would not have a Material Adverse Effect;

(l) Any extensions, renewals or replacements of the Liens permitted by clauses (a), (f), (h), (i) and (j) above; and

(m) Notwithstanding the provisions of subsections 7.01(a) through (l), there shall be permitted Liens on property (including Liens which would otherwise be in violation of such subsections), provided that the sum of the aggregate Indebtedness of the Company and its Subsidiaries secured by all Liens permitted under this subsection (m), excluding the Liens permitted under subsections (a) through (l), shall not exceed an amount equal to 15% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.02 Disposition of Assets. Except as otherwise permitted by any other provision of this Agreement, the Company shall not, and shall not suffer or permit any Material Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) dispositions on reasonable commercial terms and for fair value or which would not have a Material Adverse Effect, provided that dispositions of the stock of any Material Subsidiary shall not be permitted under this subsection (b);

(c) dispositions of property between the Company and any consolidated Subsidiary or among consolidated Subsidiaries; and

(d) other dispositions of property during the term of this Agreement (excluding dispositions permitted under subsections 7.02(a) through (c)) whose net book value in the aggregate shall not exceed 25% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.03 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Material Subsidiary to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Person may merge with the Company, provided that the Company shall be the continuing or surviving corporation;

(b) any Subsidiary may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that (i) if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation and (ii) if any transaction shall be between a Guarantor and any Subsidiary that is not a Guarantor, the

Guarantor shall be the continuing or surviving corporation or, concurrently with such transaction, such continuing or surviving corporation shall become a Guarantor pursuant to the Guaranty; and

(c) the Company or any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary, as the case may be, provided that if (i) any such transaction shall be between a Guarantor and any Wholly-Owned Subsidiary that is not a Guarantor, and (ii) such Wholly-Owned Subsidiary shall become a Material Subsidiary after giving effect to such transaction, such Wholly-Owned Subsidiary shall, concurrently with such transaction, become a Guarantor pursuant to the Guaranty.

7.04 Transactions with Affiliates. The Company shall not, and shall not suffer or permit any Subsidiary to, enter into any transaction with any Affiliate (other than a Wholly-Owned Subsidiary) of the Company, except transactions (a) entered into in good faith and (b) upon commercially reasonable terms and taking into consideration the totality of circumstances pertaining to such transaction as determined by the Company.

7.05 Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, in a manner which violates any applicable Requirement of Law and which would have a Material Adverse Effect (provided that this Section 7.05 shall not be deemed to permit the use of Loan

proceeds in violation of any Requirement of Law applicable to any Bank). Notwithstanding the foregoing, at no time shall more than 25% of the value (as determined by a method deemed reasonable for purposes of applicable regulations relating to Margin Stock) of the Company's assets consist of Margin Stock, unless the Company has taken all necessary action so that in the event that more than 25% of the Company's assets consist of Margin Stock there shall occur no violation of any Requirement of Law applicable to it or any Bank.

7.06 Restricted Payments. The Company shall not, and shall not suffer or permit any Subsidiary (other than a Wholly-Owned Subsidiary) to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; except that the Company or any non-Wholly-Owned Subsidiary may:

(a) declare and make dividend payments or other distributions payable solely in its common stock;

(b) purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock; and

(c) (i) in the case of the Company, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash provided, that, before and immediately after giving effect to such proposed action, no Default or Event of Default exists or would exist, and (ii) in the case of any non-Wholly-Owned Subsidiary, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire

shares of its capital stock or warrants, rights or options to acquire any such shares for cash provided, that, the Company or its respective Subsidiary which owns the equity interest or interests in such Subsidiary paying such dividends or distributions or purchasing, redeeming or otherwise acquiring such shares or warrants, rights or options receives at least its proportionate share of such dividends or distributions or receives a proportionate offer to purchase, redeem or otherwise acquire such shares or warrants, rights or options, the proportionality of which in each case shall be based upon the affected class or classes of securities.

7.07 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA and which would reasonably be expected to result in a Material Adverse Effect.

7.08 Change in Business. The Company shall not, and shall not suffer or permit any Subsidiary to, engage in any business that would substantially change the general nature of the business conducted by the Company and its consolidated Subsidiaries on the Closing Date.

7.09 Accounting Changes. The Company shall not, and shall not suffer or permit any Material Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any such Subsidiary, if such change would reasonably be expected to result in a Material Adverse Effect.

7.10 Interest Coverage. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending September 30, 2004), on a consolidated basis, the ratio of (i) Earnings Before Interest and Taxes to (ii) Interest Expense, to be less than 3.0 to 1.0. For purposes of this section, "Earnings Before Interest and Taxes" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, the sum of (a) the consolidated net income (or net loss) of the Company and its Subsidiaries for such period as determined in accordance with GAAP, plus (b) all amounts treated as interest expense for such period to the extent included in the determination of such consolidated net income (or loss); plus (c) all taxes accrued for such period on or measured by income to the extent included in the determination of such consolidated net income (or loss); provided, however, that consolidated net income (or loss) shall be computed for the purposes of this definition without giving effect to extraordinary losses or extraordinary gains for such period; and "Interest Expense" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, all amounts treated as interest expense for such period to the extent included in the determination of the Company's consolidated net income (or net loss) for such period as determined in accordance with GAAP.

7.11 Subsidiary Indebtedness. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 2004), the aggregate Indebtedness of its consolidated Subsidiaries to exceed $50,000,000. For purposes of this Section 7.11, the term "Indebtedness" shall be deemed to exclude Indebtedness of a Person which becomes a Subsidiary after the date hereof, provided that such excluded Indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within two (2) Business Days following written notice to the Company given by the Agent or any Bank after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company or any Subsidiary made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.12, 6.13, 7.02, 7.03, 7.04, 7.05, 7.06, 7.09, 7.10 or 7.11; or

(d) Other Defaults. The Company fails to perform or observe (i) Section 6.01(a) hereunder and such default shall continue unremedied for a period of 5 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or (ii) any other term or covenant contained in the Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or

(e) Cross-Default. (i) The Company or any Material Subsidiary fails to perform or observe any condition or covenant, or any other event shall occur or condition shall exist, under (a) the Existing Credit Agreements or (b) any other agreement or instrument relating to any Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $100,000,000, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if the effect of such failure, event or condition is to cause such Indebtedness to be declared to be due and payable prior to its stated maturity; provided, that, with respect to any such breach occurring as a result of a change of control under any agreement or instrument evidencing such Indebtedness of a Subsidiary of more than $100,000,000 upon the acquisition of such Subsidiary, such breach shall cause an Event of Default hereunder only if such breach has not been cured (or the Indebtedness related thereto prepaid in full and the related agreements and instruments shall be terminated) within three days after the occurrence thereof; or (ii) if there shall occur any other default or event of default, however denominated, under any cross default provision under any agreement or instrument relating to any such Indebtedness of more than $100,000,000; or

(f) Insolvency; Voluntary Proceedings. The Company or any Material Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Material Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any such Material Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, stayed, vacated or fully bonded within 60 days after commencement, filing, issuance or levy; (ii) the Company or any Material Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law involving a material portion of the Company's or such Material Subsidiary's total assets) is ordered in any Insolvency Proceeding involving the Company or any such Material Subsidiary; or (iii) the Company or any Material Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $50,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds $50,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $50,000,000 and, in the case of any of clauses (i) through (iii), such liability or failure to pay shall not have been vacated, discharged, stayed, appealed or paid within ten (10) Business Days after such liability or payment obligation arises; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, non-interlocutory decrees or arbitration awards is entered against the Company or any Material Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $50,000,000 or more, and the same shall not have been vacated, discharged, stayed or appealed within the applicable period for appeal from the date of entry thereof or paid within ten (10) Business Days after the same becomes non-appealable; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any Subsidiary which does or would reasonably be expected to have a Material Adverse Effect; or

(k) Change of Control. There occurs any Change of Control. For purposes of this Section 8.01(k), (i) a "Change of Control" shall occur if any person or group of persons becomes the beneficial owner of 25% or more of the voting power of the Company for a period of 30 days or more; and (ii) the term "person" shall have the meaning set forth in Section 13(d) of the Exchange Act and the term "beneficial owner" shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

(l) Impairment of Guaranty. (i) The Guaranty shall fail to remain in full force or effect or any action shall be taken by the Company or any Guarantor to discontinue or to assert the invalidity or unenforceability of the Guaranty, or (ii) any Guarantor shall fail to comply with any of the material terms or provisions of the Guaranty to which it is a party, or (iii) at any time prior to a Guarantor's release from the Guaranty in accordance with the terms of this Agreement, such Guarantor shall deny that it has any further liability under the Guaranty to which it is a party, or shall give notice to such effect.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the obligation of each Bank to make any Loans to be terminated, whereupon such obligation and such Commitment shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest

and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents (whether now existing or hereafter arising) are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity.

ARTICLE IX

THE AGENT

9.01 Appointment and Authorization. Each Bank hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document,

together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks (or all the Banks if specifically required hereunder) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks (or all the Banks if specifically required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent on or prior to the Closing Date by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.05 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent

upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd. and their respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though Bank One were not the Agent and Credit Suisse First Boston was not the Syndication Agent and Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. were not the Documentation Agents hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd. or their respective Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that neither the Agent, the Syndication Agent nor the Documentation Agents shall be under any obligation to provide such information to them. With respect to its Loans, each of Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, the Syndication Agent or the Documentation Agents, as applicable, and the terms "Bank" and "Banks" include each of Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. in its individual capacity. Notwithstanding anything herein to the contrary, the Arrangers, the Syndication Agent and the Documentation Agents named herein shall not have any duties or liabilities under this Agreement, except in their capacity, if any, as Banks.

9.09 Successor Agent. The Agent may, and at the request of the Company (so long as no Default or Event of Default exists at the time of such request) or the Majority Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Company shall appoint from among the Banks a successor agent for the Banks (unless an Event of Default then exists in which case the Majority Banks shall appoint the successor agent). If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a

retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Company or the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax.

(a) If any Bank claims exemption from withholding tax under a United States tax treaty by providing IRS Form W-8 BEN and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form W-8 BEN as no longer valid.

(b) Subject to the requirements of this Agreement, if any Bank claiming exemption from United States withholding tax by filing IRS Form W-8 ECI with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by the Code.

(c) If the IRS or any other Governmental Authority of the United States or any other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this subsection, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver and consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by the Company and each Bank affected thereby, and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to subsection 8.02(a));

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, Facility Fees, Utilization Fees or other material amounts due to the Banks (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any Facility Fees, Utilization Fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks; or

(f) except pursuant to a transaction permitted under Section 7.02 and Section 7.03, release any Guarantor from its obligations under the Guaranty;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) any fee letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto, and (iii) no amendments, consents or waivers are required to effectuate the increases in Commitments pursuant to Section 2.07(b), the extension of the Revolving Termination Date pursuant to Section 2.09 or the conversion of Loans to a term loan pursuant to Section 2.01(b), except as provided in such Sections.

10.02 Notices.

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.02; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the fifth Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person

purporting to be a Person authorized by the Company to give such notice and, absent gross negligence or willful misconduct, the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Company shall:

(a) pay or reimburse the Agent within five Business Days after demand for all reasonable costs and expenses incurred by the Agent in connection with the development, preparation, documentation negotiation, syndication, distribution, administration and closing of this Agreement and the Loan Documents and any other documents prepared in connection therewith (whether or not closing occurs), and the administration of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any such other documents, including reasonable Attorney Costs incurred by the Agent with respect thereto; and

(b) pay or reimburse the Agent, the Arrangers and each Bank within five Business Days after demand for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.05 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, fines, expenses and disbursements (including reasonable Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) result from an action, suit, proceeding or claim asserted against any such Indemnified Person by any Person not entitled to indemnification under this section in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or any act or omission of the Borrower contrary to the representations made in Section 5.21, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency

Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, however, that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities resulting from such Indemnified Person's gross negligence or willful misconduct. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law. Promptly upon receipt of notice of the making of any claim or the initiation of any action, suit, or proceeding (together, "Dispute"), the Indemnified Person shall, if a claim in respect thereof is to be made against the Company hereunder, notify the Company in writing thereof, provided that any failure to provide such notice shall not excuse the Company from its obligations under this Section, except to the extent that such failure to notify shall have materially prejudiced the Company's position. The Company shall have the right at its expense to control the defense of any Dispute, provided the Company has delivered prompt notice to the Indemnified Person expressly agreeing to assume the defense thereof and reaffirming its obligation to indemnify and hold harmless hereunder, with nationally-recognized counsel selected by the Company, but reasonably satisfactory to the Indemnified Person. In such event, the Company shall promptly notify the Indemnified Person of any and all material developments in such Dispute and the Company shall not agree to any settlement or material stipulation in such Dispute without the prior written consent of the Indemnified Person (such consent not to be unreasonably withheld). Notwithstanding the foregoing, if in the reasonable judgment of the Indemnified Person, there may exist *bona fide* legal defenses available to it relating to the Dispute which conflict with those of the Company or another Indemnified Person, such Indemnified Person shall have the right to select separate counsel, at the expense of the Company, to assert such legal defenses and otherwise participate in the legal defense of such Dispute on behalf of such Indemnified Person. Notwithstanding the foregoing, no Dispute subject to this paragraph shall be settled without the Company's prior consent, not to be unreasonably withheld; provided, however, that any Indemnified Person may settle any such Dispute without the Company's consent if (a) the market reputation of Bank One or its Affiliates, or any Bank or its Affiliates which becomes an Indemnified Person under this Section 10.05, or the relationship of any of such Persons with their applicable state or federal regulators, in the judgment of such Persons, is being or foreseeably will be materially impaired as a result of the continuation of such Dispute, or (b) such Dispute involves or relates to any allegation of criminal wrongdoing, or (c) the Company is disputing its obligation to indemnify under this Section, or (d) the Company has failed to respond to any request for such consent within 10 days of its receipt of written notice of such proposed settlement. No Indemnified Person shall have any liability to the Company or any of its Affiliates for any indirect or consequential damages in connection with its activities related to this Agreement. The agreements in this Section shall survive payment of all other Obligations and the termination of the Commitments.

10.06 Payments Set Aside. To the extent that the Company makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not

occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share or other applicable share of any amount so recovered from or repaid by the Agent.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank and no Bank shall assign any of its rights or obligations hereunder except in accordance with Section 10.08.

10.08 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default and the Agent, which consents shall not be unreasonably withheld or delayed, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitment and the other rights and obligations of such Bank hereunder, in a minimum amount of $5,000,000 (or such lesser amount as the Company and the Agent may consent); provided, however, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit I ("Assignment and Acceptance") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of $3,500, provided that in the case of a transfer under Section 3.08, the assignor Bank shall not be obligated to pay such processing fee.

(b) From and after the date that the Agent notifies the Company and the assignor Bank that it has received an executed Assignment and Acceptance which has been consented to by the Agent and by the Company (if required), and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that the Agent and the Company consent to such assignment in accordance with subsection 10.08(a), to the extent required), the Company shall, if requested, execute and deliver to the Agent Notes for the Assignee (if the Assignee was not previously a Bank under this Agreement) and, if the assignor Bank is not retaining any interest in this Agreement such assignor Bank shall promptly cancel and return its Notes to the Agent for return to the Company. Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent,

necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default, which consent shall not be unreasonably withheld, at any time sell to one or more Eligible Assignees (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, (iv) no Bank shall transfer or grant any participating interes t under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01 and (v) with respect to the sale of participating interests in any Bid Loans to any Participant, (x) the Company's consent shall not be required and (y) the Participant need not be an Eligible Assignee. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on such Company's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall disseminate such information except on a "need to know" basis to employees of such Bank or Affiliate, as the case may be, and their respective representatives or use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process (provided that such Bank shall promptly notify the Company of any such subpoena or process, unless it is legally prohibited from doing so, and cooperate with the Company at the Company's expense in obtaining a suitable order protecting the confidentiality of such information); (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party provided that such Bank will promptly notify the Company of any such disclosure and use reasonable efforts at the Company's expense to obtain a suitable order protecting the confidentiality of such information; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; and (G) to any Affiliate of such Bank, or

to any Participant or Assignee, actual or (provided that there exists no Event of Default, with the written consent of the Company,) potential, provided that such Affiliate, Participant or Assignee agrees in writing to keep such information confidential to the same extent required of the Banks hereunder. Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein (the "Confidentiality Obligations"), as they relate to the transactions contemplated by this Agreement, shall not apply to the "tax structure" or "tax treatment" of the transactions contemplated by this Agreement (as these terms are used in Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations (the "Confidentiality Regulation") promulgated under Section 6011 of the Internal Revenue Code of 1986, as amended); and each party hereto (and any employee, representative, or agent of any party hereto) may disclose to any and all persons, without limitation of any kind, the "tax structure" and "tax treatment" of the transactions contemplated by this Agreement (as these terms are defined in the Confidentiality Regulation). In addition, each party hereto acknowledges that it has no proprietary or exclusive rights to any tax matter or tax idea related to the transactions contemplated by this Agreement.

(f) Notwithstanding any other provision in this Agreement, without consent of the Company, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it (i) in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law, and (ii) to any direct or indirect counterparties in credit derivative transactions relating to the Loans for the purpose of the physical settlement of such transaction. If requested by any such Bank for purposes of this subsection 10.08(f), the Company shall execute and deliver Notes to such Bank.

10.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. In the event of any inconsistency between this section and any agreement governing deposits maintained by the Company with any Bank, this Section shall control with respect to set-offs affecting this Agreement. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.12 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.13 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.14 Governing Law and Jurisdiction.

(a) THIS AGREEMENT (AND THE NOTES) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO.

10.15 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING

WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.16 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

10.17 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Company pursuant to Section 326 of the USA PATRIOT Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Company: When Company opens an account, the Agent and the Banks will ask for Company's name, tax identification number, business address, and other information that will allow the Agent and the Banks to identify the Company.

ARTICLE XI

TERMINATION OF EXISTING 364-DAY CREDIT AGREEMENT

The Company, the Banks and the Agent agree that upon (i) the execution and delivery of this Agreement by each of the parties hereto and (ii) satisfaction (or waiver by the aforementioned parties) of the conditions precedent set forth in Section 4.01, the "Commitments" (as defined in the Existing 364-Day Credit Agreement) shall be reduced to zero and terminated permanently as of the date immediately preceding the Closing Date of this Agreement. All facility fees and related fees payable pursuant to the Existing 364-Day Credit Agreement shall be due and payable on the effective date of the termination of such agreement, which date shall be concurrent with the Closing Date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

DELUXE CORPORATION

By: /s/ Raj Agrawal

Name: Raj Agrawal
Title: Vice President and Treasurer

Federal Employer Identification Number:

41-0216880

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

BANK ONE, NA (MAIN OFFICE CHICAGO),
individually and as Agent

By: /s/ Ronald Edwards

Name: Ronald Edwards
Title: Director/Senior Underwriter

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
individually and as Syndication Agent

By: /s/ Jay Chall

Name: Jay Chall
Title: Director

By: /s/ Rianka Mohan

Name: Rianka Mohan
Title: Associate

THE BANK OF NEW YORK, individually and as Co-Documentation Agent

By: /s/ John-Paul Marotta

Name: John-Paul Marotta
Title: Vice President

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

THE BANK OF TOKYO-MITSUBISHI, LTD., CHICAGO BRANCH, individually and as Co-Documentation Agent

By: /s/ Patrick McCue

Name: Patrick McCue
Title: Vice President and Manager

WACHOVIA BANK, NATIONAL ASSOCIATION,
individually and as Co-Documentation Agent

By: /s/ Kirsten Carver

Name: Kirsten Carver
Title: Associate

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

THE NORTHERN TRUST COMPANY

By: /s/ David C. Fisher

Name: David C. Fisher
Title: Vice President

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

NATIONAL CITY BANK

By: /s/ Laura J. Rowley

Name: Laura J. Rowley
Title: Vice President

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Mark H. Halldorson

Name: Mark H. Halldorson
Title: Vice President

By: /s/ Jennifer D. Barrett

Name: Jennifer D. Barrett
Title: Vice President & Loan Team Manager

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

BNP PARIBAS

By: /s/ Peter C. Labrie

Name: Peter C. Labrie
Title: Central Region Manager

By: /s/ Christine L. Howard

Name: Christine L. Howard
Title: Director

FIFTH THIRD BANK

By: /s/ David C. Melin

Name: David C. Melin
Title: Vice President

SIGNATURE PAGE TO 364-DAY REVOLVING CREDIT AGREEMENT DATED JULY 2004

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Christopher W. Rupp

Name: Christopher W. Rupp
Title: Assistant Vice President

ANNEX I

PRICING GRID

364-Day Revolving Credit Pricing Grid					
Status	**Level I**	**Level II**	**Level III**	**Level IV**	**Level V**
Applicable Facility Fee Rate	0.070%	0.080%	0.100%	0.150%	0.200%
Applicable Utilization Fee Rate	0.100%	0.100%	0.125%	0.150%	0.250%
LIBO Rate Applicable Margin	0.230%	0.320%	0.400%	0.450%	0.550%
Base Rate Applicable Margin	0.000%	0.000%	0.000%	0.000%	0.000%
Term-Out Fee	0.125%	0.125%	0.250%	0.250%	0.250%

Should the Company exercise its option to convert any balance owing under this Agreement to a term loan in accordance with the terms of Section 2.01(b), the Company will be required to pay a Term-Out Fee, which has the effect of increasing pricing on all amounts outstanding under the term loan by the Term-Out Fee set forth at the applicable Status on the Pricing Grid above.

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Level I Status" exists at any date if, on such date, the Company's Moody's Rating is A2 or better *or* the Company's S&P Rating is A or better.

"Level II Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status and (ii) the Company's Moody's Rating is A3 or better *or* the Company's S&P Rating is A- or better.

"Level III Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status or Level II Status and (ii) the Company's Moody's Rating is Baa1 or better *or* the Company's S&P Rating is BBB+ or better.

"Level IV Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status, Level II Status or Level III Status and (ii) the Company's Moody's Rating is Baa2 or better *or* the Company's S&P Rating is BBB or better.

"Level V Status" exists at any date if, on such date, the Company has not qualified for Level I Status, Level II Status, Level III Status or Level IV Status.

"Moody's Rating" means, at any time, the rating issued by Moody's Investors Service, Inc. and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

"Rating" means Moody's Rating or S&P Rating.

"S&P Rating" means, at any time, the rating issued by Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

"Status" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

The Applicable Margins, the Applicable Facility Fee Rate, the Applicable Utilization Fee Rate and the applicable Term-Out Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current Moody's or S&P Rating. If the Company is split-rated and the ratings differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. The credit rating in effect on any date for the purposes of this Schedule is that in effect at the close of business on such date. Unless Moody's or S&P, as applicable, shall cease generally to issue public ratings with respect to senior unsecured long-term debt securities without third-party credit enhancement (in which event the Applicable Margins, the Applicable Facility Fee Rate, the Applicable Utilization Fee Rate and the applicable Term-Out Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current and available Moody's or S&P Rating, as applicable), if the Company does not have both a Moody's Rating and an S&P Rating, Level V Status shall apply.

ANNEX I

SCHEDULE 2.01

LIST OF COMMITMENTS AND PRO RATA SHARES

BANK	COMMITMENT	PRO RATA SHARE
BANK ONE, NA	$ 12,153,846	12.154%
CREDIT SUISSE FIRST BOSTON	$ 12,153,846	12.154%
THE BANK OF NEW YORK	$ 11,384,615	11.385%
THE BANK OF TOKYO-MITSUBISHI, LTD	$ 11,384,615	11.385%
WACHOVIA BANK, NATIONAL ASSOCIATION	$ 11,384,615	11.385%
THE NORTHERN TRUST COMPANY	$ 7,076,923	7.077%
NATIONAL CITY BANK	$ 7,076,923	7.077%
WELLS FARGO BANK, NATIONAL ASSOCIATION	$ 7,076,923	7.077%
BNP PARIBAS	$ 7,076,923	7.077%
FIFTH THIRD BANK	$ 7,076,923	7.077%
U.S. BANK, NATIONAL ASSOCIATION	$ 6,153,846	6.152%
TOTAL	$ 100,000,000	100%

SCHEDULES

SCHEDULE 5.05

LITIGATION

None.

SCHEDULES

SCHEDULE 5.07

ERISA MATTERS

None.

SCHEDULES

SCHEDULE 5.12

ENVIRONMENTAL MATTERS

None.

SCHEDULES

SCHEDULE 5.16

LIST OF SUBSIDIARIES AND MATERIAL EQUITY INVESTMENTS

(a) Subsidiaries

Deluxe Financial Services, Inc.	(MN — 100%)
Designer Checks, Inc.	(AL — 100%)
Direct Checks Unlimited, LLC	(CO — 100%)
DLX Check Printers, Inc.	(MN — 100%)
DLX Check Texas, Inc.	(MN — 100%)
Deluxe Financial Services Texas L.P.	
Paper Payment Services LLC	(MN — 100%)
Plaid Moon, Inc.	(MN — 100%)
PPS Holding Company, Inc.	(MN — 100%)
PPS Services 1, Inc.	(MN — 100%)
PPS Services 2, Inc.	(MN — 100%)
Accounting Forms Co., Inc.	(MA — 100%)
Chiswick, Inc.	(MA — 100%)
Mass Distribution, Inc.	(DE — 100%)
McBee Systems, Inc.	(CO — 100%)
New England Business Service, Inc.	(DE — 100%)
NEBS Interactive, Inc.	(MA — 100%)
NEBS Capital	
PremiumWear, Inc.	(DE — 100%)
Rapidforms, Inc.	(NJ — 100%)
Russell and Miller, Inc.	(DE — 100%)
Safeguard Business Systems, Inc.	(DE — 100%)
Stephen Fossler Company	(DE — 100%)
Veripack, Inc.	(DE — 100%)
NEBS Business Stationery Limited	(UK — 100%)
Shirlite Limited	(UK — 100%)
Sigma Afterprint Services Limited	(UK — 100%)
Standard Forms Limited	(UK — 100%)
Standard Forms Holdings Limited	(UK — 100%)

NEBS Business Products Limited (ON — 100%)
NEBS Payroll Service Limited (ON — 100%)
Safeguard Business Systems Limited (ON — 100%)

(b) Material Equity Investments

Deluxe Mexicana S.A. de C.V. (Mexico — 50%)

SCHEDULES

SCHEDULE 7.01

EXISTING LIENS

None.

SCHEDULES

SCHEDULE 10.02

OFFSHORE AND DOMESTIC LENDING OFFICES, ADDRESSES FOR NOTICES

DELUXE CORPORATION

Address for Notices

3680 Victoria Street North
Shoreview, MN 55126
Attention: Raj Agrawal, Vice President and Treasurer
Telephone: (651) 787-1068
Facsimile: (651) 787-1566

With a copy to:

3680 Victoria Street North
Shoreview, MN 55126
Attention: Anthony C. Scarfone, General Counsel
Telephone: (651) 483-7122
Facsimile: (651) 787-2749

BANK ONE, NA as Agent

Notices for Borrowing, Conversions/Continuations, and Payments

Bank One, NA
One Bank One Plaza
Chicago, IL 60670
Attention: Erica Lowe
Telephone : (312) 732-6137
Facsimile: (312) 732-4303

Address for Notices other than Borrowing:

Bank One, NA
111 E. Wisconsin Ave.
Milwaukee, WI 53202
Attention: Anthony Maggiore

Telephone: (414) 765-3111
Facsimile: (414) 765-2625

SCHEDULES

EXHIBIT A

FORM OF TRANSMITTAL LETTER/COMPLIANCE CERTIFICATE

DELUXE CORPORATION

Financial Statements Date: _____

Reference is made to that certain 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (in such capacity, the "Agent") and as an LC Issuer. Unless otherwise defined herein, capitalized terms used herein have the respective meanings assigned to them in the Credit Agreement.

[Use the following if this Transmittal Letter/Certificate is delivered in connection with the financial statements required by subsection 6.01(a) of the Credit Agreement.]

Transmittal Letter

Pursuant to subsection 6.01(a) of the Credit Agreement, attached hereto are true copies of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of the fiscal year ended _____ and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, accompanied by the opinion of the Independent Auditor, which report states that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP.

Certificate

The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its consolidated Subsidiaries that:

1. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.

2. The computations set forth below are true and correct as of _____, ____, the last day of the accounting period for which the aforesaid financial statements were prepared.

3. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

4. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____
Title: _____

[***Use the following paragraph if this Certificate is delivered in connection with the financial statements required by subsection 6.01(b) of the Credit Agreement.]***

Certificate

The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its Consolidated Subsidiaries, and that:

1. Pursuant to Section 6.01(b) of the Credit Agreement, attached hereto are true copies of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of the fiscal quarter ended _____ and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, which fairly present in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

2. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.

3. The computations set forth below are true and correct as of _____, ____, the last day of the accounting period for which the aforesaid financial statements were prepared.

4. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

5. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____
Title: _____

SCHEDULE 1
to the Compliance Certificate

Dated _____ / For the fiscal quarter ended _____.

	Actual	Required/Permitted
I. Section 7.10 – Interest Coverage		
Ratio of Earnings Before Interest and Taxes to Interest Expense under Section 7.10	_____ to 1.00	Not less than 3.00 to 1.00 (measured as of the last day of any fiscal quarter)
II. Section 7.11 – Subsidiary Indebtedness		
Aggregate Indebtedness of Company's consolidated Subsidiaries	_____	Not greater than $50,000,000 (measured as of the last day of any fiscal quarter)

EXHIBIT B

FORM OF NOTICE OF BORROWING

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the 364-Day Revolving Credit Agreement, dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (the "Agent") and as an LC Issuer, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.03 of the Credit Agreement, of the Committed Borrowing specified below:

1. The Business Day of the proposed Committed Borrowing is _____.

2. The aggregate amount of the proposed Committed Borrowing is $_____.

3. The Committed Borrowing is to be comprised of $_____ of [Offshore Rate] [Base Rate] Committed Loans.

4. [If applicable:] The duration of the Interest Period for the Offshore Rate Committed Loans included in the Committed Borrowing shall be _____ months.

5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Committed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

1. the representations and warranties of the Company contained in Article V of the Credit Agreement (excluding those contained in Section 5.11(b) of the Credit Agreement) are true and correct as though made on and as of such date, except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such date;

2. no Default or Event of Default has occurred and is continuing, or would result from such proposed Committed Borrowing;

---

3. after giving effect to the proposed Committed Borrowing the aggregate principal amount of all outstanding Committed Loans plus the aggregate principal amount of all Bid Loans outstanding, does not exceed the aggregate Commitments under the Credit Agreement.

DELUXE CORPORATION

By: _____
Title: _____

EXHIBIT C

FORM OF NOTICE OF CONVERSION/CONTINUATION

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the 364-Day Revolving Credit Agreement, dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (the "Agent") and as an LC Issuer, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.04 of the Credit Agreement, of the [conversion] [continuation] of Committed Loans specified below:

1. The Conversion/Continuation Date is _____.

2. The aggregate amount of the Committed Loans to be [converted] [continued] is $_____.

3. The Committed Loans are to be [converted into] [continued as] [Offshore Rate] [Base Rate] Committed Loans.

4. [If applicable:] The duration of the Interest Period for the Committed Loans included in the [conversion] [continuation] shall be ____ months.

5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements will be true on and as of the proposed Conversion/Continuation Date, before and after giving effect thereto and to the application of the proceeds therefrom:

1. the representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of such date (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date;

2. no Default or Event of Default exists or shall result from such proposed [conversion] [continuation];

3. after giving effect to the proposed [conversion][continuation], the Aggregate Outstanding Credit Exposure does not exceed the aggregate Commitments under the Credit Agreement.

DELUXE CORPORATION

By: _____
Title: _____

EXHIBIT D

FORM OF INVITATION FOR COMPETITIVE BIDS

Via Facsimile

Date: _____

To the Banks Listed on Annex A Attached Hereto

Ladies and Gentlemen:

Reference is made to that certain 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto and Bank One, NA, as Agent for the Banks (the "Agent"). Capitalized terms used herein have

the meanings specified in the Credit Agreement.

Pursuant to subsection 2.06(b) of the Credit Agreement, you are hereby invited to submit offers to make Bid Loans to the Company based on the following specifications:

1. Date of Bid Borrowing: _____;

2. Aggregate amount of Bid Borrowing: $_____;

3. The Bid Loans shall be: [LIBOR Bid Loans] [Absolute Rate Bid Loans]; and

4. Interest Period[s] and requested Interest Payment Dates, if any: [_____], [_____] and [_____].

All Competitive Bids shall be in the form of Exhibit F to the Credit Agreement and shall be received by the Agent no later than 10:00 a.m. (Chicago time) on _____, _____; provided that terms of the offer or offers contained in any Competitive Bid(s) to be submitted by the Agent (or any Affiliate of the Agent) shall be notified to the Company not later than 10:00 a.m. (Chicago time) on _____.[1]

BANK ONE, NA, as Agent

By: _____
Title: _____

_____

[1] Insert a date which is three Business Days prior to the date of Borrowing, in the case of a LIBOR Auction, or on the date of Borrowing, in the case of an Absolute Rate Auction.

ANNEX A

to the Invitation for Competitive Bids

List of Bid Loan Lenders

[Bank One, NA, as a Bank]

Facsimile: (415) 622-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

FORM OF COMPETITIVE BID REQUEST

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

Reference is made to the 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto, and Bank One, NA, as Agent for the Banks (the "Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

This is a Competitive Bid Request for Bid Loans pursuant to Section 2.06(a) of the Credit Agreement as follows:

The Business Day of the proposed Bid Borrowing is: _____.
The aggregate amount of the proposed Bid Borrowing is: $_____.
The proposed Bid Borrowing to be made pursuant to Section 2.06 shall be comprised of [LIBOR] [Absolute Rate] Bid Loans.
The Interest Period[s] and Interest Payment Dates, if any, for the Bid Loans comprised in the Bid Borrowing shall be: _____, [_____] and [_____].

DELUXE CORPORATION

By: _____

Title: _____

EXHIBIT F

FORM OF COMPETITIVE BID

Date: _____

To: Bank One, NA,
as Agent

Ladies and Gentlemen:

Reference is made to the 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto, and Bank One, NA, as Agent for the Banks (the "Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

In response to the Invitation for Competitive Bids dated _____ and in accordance with subsection 2.06(c)(ii) of the Credit Agreement, the undersigned Bank offers to make [a] Bid Loan[s] thereunder in the following principal amounts[s], at the following interest rates and for the following Interest Period[s], with Interest Payment Dates as specified by the Company:

Date of Bid Borrowing: _____

Aggregate Maximum Bid Amount: $_____

Offer 1 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

_____

* Interest rate may be quoted to five decimal places.

Offer 2 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

Offer 3 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

[NAME OF BANK]

By: _____

Title: _____

_____

* Interest rate may be quoted to five decimal places.

EXHIBIT G-1

FORM OF COMMITTED LOAN NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned, Deluxe Corporation, a Minnesota corporation (the "Company"), hereby promises to pay to the order of _____ (the "Bank") at the offices of Bank One, NA, as Administrative Agent for the Banks (the "Agent") the aggregate unpaid principal amount of all Committed Loans made by the Bank to the Company pursuant to the 364-Day Revolving Credit Agreement, dated as of July 22, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Bank, the other financial institutions from time to time party thereto (the "Banks") and the Agent, on the dates and in the amounts provided in the Credit Agreement. The Company further promises to pay interest on the unpaid principal amount of the Committed Loans evidenced hereby from time to time at the rates and on the dates as provided in the Credit Agreement.

As provided in the Credit Agreement, the Bank is authorized to endorse the amount of and the date on which each Committed Loan is made, the maturity date therefor and each payment of principal with respect thereto on the schedules annexed hereto and made a part hereof, or on continuations of such schedules which shall be attached hereto and made a part hereof; provided that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Promissory Note (this "Note").

This Note is one of the Committed Loan Notes referred to in, and is entitled to the benefits of, the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

Terms defined in the Credit Agreement are used herein with their defined meanings therein unless otherwise defined herein.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

DELUXE CORPORATION

By: _____

Title: _____

Address:
3680 Victoria Street North
Shoreview, Minnesota 55126-2966

SCHEDULE
to Committed Loan Note
[Offshore Rate Committed Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

SCHEDULE
to Committed Loan Note
[Base Rate Committed Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

EXHIBIT G-2

FORM OF BID LOAN NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned, Deluxe Corporation, a Minnesota corporation (the "Company"), hereby promises to pay to the order of _____ (the "Bank") at the offices of Bank One, NA, as Administrative Agent for the Banks (the "Agent") the aggregate unpaid principal amount of all Bid Loans made by the Bank to the Company pursuant to the 364-Day Revolving Credit Agreement, dated as of July 22, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Bank, the other financial institutions from time to time party thereto (the "Banks") and the Agent, on the dates and in the amounts provided in the Credit Agreement. The Company further promises to pay interest on the unpaid principal amount of the Bid Loans evidenced hereby from time to time at the rates and on the dates as provided in the Credit Agreement.

As provided in the Credit Agreement, the Bank is authorized to endorse the amount of and the date on which each Bid Loan is made, the maturity date therefor and each payment of principal with respect thereto on the schedules annexed hereto and made a part hereof, or on continuations of such schedules which shall be attached hereto and made a part hereof; provided that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Promissory Note (this "Note").

This Note is one of the Bid Loan Notes referred to in, and is entitled to the benefits of, the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

Terms defined in the Credit Agreement are used herein with their defined meanings therein unless otherwise defined herein.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

DELUXE CORPORATION

By: _____
Title: _____
Address:
3680 Victoria Street North
Shoreview, Minnesota 55126-2966

SCHEDULE
to Bid Loan Note
[Absolute Rate Bid Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

SCHEDULE
to Bid Loan Note
[LIBOR Bid Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

EXHIBIT H

FORM OF OPINION OF ANTHONY C. SCARFONE,
GENERAL COUNSEL TO THE COMPANY

Each of the following opinions will address, as applicable, matters related to Deluxe Corporation (the "Borrower") and New England Business Service, Inc. (the "Initial Guarantor", and together with the Borrower, the "Companies"):

1. The Borrower and each of its Material Subsidiaries, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to conduct business under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect (as defined in the Agreement). Each of the Companies has the requisite corporate power to execute, deliver and perform its obligations under the Loan Documents to which it is a party.

2. The execution, delivery and performance by each of the Companies of the Loan Documents to which it is a party have been duly authorized by all requisite corporate action. The Loan Documents have been duly executed and delivered by each of the Companies parties thereto and constitute the valid and binding obligations of each Company party thereto, enforceable against each such Company in accordance with their respective terms.

3. The execution and delivery by each of the Companies of the Loan Documents to which it is a party, and the performance by the Companies of their respective obligations thereunder do not and will not (a) violate any provision of law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the applicable Company, (b) violate or be in conflict with any provision of the Amended Articles of Incorporation or By-laws (as amended) of the applicable Company, (c) result in breach or constitute a default under any indenture, loan or credit agreement or any other material agreement, lease or instrument known to me to which such Company is a party or by which it or any of its properties may be bound or result in the creation of a Lien thereunder.

4. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of any Company to authorize, or is required in connection with the due execution, delivery and performance of, or the legality, validity or binding effect or enforceability of, the Loan Documents.

5. Except as disclosed on Schedule 5.05 of the Agreement, there are no actions, suits or proceedings pending or, to the best of my knowledge, overtly threatened against or affecting any Company or any of its respective properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which (i) challenge the legality, validity or enforceability of the Loan Documents, or (ii) would reasonably be expected to have a Material Adverse Effect.

6. Neither of the Companies is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

7. There is no litigation pending or, to the best of my knowledge, threatened, alleging that any slogan or other advertising device, product, process, method, substance, part or other material now employed by the Borrower or any Subsidiary infringes upon any rights of any other Person which would reasonably be expected to have a Material Adverse Effect.

8. The making of the Loans contemplated by the Agreement, and the use of the proceeds thereof as provided in the Agreement, does not violate Regulations T, U or X of the FRB.

EXHIBIT I

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of _____ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (including the Assignor, the "Banks") and Bank One, NA, as agent for the Banks (the "Agent"). Any terms defined in the Credit Agreement and not defined in this Assignment and Acceptance are used herein as defined in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed to making Committed Loans to the Company in an aggregate amount not to exceed $_____ (the "Commitment");

WHEREAS, [the Assignor has made Committed Loans in the aggregate principal amount of $_____ to the Company consisting of $_____ principal amount of Committed Loans [no Committed Loans are outstanding under the Credit Agreement]; and

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all] rights and obligations of the Assignor under the Credit Agreement in respect of its Commitment, [together with a corresponding portion of each of its outstanding Committed Loans], in an amount equal to ___% of the Assignor's Commitment and Committed Loans, on the terms and subject to the conditions set forth herein, and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, (i) the Assignor hereby sells, transfers and assigns to the Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) ___% (the "Assignee's Percentage Share") of (A) the Commitment [and the Committed Loans] of the Assignor and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement and the Loan Documents.

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Credit Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in the amount set forth in subsection (c) below. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank. It is the intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the portion thereof assigned to the Assignee hereunder, and the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee; provided, however, that the Assignor shall not relinquish its rights under Article III or Sections 10.04 and 10.05 of the Credit Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignee's Commitment will be $_____; and (ii) the principal amount of the Assignee's aggregate outstanding Committed Loans will be $_____.

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignor's Commitment will be $_____; and (ii) the principal amount of the Assignor's aggregate outstanding Committed Loans will be $_____.

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to $_____, representing the Assignee's Percentage Share of the principal amount of all Committed Loans previously made by the Assignor to the Company under the Credit Agreement and outstanding on the Effective Date.

(b) The [Assignor] [Assignee] further agrees to pay to the Agent a processing fee in the amount specified in Section 10.08(a) of the Credit Agreement.

3. Reallocation of Payments. Any interest, fees and other payments accrued prior to the Effective Date with respect to the Commitment and Committed Loans of the Assignor shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the portion of such Commitment and Committed Loans assigned to the Assignee shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee: (a) acknowledges that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in Section 5.11 or Section 6.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to

make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and (b) agrees that it will, independently and without reliance upon the Assignor, the Agent, the Arrangers, or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be _____ (the "Effective Date"); provided that the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee;

(ii) any consent of the Company and the Agent required under Section 10.08(a) of the Credit Agreement for the effectiveness of the assignment hereunder by the Assignor to the Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the processing fee referred to in Section 2(b) hereof and in Section 10.08(a) of the Credit Agreement shall have been paid to the Agent; and

(v) the Assignor and Assignee shall have complied with the other requirements of Section 10.08 of the Credit Agreement and with the requirements of Sections 9.10 and 3.01 of the Credit Agreement (in each case to the extent applicable).

(b) Promptly following the execution of this Assignment and Acceptance, the Assignor shall deliver to the Company and the Agent for acknowledgement by the Agent, a Notice of Assignment substantially in the form attached hereto as Schedule 1.

6. Agent. The Assignee hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the Banks pursuant to the terms of the Credit Agreement. [The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Credit Agreement.] ***[INCLUDE ONLY IF ASSIGNOR IS AGENT]***

7. Withholding Tax. The Assignee agrees to comply with Sections 3.01 and 9.10 of the Credit Agreement (if applicable).

8. Representations and Warranties.

(a) The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Company, or the performance or observance by the Company, of any of its respective obligations under the Credit Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; (iii) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances.

The Assignor and the Assignee each hereby agrees to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents to the Company or the Agent, which may be required in connection with the assignment and assumption contemplated hereby.

10. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE ASSIGNOR AND THE ASSIGNEE EACH IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT AND ACCEPTANCE AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT. EACH PARTY TO THIS ASSIGNMENT AND ACCEPTANCE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS ASSIGNMENT AND ACCEPTANCE OR ANY DOCUMENT RELATED HERETO, AND PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A

TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, AND ANY RELATED DOCUMENTS AND AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE PARTIES ALSO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. ***[Other provisions to be added as may be negotiated between the Assignor and the Assignee, provided that such provisions are not inconsistent with the Credit Agreement.]***

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Title: _____

[ASSIGNEE]

By: _____
Title: _____

SCHEDULE 1
to the Assignment and Acceptance

NOTICE OF ASSIGNMENT AND ACCEPTANCE

Date: _____

Bank One, NA
as Agent

_____
_____
_____

Attention: _____

Deluxe Corporation

_____
_____
_____

Attention: _____

Ladies and Gentlemen:

We refer to the 364-Day Revolving Credit Agreement dated as of July 22, 2004 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement") among Deluxe Corporation (the "Company"), the Banks referred to therein and Bank One, NA, as Agent for the Banks (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

1. We hereby give you notice of[, and request the consent of the Company and the Agent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") of ____% of the right, title and interest of the Assignor in and to the Credit Agreement (including, without limitation, ____% of the right, title and interest of the Assignor in and to the Commitment of the Assignor and all outstanding Committed Loans made by the Assignor) pursuant to that certain Assignment and Acceptance Agreement, dated as of _____ (the "Assignment and Acceptance") between Assignor and Assignee, a copy of which Assignment and Acceptance is attached hereto. Before giving effect to such assignment the Assignor's Commitment is $_____ and the aggregate principal amount of its outstanding Committed Loans is $_____.

2. The Assignee agrees that, upon receiving the consent of the Company and the Agent to such assignment and from and after the Effective Date (as such term is defined in Section 5 of the Assignment and Acceptance), the Assignee shall be bound by the terms of the Credit Agreement, with respect to the interest in the Credit Agreement assigned to it as specified

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above, as fully and to the same extent as if the Assignee were the Bank originally holding such interest in the Credit Agreement.

3. The following administrative details apply to the Assignee:

(A) Lending Office(s):

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

(B) Notice Address:

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

(C) Payment Instructions:

Account No.: _____
At: _____
_____
_____
_____
_____
Reference: _____
Attention: _____

4. You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and Assignee contained in the Assignment and Acceptance.

5. This Notice of Assignment and Acceptance may be executed by the Assignor and the Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same notice and agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

Adjusted Commitment:

[ASSIGNOR]

$_____

By: _____

Title: _____

Adjusted Pro Rata Share:

_____%

Commitment:

[ASSIGNEE]

$_____]

By: _____

Title: _____

ACKNOWLEDGED this ____ day of _____:

BANK ONE, NA
as Agent and as an LC Issuer

By: _____

Title: _____

CONSENTED TO this ____ day of _____:

DELUXE CORPORATION

By: _____

Title: _____

5-YEAR REVOLVING CREDIT AGREEMENT

Dated as of July 22, 2004

among

DELUXE CORPORATION,

BANK ONE, NA,
as Administrative Agent,

CREDIT SUISSE FIRST BOSTON,
as Syndication Agent,

THE BANK OF NEW YORK,
THE BANK OF TOKYO-MITSUBISHI, LTD., and
WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agents

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

arranged by

J.P. MORGAN SECURITIES INC. and
CREDIT SUISSE FIRST BOSTON,
as Co-Lead Arrangers and Joint Book Runners

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5-YEAR REVOLVING CREDIT AGREEMENT

This 5-YEAR REVOLVING CREDIT AGREEMENT is entered into as of July 22, 2004, among DELUXE CORPORATION, a Minnesota corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and BANK ONE, NA, with its principal office in Chicago, Illinois, as administrative agent (in such capacity, the "Agent") for the Banks and as an LC Issuer.

WHEREAS, the Banks have agreed to make available to the Company a revolving credit facility upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms. The following terms have the following meanings:

"Absolute Rate" has the meaning specified in subsection 2.06(c).

"Absolute Rate Auction" means a solicitation of Competitive Bids setting forth Absolute Rates pursuant to Section 2.06.

"Absolute Rate Bid Loan" means a Bid Loan that bears interest at a rate determined with reference to the Absolute Rate.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any material part of the business and operations or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary) provided that the Company or a Subsidiary is the surviving entity.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means Bank One in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 9.09.

"Agent-Related Persons" means Bank One in its capacity as Agent and any successor agent arising under Section 9.09, together with their respective Affiliates

(including, in the case of Bank One, J.P. Morgan Securities Inc.), the Syndication Agent and the Documentation Agents, together with their respective Affiliates, and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on Schedule 10.02 hereto in relation to the Agent, or such other address as the Agent may from time to time specify.

"Aggregate Outstanding Credit Exposure" means, at any time, the aggregate of the Outstanding Credit Exposure of all the Banks.

"Agreement" means this 5-Year Revolving Credit Agreement.

"Applicable Facility Fee Rate" means, at any time, the percentage rate per annum at which the Facility Fee (as defined in Section 2.12) accrues at such time as set forth in the pricing grid on Annex I.

"Applicable Margin" means (i) with respect to Base Rate Committed Loans, the amount set forth below the indicated Level Status opposite the heading "Base Rate Applicable Margin", (ii) with respect to Offshore Rate Committed Loans, the amount set forth below the indicated Level Status opposite the heading "LIBO Rate Applicable Margin", and (iii) with respect to Facility LCs, the amount set forth below the indicated Level Status opposite the heading "Commercial LC Fee Rate" or "Standby LC Fee Rate", as applicable, each such heading as set forth in the pricing grid on Annex I. The Applicable Margin shall automatically change in respect of all Committed Loans then outstanding or as to which a Notice of Borrowing has been delivered as of the date of any public announcement by S&P or Moody's resulting in a change of Level Status.

"Applicable Utilization Fee Rate" means, at any time, the percentage rate per annum at which the Utilization Fee (as defined in Section 2.12) accrues at such time as set forth in the pricing grid on Annex I.

"Arrangers" means J.P. Morgan Securities Inc. and Credit Suisse First Boston.

"Assignee" has the meaning specified in subsection 10.08(a).

"Assignment and Acceptance" has the meaning specified in Section 10.08(a).

"Attorney Costs" means and includes all reasonable fees and disbursements of any law firm or other external counsel, the reasonable allocated cost of internal legal services and all reasonable disbursements of internal counsel.

"Bank" has the meaning specified in the introductory clause hereto.

"Bank One" means Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its individual capacity, and its successors.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.).

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to (i) the higher of (a) the Prime Rate for such day and (b) the sum of (A) the Federal Funds Effective Rate for such day and (B) one-half of one percent (0.5%) per annum, *plus* (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"Base Rate Committed Loan" means a Committed Loan that bears interest based on the Base Rate.

"Bid Borrowing" means a Borrowing hereunder consisting of one or more Bid Loans made to the Company on the same day by one or more Banks.

"Bid Loan" means a Loan by a Bank to the Company under Section 2.05, which may be a LIBOR Bid Loan or an Absolute Rate Bid Loan.

"Bid Loan Lender" means, in respect of any Bid Loan, the Bank making such Bid Loan to the Company.

"Bid Loan Note" has the meaning specified in Section 2.02.

"Borrowing" means a borrowing hereunder consisting of Loans of the same Type (in the case of Committed Loans) made to the Company on the same day by one or more of the Banks under Article II, and may be a Committed Borrowing or a Bid Borrowing and, other than in the case of Base Rate Committed Loans, having the same Interest Period.

"Borrowing Date" means any date on which a Borrowing occurs under Section 2.03.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or Chicago are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Closing Date" means the date on which all conditions precedent set forth in Section 4.01 are satisfied or waived by all Banks (or, in the case of subsection 4.01(e), waived by the Person entitled to receive such payment).

"Code" means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

"Collateral Shortfall Amount" means, at any time, an amount equal to the difference of (x) the amount of LC Obligations at such time, less (y) the amount on

deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations.

"Combined Commitment" means the sum of (i) the aggregate of the Commitments of all Banks hereunder plus (ii) the aggregate of the "Commitments" of all "Banks" under (and as such terms are defined in) the 2004 364-Day Credit Agreement.

"Combined Utilized Amount" means, for any date, the sum of (i) the Aggregate Outstanding Credit Exposure (including all Bid Loans) as of such date, plus (ii) the aggregate principal amount of all outstanding "Loans" (including all "Bid Loans") as of such date under (and as defined in) the 2004 364-Day Credit Agreement.

"Commitment", as to each Bank, has the meaning specified in Section 2.01.

"Committed Borrowing" means a Borrowing hereunder consisting of Committed Loans made on the same day by the Banks ratably according to their respective Pro Rata Shares and, in the case of Offshore Rate Committed Loans, having the same Interest Periods.

"Committed Loan" means a Loan by a Bank to the Company under Section 2.01, and may be an Offshore Rate Committed Loan or a Base Rate Committed Loan (each, a "Type" of Committed Loan).

"Committed Loan Note" has the meaning specified in Section 2.02.

"Competitive Bid" means an offer by a Bank to make a Bid Loan in accordance with subsection 2.06(c).

"Competitive Bid Request" has the meaning specified in subsection 2.06(a).

"Compliance Certificate" means a certificate substantially in the form of Exhibit A.

"Contingent Obligation" means, as applied to any Person, any material direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, Surety Instrument or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof; in each case (a), (b), (c) or (d), including arrangements wherein the rights and remedies of the holder of the primary obligation are limited to repossession or sale of certain property of such Person. The amount of any Contingent Obligation shall be deemed equal to the lesser of (x) the

stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, or (y) any limitation of such Contingent Obligation contained in the instrument or agreement creating such Contingent Obligation.

"Contractual Obligation" means, as to any Person, any provision either of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound and which in either case is material to such Person.

"Conversion/Continuation Date" means any date on which, under Section 2.04, the Company (a) converts Committed Loans of one Type to another Type, or (b) continues Committed Loans of the same Type, but with a new Interest Period, in the case of Committed Loans having Interest Periods expiring on such date.

"Credit Extension" means the making of a Loan or the issuance of a Facility LC hereunder.

"Credit Extension Date" means the Borrowing Date for a Borrowing or the issuance date for a Facility LC.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Documentation Agents" means The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd. and Wachovia Bank, National Association, in their capacity as documentation agents for the credit transaction evidenced by this Agreement.

"Dollars", "dollars" and "$" each mean lawful money of the United States.

"Eligible Assignee" means (i) any Bank party hereto as of the Closing Date, (ii) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $500,000,000; (iii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least $500,000,000, provided that such bank is acting through a branch or agency located in the United States; or (iv) a Person that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a Person of which a Bank is a Subsidiary; provided that any such bank or Person shall also have senior unsecured long-term debt ratings which are rated at least A- (or the equivalent) as publicly announced by S&P or A3 (or the equivalent) as publicly announced by Moody's.

"Environmental Claims" means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

"ERISA" means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA of, or the commencement of proceedings by the PBGC to terminate, a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

"Event of Default" means any of the events or circumstances specified in Section 8.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and regulations promulgated thereunder.

"Existing Bridge Credit Agreement" means that certain Bridge Revolving Credit Agreement, dated as of May 24, 2004, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Existing Credit Agreements" means, collectively, (i) the Existing 5-Year Credit Agreement, (ii) the 2004 364-Day Credit Agreement, and (iii) the Existing Bridge Credit Agreement.

"Existing 5-Year Credit Agreement" means that certain 5-Year Revolving Credit Agreement, dated as of August 19, 2002, by and among the Company, the lenders parties thereto and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Existing 364-Day Credit Agreement" means that certain Amended and Restated 364-Day Revolving Credit Agreement, dated as of August 14, 2003, by and among the Company, the lenders parties thereto and Bank One, NA, as administrative agent, as amended, supplemented or otherwise modified.

"Facility Fee" has the meaning specified in Section 2.12(a).

"Facility LC" is defined in Section 2.17(a).

"Facility LC Application" is defined in Section 2.17(c).

"Facility LC Collateral Account" is defined in Section 2.17(k).

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. (Chicago time) on such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by the Agent in its sole discretion.

"FRB" means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

"Funded Debt" means as of the date of any determination all outstanding Indebtedness of the Company and its consolidated Subsidiaries which matures more than one (1) year after the incurrence thereof or is extendable, renewable or refundable, at the option of the obligor, to a date more than one (1) year after the incurrence thereof.

"GAAP" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession).

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any governmental regulatory authority or agency such as the FDIC, FRB, IRS or SEC.

"Guarantors" means, collectively, NEBS and, if applicable, each Material Subsidiary which becomes a party to the Guaranty pursuant to Section 6.13 or Section 7.03. As of the Closing Date the sole Guarantor shall be NEBS.

"Guaranty" means that certain Guaranty, dated as of July 22, 2004, made by the Guarantors in favor of the Agent, for the benefit of the Agent and the Banks, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Indebtedness" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all recourse indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person; (f) all obligations with respect to capital leases; and (g) all reimbursement obligations with respect to letters of credit; provided, however, that the term "Indebtedness" shall not include non-recourse obligations or indebtedness of any kind; and provided further, however, that the term "Indebtedness" shall not include any such obligations or indebtedness owing by the Company or any Subsidiary to the Company or any Subsidiary.

"Indemnified Liabilities" has the meaning specified in Section 10.05.

"Indemnified Person" has the meaning specified in Section 10.05.

"Independent Auditor" has the meaning specified in subsection 6.01(a).

"Insolvency Proceeding" means with respect to a Person (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors generally, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Interest Payment Date" means, as to any Loan other than a Base Rate Committed Loan, the last day of each Interest Period applicable to such Loan and the Revolving Termination Date, and, as to any Base Rate Committed Loan, the last Business Day of each calendar quarter and the Revolving Termination Date, provided, however, that (a) if any Interest Period for an Offshore Rate Committed Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date, and (b) as to any Bid Loan, such intervening dates prior to the maturity thereof as may be specified by the Company and agreed to by the applicable Bid Loan Lender in the applicable Competitive Bid shall also be Interest Payment Dates.

"Interest Period" means, (a) as to any Offshore Rate Committed Loan, the period commencing on the Business Day such Loan is disbursed, or on the Conversion/Continuation Date on which the Loan is converted into or continued as an

Offshore Rate Committed Loan, and ending on the date one, two, three or six months thereafter, as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation, as the case may be; (b) as to any LIBOR Bid Loan, the period commencing on the Business Day such Loan is disbursed and ending on the date one, two, three, six, nine or twelve months thereafter as selected by the Company in the applicable Competitive Bid Request and agreed to by the applicable Bid Loan Lender(s); and (c) as to any Absolute Rate Bid Loan, a period of not less than 7 days and not more than 364 days as selected by the Company in the applicable Competitive Bid Request and agreed to by the applicable Bid Loan Lender(s);

provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period for any Loan shall extend beyond the Revolving Termination Date.

"Invitation for Competitive Bids" means a solicitation for Competitive Bids, substantially in the form of Exhibit D.

"IRS" means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

"LC Fee" is defined in Section 2.17(d).

"LC Issuer" means Bank One (or any subsidiary or affiliate of Bank One designated by Bank One) or any other Bank, as applicable, in its respective capacity as issuer of Facility LCs hereunder.

"LC Obligations" means, at any time, the sum, without duplication, of (i) the aggregate undrawn stated amount under all Facility LCs outstanding at such time plus (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations.

"LC Payment Date" is defined in Section 2.17(e).

"Lending Office" means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, on Schedule 10.02, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

"Level I Status" has the meaning specified in Annex I.

"Level II Status" has the meaning specified in Annex I.

"Level III Status" has the meaning specified in Annex I.

"Level IV Status" has the meaning specified in Annex I.

"Level V Status" has the meaning specified in Annex I.

"Level Status" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status (as such terms are defined in Annex I), as applicable at any time.

"LIBO Base Rate" for any Interest Period, with respect to each LIBOR Bid Loan in any Bid Borrowing or each Offshore Rate Committed Loan comprising part of the same Committed Borrowing, means, for the relevant Interest Period, the applicable British Bankers' Association Interest Settlement Rate for deposits in Dollars as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period; provided that if no such British Bankers' Association Interest Settlement Rate is available, the applicable LIBO Base Rate for the relevant Interest Period shall instead be the rate determined by the Agent to be the rate at which Bank One offers to place deposits in Dollars with first class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, in the approximate amount of Bank One's relevant Eurodollar Loan, and having a maturity equal to such Interest Period.

"LIBO Rate" means, with respect to each LIBOR Bid Loan in any Bid Borrowing or Offshore Rate Committed Loan comprising part of the same Committed Borrowing for the relevant Interest Period, the sum of (i) the quotient of (a) the LIBO Base Rate applicable to such Interest Period, *divided by* (b) one *minus* the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, *plus* (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

"LIBOR Auction" means a solicitation of Competitive Bids setting forth a LIBOR Bid Margin pursuant to Section 2.06.

"LIBOR Bid Loan" means any Bid Loan that bears interest at a rate based upon the LIBO Rate.

"LIBOR Bid Margin" has the meaning specified in subsection 2.06(c)(ii)(C).

"Lien" means any security interest, mortgage, deed of trust, pledge, hypothecation, charge or deposit arrangement, encumbrance, lien (statutory or other) or preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement signed by and naming the owner of the asset to which such lien

relates as debtor, under the Uniform Commercial Code or any comparable law), but not including the interest of a lessor under an operating lease.

"Loan" means an extension of credit by a Bank to the Company under Article II, and may be a Committed Loan or a Bid Loan.

"Loan Documents" means this Agreement, the Facility LC Applications, the Guaranty, any Notes and all other documents, instruments and agreements delivered to the Agent or any Bank in connection herewith.

"Majority Banks" means (a) at any time prior to the Revolving Termination Date, Banks then holding greater than 50% of the Commitments, and (b) otherwise, Banks then holding greater than 50% of the then aggregate unpaid principal amount of the Aggregate Outstanding Credit Exposure.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the FRB.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of this Agreement, the Facility LC Applications, the Guaranty or the Notes.

"Material Subsidiary" means (a) NEBS, and (b) at any time, any other Subsidiary having at such time either (i) total (gross) revenues for the preceding four fiscal quarter period in excess of 20% of total (gross) revenues of the Company and its consolidated Subsidiaries for such period or (ii) total assets, as of the last day of the preceding fiscal quarter, having a net book value in excess of 20% of the total assets of the Company and its consolidated Subsidiaries as of such day, in each case, based upon the Company's most recent annual or quarterly financial statements delivered to the Agent under Section 6.01.

"Modify" and "Modification" are defined in Section 2.17(a).

"Moody's" means Moody's Investors Service, a division of Dun & Bradstreet Corporation.

"Multiemployer Plan" means a "multiemployer plan", within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

"NEBS" means New England Business Service, Inc., a Delaware corporation.

"Notes" means the Committed Loan Notes and the Bid Loan Notes.

"Notice of Borrowing" means a notice in substantially the form of Exhibit B.

"Notice of Conversion/Continuation" means a notice in substantially the form of Exhibit C. "Obligations" means all advances, debts, fees, liabilities, obligations (including, but not limited to, reimbursement obligations with respect to letters of credit), covenants and duties arising under this Agreement and the Notes, owing by the Company to any Bank, the LC Issuer, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

"Offshore Rate Committed Loan" means any Committed Loan that bears interest based on the LIBO Rate.

"Offshore Rate Loan" means any LIBOR Bid Loan or any Offshore Rate Committed Loan.

"Organization Documents" means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

"Outstanding Credit Exposure" means, as to any Bank on any date, the sum of (i) the aggregate principal amount of all Committed Loans and Bid Loans made by such Bank and outstanding as of such date, plus (ii) an amount equal to such Bank's Pro Rata Share of the LC Obligations on such date.

"Participant" has the meaning specified in subsection 10.08(d).

"PBGC" means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

"Pension Plan" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

"Permitted Liens" has the meaning specified in Section 7.01.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

"Prime Rate" means a rate per annum equal to the prime rate of interest announced from time to time by Bank One or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

"Pro Rata Share" means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's Commitment divided by the aggregate Commitments hereunder (or, if all Commitments have been terminated, the aggregate principal amount of such Bank's Outstanding Credit Exposure divided by the Aggregate Outstanding Credit Exposure). The initial Pro Rata Share of each Bank is set forth opposite such Bank's name in Schedule 2.01 under the heading "Pro Rata Share".

"Reimbursement Obligations" means, at any time, the aggregate of all obligations of the Company then outstanding under Section 2.17 to reimburse the LC Issuers for amounts paid by the LC Issuers in respect of any one or more drawings under Facility LCs.

"Replacement Bank" has the meaning specified in Section 3.08.

"Reportable Event" means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"Requirement of Law" means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Reserve Requirement" means, with respect to an Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on "Eurocurrency liabilities" (as defined in Regulation D).

"Responsible Officer" means any of the following officers of the Company: the chief executive officer, the chief operating officer, the president, the chief financial officer, the treasurer, the assistant treasurer, or any other officer of the Company having similar authority and responsibility to any of the foregoing.

"Revolving Termination Date" means the earlier to occur of:

(a) July 22, 2009; and

(b) the date on which the Commitments terminate in accordance with Section 2.07 or 8.02 of this Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value, it being recognized that such determination shall not be made based on the book value of such assets as determined in accordance with GAAP) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of this definition of "Solvent", with respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can be reasonably be expected to become an actual or matured liability.

"Subsidiary" of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than 60% of the voting stock, membership interests or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Syndication Agent" means Credit Suisse First Boston, in its capacity as syndication agent for the credit transaction evidenced by this Agreement.

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is organized or maintains a lending office; provided, however, that "Taxes" shall be limited to taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, which are imposed by any Governmental Authority in the United

States unless the Company makes any payments hereunder with funds derived from sources outside the United States.

"2004 364-Day Credit Agreement" means that certain 364-Day Revolving Credit Agreement, dated as of July 22, 2004, by and among the Company, the lenders parties thereto, and Bank One, NA, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

"Type" has the meaning specified in the definition of "Committed Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Utilization Fee" has the meaning specified in Section 2.12(b).

"Wholly-Owned Subsidiary" means any corporation in which (other than directors' qualifying shares or similar nominal shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.02 Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC shall have the meanings therein described.

(b) The Agreement. The words "hereof", "herein", "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms.

(i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(d) Performance; Time. Whenever any performance obligation hereunder shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including." If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all reasonable means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein, references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(h) Independence of Provisions. The parties acknowledge that this Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

1.03 Accounting Principles.

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.01 The Revolving Credit.

Each Bank severally agrees, on the terms and conditions set forth herein, to make Committed Loans to, and participate in Facility LCs issued upon the application of, the Company from time to time on any Business Day during the period from the Closing Date to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on Schedule 2.01 (such an amount as the same may be reduced or increased under Section 2.07 or extended under Section 2.09 or changed as a result of one or more assignments

under Section 10.08, such Bank's "Commitment"); provided, however, that, the Aggregate Outstanding Credit Exposure (including all Bid Loans) shall not at any time exceed the aggregate Commitments hereunder. Within the limits of each Bank's Commitment, at any time prior to the Revolving Termination Date and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.01, prepay under Section 2.08 and reborrow under this Section 2.01. The LC Issuers will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.17.

2.02 Loan Accounts; Notes.

(a) The Committed Loans, the LC Obligations and the Bid Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be prima facie evidence of the amount of the Loans and Facility LCs made by the Banks and the LC Issuers, respectively, to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans and Facility LCs.

(b) If requested by any Bank, the Company shall execute and deliver to such Bank a promissory note evidencing such Bank's Committed Loans (each a "Committed Loan Note") and a promissory note evidencing such Bank's Bid Loans (each a "Bid Loan Note", and collectively, the "Notes") (each such Committed Loan Note to be substantially in the form of Exhibit G-1, and each such Bid Loan Note to be substantially in the form of Exhibit G-2). Each Bank shall endorse on the schedule annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note and each Bank's record shall be prima facie evidence of the amount of each such Loan; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent (i) prior to 10:00 a.m. (Chicago time) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Committed Loans; and (ii) prior to 10:00 a.m. (Chicago time) on the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

(A) the amount of the Committed Borrowing, which shall be in an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Committed Loans comprising the Committed Borrowing; and

(D) if the Committed Loans consist of Offshore Rate Committed Loans, the duration of the Interest Period applicable to such Committed Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Committed Borrowing comprised of Offshore Rate Committed Loans, such Interest Period shall be one month.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Committed Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Committed Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 12:00 noon (Chicago time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. Any such amount which is received later than 12:00 noon (Chicago time) shall be deemed to have been received on the immediately succeeding Business Day. The proceeds of each such Committed Borrowing will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of Bank One for the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent, or if requested by the Company, by wire transfer in accordance with written instructions provided to the Agent by the Company of such funds as received by the Agent, unless on the date of the Committed Borrowing all or any portion of the proceeds thereof shall then be required to be applied to the repayment of any outstanding Loans, in which case such proceeds or portion thereof shall be applied to the payment of such Loans.

(d) After giving effect to any Committed Borrowing, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.04 Conversion and Continuation Elections for Committed Borrowings.

(a) The Company may, upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

(i) elect, as of any Business Day, in the case of Base Rate Committed Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Committed Loans, to convert any such Committed Borrowings (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof) into Committed Borrowings of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Committed Borrowings having Interest Periods expiring on such day (or any part thereof in an amount not less than $5,000,000, or that is in an integral multiple of $1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Committed Loans in respect of any Committed Borrowing is reduced, by payment, prepayment, or conversion of part thereof

to be less than $1,000,000, such Offshore Rate Committed Loans shall automatically convert into Base Rate Committed Loans, and on and after such date the right of the Company to continue such Committed Loans as, and convert such Committed Loans into, Offshore Rate Committed Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than (i) 10:00 a.m. (Chicago time) at least three Business Days in advance of the Conversion/Continuation Date, if the Committed Borrowings are to be converted into or continued as Offshore Rate Committed Loans; and (ii) 10:00 a.m. (Chicago time) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Committed Loans to be converted or continued;

(C) the Type of Committed Loans resulting from the proposed conversion or continuation; and

(D) other than in the case of conversions into Base Rate Committed Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Committed Loans, the Company has failed to select timely a new Interest Period to be applicable to such Loans in accordance with Section 2.04(b), or if any Event of Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Committed Loans into Base Rate Committed Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Committed Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of an Event of Default, the Company may not elect to have a Committed Loan made as, converted into or continued as, an Offshore Rate Committed Loan.

(f) Unless otherwise agreed to by the Agent, after giving effect to any conversion or continuation of Committed Loans, there may not be more than eight (8) different Interest Periods in effect in respect of all Committed Loans and Bid Loans together then outstanding.

2.05 Bid Borrowings. In addition to Committed Borrowings, each Bank severally agrees that the Company may, as set forth in Section 2.06, from time to time request the Banks prior to the Revolving Termination Date to submit offers to make Bid Loans to the Company; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Company may, but shall have no obligation to, accept any such offers; and provided, further,

that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans made by all Banks, plus the outstanding aggregate principal amount of (i) all Committed Loans made by all Banks and (ii) the LC Obligations exceed the combined Commitments; or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed eight (8) unless agreed by the Agent.

2.06 Procedure for Bid Borrowings. The Company may, as set forth in this Section, request the Agent to solicit offers from all the Banks to make Bid Loans.

(a) When the Company wishes to request the Banks to submit offers to make Bid Loans hereunder, it shall transmit to the Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of Exhibit E (a "Competitive Bid Request") so as to be received no later than 10:00 a.m. (Chicago time) (x) four Business Days prior to the date of a proposed Bid Borrowing in the case of a LIBOR Auction, or (y) one Business Day prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

(i) the date of such Bid Borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Bid Borrowing, which shall be a minimum amount of $5,000,000 or in multiples of $1,000,000 in excess thereof;

(iii) whether the Competitive Bids requested are to be for LIBOR Bid Loans or Absolute Rate Bid Loans or both; and

(iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of "Interest Period" herein.

Subject to subsection 2.06(c), the Company may not request Competitive Bids for more than three Interest Periods in a single Competitive Bid Request and may not request Competitive Bids more than once in any period of five Business Days.

(b) Upon receipt of a Competitive Bid Request, the Agent will promptly send to the Banks by facsimile transmission an Invitation for Competitive Bids, which shall constitute an invitation by the Company to each Bank to submit Competitive Bids offering to make the Bid Loans to which such Competitive Bid Request relates in accordance with this Section 2.06.

(c) (i) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this subsection 2.06(c) and must be submitted to the Agent by facsimile transmission at its offices specified in or pursuant to Section 10.02 not later than (1) 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (2) 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; provided that Competitive Bids by Bank One (or any Affiliate of Bank One) may only be submitted if Bank One or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (B) 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit F, specifying therein:

(A) the proposed date of Borrowing;

(B) the principal amount of each Bid Loan for which such Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Commitment of the quoting Bank, (y) must be $5,000,000 or in multiples of $1,000,000 in excess thereof, and (z) may not exceed the principal amount of Bid Loans for which Competitive Bids were requested;

(C) in case the Company elects a LIBOR Auction, the margin above or below the LIBO Rate (exclusive of the Applicable Margin) (the "LIBOR Bid Margin") offered for each such Bid Loan, expressed in multiples of 1/1000th of one basis point to be added to or subtracted from the applicable LIBO Rate (exclusive of the Applicable Margin) and the Interest Period applicable thereto;

(D) in case the Company elects an Absolute Rate Auction, the rate of interest per annum expressed in multiples of 1/1000th of one basis point (the "Absolute Rate") offered for each such Bid Loan and the Interest Period applicable thereto; and

(E) the identity of the quoting Bank.

(F) a Competitive Bid may contain up to three separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Competitive Bids.

(iii) Any Competitive Bid shall be disregarded if it:

(A) is not substantially in conformity with Exhibit F or does not specify all of the information required by subsection (c)(ii) of this Section;

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids; or

(D) arrives after the time set forth in subsection (c)(i).

(d) Promptly on receipt and not later than 9:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 9:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Agent will notify the Company of the terms (i) of any Competitive Bid submitted by a Bank that is in accordance with subsection 2.06(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank with respect to the same Competitive Bid Request. Notwithstanding the foregoing, any such subsequent

Competitive Bid shall be disregarded by the Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in subsection 2.06(c). The Agent's notice to the Company shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Request; (2) the respective principal amounts and LIBOR Bid Margins or Absolute Rates, as the case may be, so offered; and (3) any other information regarding such Competitive Bid reasonably requested by the Company. Subject only to the

provisions of Sections 3.02, 3.05 and 4.02 hereof and the provisions of this subsection (d), any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Company.

(e) Not later than 10:00 a.m. (Chicago time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 10:00 a.m. (Chicago time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Company shall notify the Agent, in writing and in a form reasonably acceptable to the Agent, of its acceptance or non-acceptance of the offers received by it pursuant to subsection 2.06(c) or notified to it pursuant to subsection 2.06(d). The Company shall be under no obligation to accept any offer and may choose to accept or reject some or all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Company may accept any Competitive Bid in whole or in part; provided that:

(i) the aggregate principal amount of each Bid Borrowing may not exceed the applicable amount set forth in the related Competitive Bid Request;

(ii) the principal amount of each Bid Borrowing must be $5,000,000 or in any multiple of $1,000,000 in excess thereof;

(iii) acceptance of offers may only be made on the basis of ascending LIBOR Bid Margins or Absolute Rates within each Interest Period, as the case may be; and

(iv) the Company may not accept any offer that is described in subsection 2.06(c)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(f) If offers are made by two or more Banks with the same LIBOR Bid Margins or Absolute Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Bid Loans in respect of which such offers are accepted shall be allocated by the Agent among such Banks (in such multiples, not less than $1,000,000, as the Agent may deem appropriate) as nearly as practicable in proportion to the aggregate principal amounts of such offers. Determination by the Agent of the amounts of Bid Loans shall be conclusive in the absence of manifest error.

(g) (i) The Agent will promptly notify each Bank having submitted a Competitive Bid if its offer has been accepted and, if its offer has been accepted, of the amount of the Bid Loan or Bid Loans to be made by it on the date of the Bid Borrowing.

(ii) Each Bank, which has received notice pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted, shall make the amounts

of such Bid Loans available to the Agent for the account of the Company at the Agent's Payment Office, by 11:00 a.m. (Chicago time) in the case of Absolute Rate Bid Loans, and by 11:00 a.m. (Chicago time) in the case of LIBOR Bid Loans, on such date of Bid Borrowing, in funds immediately available to the Agent for the account of the Company at the Agent's Payment Office.

(iii) Promptly following each Bid Borrowing, the Agent shall notify each Bank of the ranges of bids submitted and the highest and lowest bids accepted for each Interest Period requested by the Company and the aggregate amount borrowed pursuant to such Bid Borrowing.

(h) If, on or prior to the proposed date of Borrowing, the Commitments have not been terminated and if, on such proposed date of Borrowing all applicable conditions to funding referenced in Sections 3.02, 3.05 and 4.02 hereof are satisfied, the Bank or Banks whose offers the Company has accepted will fund each Bid Loan so accepted. Nothing in this Section 2.06 shall be construed as a right of first offer in favor of the Banks or to otherwise limit the ability of the Company to request and accept credit facilities from any Person (including any of the Banks), provided that such credit facilities are not prohibited by this Agreement.

2.07 Termination or Reduction of Commitments; Increase of Commitments.

(a) The Company may, upon not less than three Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of $5,000,000 or any multiple of $1,000,000 in excess thereof; unless, after giving effect thereto and to any payments or prepayments of Committed Loans and Reimbursement Obligations made on the effective date thereof, the then-Aggregate Outstanding Credit Exposure would exceed the amount of the aggregate Commitments then in effect. The Agent shall promptly notify the Banks of any such termination or reduction. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued Facility Fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination.

(b) At any time prior to the Revolving Termination Date the Company may, on the terms set forth below, request that the Commitments hereunder and the "Commitments" under (and as defined in) the 2004 364-Day Credit Agreement be increased on a pro rata basis by an aggregate amount up to $75,000,000; provided, however, that (i) an increase in the Commitments hereunder may only be made at a time when no Default or Unmatured Default shall have occurred and be continuing and (ii) in no event shall the Combined Commitment exceed $400,000,000 in the aggregate. In the event of such a requested increase in the Commitments, any financial institution which the Company and the Agent invite to become a Bank or to increase its Commitment may set the amount of its Commitment at a level agreed to by the Company and the Agent. In the event that the Company and one or more of the Banks (or other financial institutions) shall agree upon such an increase in the Commitments (i) the Company, the Agent and each Bank or other financial institution increasing its Commitment or extending a new Commitment shall enter into an amendment to this Agreement setting forth the amounts of the Commitments, as so increased, providing that the financial institutions extending new Commitments shall be Banks for all purposes under this Agreement, and setting forth such

additional provisions as the Agent and the Company shall consider reasonably appropriate and (ii) the Company shall furnish, if requested, new Notes to each financial institution that is extending a new Commitment or increasing its Commitment. No such amendment shall require the approval or consent of any Bank whose Commitment is not being increased. Upon the execution and delivery of such amendment as provided above, and upon satisfaction of such other conditions as the Agent may reasonably specify upon the request of the financial institutions that are extending new Commitments (including, without limitation, the Agent administering the reallocation of any outstanding Loans (other than Bid Loans) ratably among the Banks after giving effect to each such increase in the Commitments, and the delivery of certificates, evidence of corporate authority and legal opinions on behalf of the Company), this Agreement shall be deemed to be amended accordingly.

2.08 Optional Prepayments.

(a) Subject to Section 3.04, the Company may, at any time or from time to time, upon not less than three Business Days' irrevocable notice to the Agent, in the case of Offshore Rate Committed Loans, or upon not less than one Business Day's irrevocable notice to the Agent, in the case of Base Rate Committed Loans, ratably prepay such Loans in whole or in part, in minimum amounts of $5,000,000 or any multiple of $1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Committed Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Company, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest thereon to each such date on the amount prepaid and any amounts required pursuant to Section 3.04; provided that if the Company shall fail to make any such payment on the date specified therein, such failure shall not constitute an Event of Default hereunder, and if the Committed Loan is a Base Rate Committed Loan such Loan shall continue as if such prepayment notice had not been given, and if the Committed Loan is an Offshore Rate Committed Loan such Loan shall be automatically converted to a Base Rate Committed Loan as of the date specified in such notice.

(b) Bid Loans may not be voluntarily prepaid.

2.09 [RESERVED].

2.10 Repayment. The Company shall repay to the Banks on the Revolving Termination Date the Aggregate Outstanding Credit Exposure and all other unpaid Obligations on such date. The Company shall repay each Offshore Rate Committed Loan and each Bid Loan on the last day of the relevant Interest Period.

2.11 Interest.

(a) Each Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the LIBO Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.04). Each Bid Loan shall bear interest on the outstanding principal amount thereof from the relevant Borrowing Date at a rate per annum equal to the

LIBO Rate (exclusive of the Applicable Margin) plus (or minus) the LIBOR Bid Margin, or at the Absolute Rate, as the case may be.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Committed Loans (except in the case of a Base Rate Committed Loan, as to which such interest shall be paid on the next Interest Payment Date) under Section 2.08 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof.

(c) Notwithstanding subsection (a) of this Section, after acceleration or the occurrence and continuation of an Event of Default under Section 8.01(a) or (c), or commencing five (5) days after the occurrence and continuation of any other Event of Default, (i) the Company shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the Applicable Margin then in effect for such Loans, (ii) the LC Fee shall be increased by 2% per annum, and (iii) in the case of all other Obligations not subject to an Applicable Margin, at a rate per annum equal to the Base Rate plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, after the expiration of such Interest Period and during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2%. Interest payable under this subsection 2.11(c) shall be payable on demand by the Majority Banks or the applicable Bid Loan Lender, as the case may be.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.12 Fees.

(a) Facility Fee. The Company shall pay to the Agent for the account of each Bank a facility fee (the "Facility Fee") on the entire portion of such Bank's Commitment (whether utilized or unutilized), computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, equal to the Applicable Facility Fee Rate. Such Facility Fee shall accrue from the Closing Date to the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on September 30, 2004 through the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full, with the final payment to be made on the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full; provided that, in connection with any reduction or termination of Commitments under Section 2.07, the accrued Facility Fee calculated for the period ending on such date shall also be paid on the date of such reduction or termination, with the following quarterly payment being calculated on the basis of the period from such

reduction or termination date to such quarterly payment date. The Facility Fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

(b) Utilization Fee. The Company shall pay to the Agent for the account of each Bank a utilization fee (the "Utilization Fee") on the actual outstanding Loan balance and LC Obligations for all days on which the Combined Utilized Amount exceeds fifty percent (50%) of the Combined Commitment (or, if all or any part of the Combined Commitment has been terminated, the Combined Commitment in effect immediately prior to such termination), equal to the Applicable Utilization Fee Rate. Such utilization fee shall (i) be computed on a quarterly basis in arrears on the last Business Day of each calendar quarter during which the Combined Utilized Amount exceeds fifty percent (50%) of the Combined Commitment (or, if all or any part of the Combined Commitment has been terminated, the Combined Commitment in effect immediately prior to such termination), (ii) accrue for all such days from the Closing Date to the date on which this Agreement is terminated and all of the Obligations

hereunder have been paid in full, and (iii) be payable in arrears on the last Business Day of each such quarter commencing on the last Business Day of the fiscal quarter following the Closing Date through the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full, with the final payment, if applicable, to be made on the date on which this Agreement is terminated and all of the Obligations hereunder have been paid in full.

2.13 Computation of Fees and Interest.

(a) All computations of interest for Base Rate Committed Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest and fees, including LC Fees, shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error. The Agent will, at the request of the Company or any Bank, deliver to the Company or the Bank, as the case may be, a statement showing the quotations used by the Agent in determining any interest rate.

(c) The Agent will, with reasonable promptness, notify the Company and the Banks of each determination of the LIBO Rate; provided that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent. Any change in the interest rate payable on the Offshore Rate Committed Loans or in the Facility Fees or Utilization Fees payable under Section 2.12 resulting from a change in the Company's senior unsecured long-term debt ratings shall become effective and shall apply to any such Loans then outstanding or to such fees as of the opening of business on the day on which such change in the Company's debt ratings becomes effective. The Agent will with reasonable promptness notify the Company and the Banks of the effective date and the amount of each such change, provided that any failure to do so shall not relieve the Company of any liability hereunder or provide the basis for any Event of Default or any claim against the Agent.

2.14 Payments by the Company.

(a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 12:00 noon (Chicago time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (except in the case of Reimbursement Obligations for which the LC Issuers have not been fully indemnified by the Banks, or as otherwise specifically required hereunder) of such payment in like funds as received. Any payment received by the Agent later than 12:00 noon (Chicago time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue. Each reference to the Agent in this Section 2.14 shall also be deemed to refer, and shall apply equally, to the LC Issuers, in the case of payments required to be made by the Company to the LC Issuers pursuant to Section 2.17(f).

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.15 Payments by the Banks to the Agent.

(a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, prior to 11:00 a.m. (Chicago time) on the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Loan comprising a Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent

will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Committed Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Committed Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Committed Loan to be made by such other Bank on any Borrowing Date.

2.16 Sharing of Payments, Etc. If, other than as expressly provided in Section 3.08 or 10.08 hereof, any Bank shall obtain on account of the Committed Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Committed Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter

recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.09) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments. Any Bank having outstanding both Committed Loans and Bid Loans at any time a right of set-off is exercised by such Bank shall apply the proceeds of such set-off first to such Bank's Committed Loans, until its Committed Loans are reduced to zero, and thereafter to its Bid Loans.

2.17 Facility LCs.

(a) Issuance. Each LC Issuer hereby agrees, on the terms and conditions set forth in this Agreement, to issue standby and commercial letters of credit (each, a "Facility LC") and to renew, extend, increase, decrease or otherwise modify each Facility LC ("Modify," and each such action a "Modification"), from time to time from and including the date of this Agreement and prior to the Revolving Termination Date upon the request of the Company; provided that immediately after each such Facility LC is issued or Modified, (i) the aggregate amount of the outstanding LC Obligations shall not exceed $25,000,000 and (ii) the Aggregate Outstanding Credit Exposure (including all Bid Loans) shall not exceed the aggregate Commitments hereunder. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Revolving Termination Date and (y) one year after its issuance.

(b) Participations. Upon the issuance or Modification by any LC Issuer of a Facility LC in accordance with this Section 2.17, such LC Issuer shall be deemed, without

further action by any party hereto, to have unconditionally and irrevocably sold to each Bank, and each Bank shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from such LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

(c) Notice. Subject to Section 2.17(a), the Company shall give the applicable LC Issuer notice prior to 10:00 a.m. (Chicago time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC, specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported thereby. Upon receipt of such notice, the applicable LC Issuer shall promptly notify the Agent, and the Agent shall promptly notify each Bank, of the contents thereof and of the amount of such Bank's participation in such proposed Facility LC. The issuance or Modification by any LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which no LC Issuer shall have any duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to the applicable LC Issuer and that the Company shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as the applicable LC Issuer shall have reasonably requested (each, a "Facility LC Application"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

(d) LC Fees. The Company shall pay to the Agent, for the account of the Banks ratably in accordance with their respective Pro Rata Shares, (i) with respect to each standby Facility LC, a letter of credit fee at a per annum rate equal to the Applicable Margin for such standby Facility LC in effect from time to time multiplied by the average daily undrawn stated amount under such standby Facility LC, such fee to be payable in arrears on each Payment Date, and (ii) with respect to each commercial Facility LC, a one-time letter of credit fee in an amount equal to the Applicable Margin at such time for such commercial Facility LC multiplied by the initial stated amount (or, with respect to a Modification of any such commercial Facility LC which increases the stated amount thereof, such increase in the stated amount) thereof, such fee to be payable on the date of such issuance or increase (each such fee described in this sentence an "LC Fee"). The Company shall also pay to each LC Issuer for its own account (x) at the time of issuance of each Facility LC, a fronting fee in an amount to be agreed upon between such LC Issuer and the Company, and (y) documentary and processing charges in connection with the issuance or Modification of and draws under Facility LCs in accordance with such LC Issuer's standard schedule for such charges as in effect from time to time.

(e) Administration; Reimbursement by Banks. Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the applicable LC Issuer shall notify the Agent and the Agent shall promptly notify the Company and each other Bank as to the amount to be paid by the applicable LC Issuer as a result of such demand and the proposed payment date (the "LC Payment Date"). The responsibility of the LC Issuers to the Company and each Bank shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC in connection with such presentment shall be in conformity in all material respects with such Facility LC. Each LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs issued by it as it

does with respect to letters of credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct by the applicable LC Issuer, each Bank shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse the applicable LC Issuer on demand for (i) such Bank's Pro Rata Share of the amount of each payment made by the applicable LC Issuer under each Facility LC to the extent such amount is not reimbursed by the Company pursuant to Section 2.17(f) below, plus (ii) interest on the foregoing amount to be reimbursed by such Bank, for each day from the date of the applicable LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (Chicago time) on such date, from the next succeeding Business Day) to the date on which such Bank pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Base Rate Committed Loans.

(f) Reimbursement by Company. The Company shall be irrevocably and unconditionally obligated to reimburse the applicable LC Issuer on or before the applicable LC Payment Date for any amounts to be paid by such LC Issuer upon any drawing under any Facility LC issued by it, without presentment, demand, protest or other formalities of any kind; *provided* that neither the Company nor any Bank shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Company or such Bank to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the applicable LC Issuer in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (ii) the applicable LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by

any LC Issuer and remaining unpaid by the Company shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the Base Rate for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% plus the Base Rate for such day if such day falls after such LC Payment Date. Each LC Issuer will pay to each Bank ratably in accordance with its Pro Rata Share all amounts received by it from the Company for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by such LC Issuer, but only to the extent such Bank has made payment to such LC Issuer in respect of such Facility LC pursuant to Section 2.17(e). Subject to the terms and conditions of this Agreement (including without limitation the submission of a Borrowing Notice in compliance with Section 2.03 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Company may request a Committed Loan hereunder for the purpose of satisfying any Reimbursement Obligation.

(g) Obligations Absolute. The Company's obligations under this Section 2.17 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Company may have or have had against any LC Issuer, any Bank or any beneficiary of a Facility LC. The Company further agrees with the LC Issuers and the Banks that the LC Issuers and the Banks shall not be responsible for, and the Company's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Company, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be

transferred or any claims or defenses whatsoever of the Company or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. The LC Issuers shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Company agrees that any action taken or omitted by any LC Issuer or any Bank under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct, shall be binding upon the Company and shall not put any LC Issuer or any Bank under any liability to the Company. Nothing in this Section 2.17(g) is intended to limit the right of the Company to make a claim against any LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.17(f).

(h) Actions of LC Issuers. Each LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such LC Issuer. Each LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Majority Banks as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.17, each LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Majority Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and any future holders of a participation in any Facility LC.

(i) Indemnification. The Company hereby agrees to indemnify and hold harmless each Bank, each LC Issuer and the Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, costs or expenses which such Bank, such LC Issuer or the Agent may incur (or which may be claimed against such Bank, such LC Issuer or the Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, costs or expenses which any LC Issuer may incur by reason of or in connection with (i) the failure of any other Bank to fulfill or comply with its obligations to any LC Issuer hereunder (but nothing herein contained shall affect any rights the Company may have against any defaulting Bank) or (ii) by reason of or on account of any LC Issuer issuing any Facility LC which specifies that the term "Beneficiary" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to the applicable LC Issuer, evidencing the appointment of such successor Beneficiary; *provided* that the Company shall not be required to indemnify any Bank, any LC Issuer or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of any LC Issuer in determining whether a request presented under any Facility LC complied with the terms of such Facility LC or (y) any LC Issuer's failure to pay under any Facility LC after the presentation to it of a request strictly complying with the terms and conditions of such Facility

LC. Nothing in this Section 2.17(i) is intended to limit the obligations of the Company under any other provision of this Agreement.

(j) Banks' Indemnification. Each Bank shall, ratably in accordance with its Pro Rata Share, indemnify each LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Company) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct or any LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of the Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.17 or any action taken or omitted by such indemnitees hereunder.

(k) Facility LC Collateral Account. The Company agrees that it will, upon the request of the Agent or the Majority Banks and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to any LC Issuer or the Banks in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Agent (the "Facility LC Collateral Account") at the Agent's office at the address specified pursuant to Section 10.02, in the name of such Company but under the sole dominion and control of the Agent, for the benefit of the Banks and in which such Company shall have no interest other than as set forth in Section 8.02. The Company hereby pledges, assigns and grants to the Agent, on behalf of and for the ratable benefit of the Banks and the LC Issuers, a security interest in all of the Company's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of Bank One having a maturity not exceeding 30 days. Nothing in this Section 2.17(k) shall either obligate the Agent to require the Company to deposit any funds in the Facility LC Collateral Account or limit the right of the Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.02.

(l) Rights as a Bank. In its capacity as a Bank, each LC Issuer shall have the same rights and obligations as any other Bank.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

(a) Subject to subsection 3.01(f), any and all payments by the Company to each Bank, each LC Issuer or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Company shall pay all Other Taxes.

(b) Subject to subsection 3.01(f), the Company agrees to indemnify and hold harmless each Bank, each LC Issuer and the Agent for the full amount of Taxes or Other Taxes

(including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Banks, the LC Issuers or the Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date any Bank, any LC Issuer or the Agent makes written demand therefor. If the Company in good faith determines that any such Taxes or Other Taxes for which indemnification has been sought hereunder are not due or owing or otherwise correctly assessed, each Bank, each LC Issuer or the Agent at the request of the Company, or the Company at the election of each Bank, LC Issuer or the Agent following any such request, in either case at the expense of the Company, shall by appropriate means file for a refund or otherwise contest the payment of such Taxes or Other Taxes, provided that any such filing or contest does not result in any penalty, lien or other liability to any Bank, any LC Issuer or the Agent for which the Company has not provided a satisfactory undertaking to indemnify and hold any Bank, any LC Issuer or the Agent harmless. The Banks, the LC Issuers and the Agent agree to provide reasonable cooperation to the Company in connection with any such filing or contest, at the Company's expense and, if the Company has paid any such Tax or Other Tax or compensated the Banks, the LC Issuers or Agent with respect thereto, any refund thereof shall belong and be remitted to the Company.

(c) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank, any LC Issuer or the Agent, then, subject to subsection 3.01(f):

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank, such LC Issuer or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank, each LC Issuer or the Agent for the account of such Bank or such LC Issuer, as applicable, at the time interest is paid, all additional amounts which the respective Bank or the respective LC Issuer specifies as necessary to preserve the after-tax yield such Bank or such LC Issuer would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) Each Bank which is a foreign person (i.e., a person other than a United States person for United States Federal income tax purposes) agrees that:

(i) it shall, no later than the Closing Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.08 after the Closing Date, the date

upon which the Bank becomes a party hereto) deliver to the Company through the Agent two accurate and complete signed originals of Internal Revenue Service Form W-8 BEN or any successor thereto ("Form W-8 BEN"), or two accurate and complete signed originals of Internal Revenue Service Form W-8 ECI or any successor thereto ("Form W-8 ECI"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new Form W-8 BEN or Form W-8 ECI, it shall with reasonable promptness deliver to the Company through the Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form W-8 BEN; or two accurate and complete signed originals of Form W-8 ECI, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time) requiring a change in or renewal of the most recent Form W-8 BEN or Form W-8 ECI previously delivered by such Bank, deliver to the Company through the Agent two accurate and complete original signed copies of Form W-8 BEN or Form W-8 ECI in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's or the Agent's reasonable request to that effect, deliver to the Company or the Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

(f) The Company will not be required to indemnify, hold harmless or pay any additional amounts in respect of United States Federal income tax pursuant to subsection 3.01(c) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to indemnify, hold harmless or pay such additional amounts would not have arisen but for a failure by such Bank to comply with its obligations (if any) under subsection 3.01(e) in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company a Form W-8 BEN in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 BEN; or

(iii) if the Bank shall have delivered to the Company a Form W-8 ECI in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not

at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form W-8 ECI.

(g) If the Company is required to pay additional amounts to any Bank, any LC Issuer or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

(h) Each Bank agrees to promptly notify the Company of the first written assessment of any Taxes payable by the Company hereunder which is received by such Bank, provided that failure to give such notice shall not in any way prejudice the Bank's rights under Section 3.01 hereof. The Company shall not be obligated to pay any Taxes under Section 3.01 which are assessed against any Bank if the statute of limitations applicable thereto (as same may be extended from time to time by agreement between such Bank and the relevant Governmental Authority) has lapsed. Additionally, the Company shall not be obligated to pay any penalties, interest, additions to tax or expenses with respect to any final assessment of Taxes against any Bank (i) unless such Bank shall have first notified the Company in writing of such final assessment, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.02 Illegality.

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make additional Offshore Rate Loans (including in respect of any LIBOR Bid Loan as to which the Company has accepted such Bank's Competitive Bid, but as to which the Borrowing Date has not arrived) shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Committed Loan, then concurrently with such prepayment, the Company shall

borrow from the affected Bank, and the affected Bank shall lend to the Company, in the amount of such repayment, a Base Rate Committed Loan.

(c) If the obligation of any Bank to make or maintain Offshore Rate Committed Loans has been so terminated or suspended, the Company may elect, by giving notice to the Bank through the Agent that all Loans which would otherwise be made by the Bank as Offshore Rate Committed Loans shall be instead Base Rate Committed Loans.

(d) Before giving any notice to the Agent under this Section, the affected Bank shall designate a different Lending Office with respect to its Offshore Rate Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Bank, be illegal or otherwise disadvantageous to the Bank in such Bank's reasonable judgment.

3.03 Increased Costs and Reduction of Return.

(a) If any Bank or any LC Issuer determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the Closing Date or (ii) the compliance by that Bank or that LC Issuer with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) after the Closing Date, there shall be any increase in the cost to such Bank or such LC Issuer of agreeing to make or making, funding or maintaining any Offshore Rate Loans or issuing or maintaining Facility LCs, as the case may be, then the Company shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank or such LC Issuer, as the case may be, additional amounts as are sufficient to compensate such Bank or such LC Issuer for such increased costs.

(b) If any Bank or any LC Issuer shall have determined that (i) the introduction after the Closing Date of any Capital Adequacy Regulation , (ii) any change after the Closing Date in any Capital Adequacy Regulation, (iii) any change after the Closing Date in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any change in any Capital Adequacy Regulation after the Closing Date, affects the amount of capital required to be maintained by any Bank or any LC Issuer or any corporation controlling any Bank or any LC Issuer and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits, LC Obligations or obligations under this Agreement, then, upon demand of such Bank or such LC Issuer to the Company through the Agent, the Company shall pay to the applicable Bank or the applicable LC Issuer, as the case may be, from time to time as specified by such Bank or such LC Issuer, additional amounts sufficient to compensate such Bank or such LC Issuer for such increase.

(c) The Company shall not be obligated to pay any amounts under subsection 3.03(a) or (b) to any Bank or any LC Issuer (i) unless such Bank or such LC Issuer shall have first notified the Company in writing that it intends to seek compensation from the

Company pursuant to such subsection, and (ii) which are attributable to periods exceeding 90 days prior to the date of receipt by the Company of such notice.

3.04 Funding Losses. The Company shall reimburse each Bank and hold each Bank harmless from any direct loss or expense (but excluding any consequential loss or expense) which the Bank may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment required hereunder of principal of any Offshore Rate Loan;

(b) the failure of the Company to borrow a Bid Loan after the Agent has notified a Bank pursuant to subsection 2.06(g)(i) that its Competitive Bid has been accepted by the Company, or the failure of the Company to borrow, continue or convert a Committed Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Company to make any prepayment of any Committed Loan in accordance with any notice delivered under Section 2.08;

(d) the prepayment (including pursuant to Sections 2.08 or 2.09) or payment after acceleration thereof following an Event of Default of any Offshore Rate Loan or Absolute Rate Bid Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under the proviso contained in Section 2.04(a) or under the proviso contained in Section 2.08 of any Offshore Rate Committed Loan to a Base Rate Committed Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.03(a), each Offshore Rate Committed Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBO Rate by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Committed Loan is in fact so funded.

3.05 Inability to Determine Rates. If the LIBO Rate applicable pursuant to subsection 2.11(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make additional Offshore Rate Loans hereunder shall be suspended until the Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company without cost or expense may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Banks shall make, convert or continue the Committed Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Committed Loans shall be made, converted or continued as Base Rate Committed Loans instead of Offshore Rate Committed Loans.

3.06 Reserves on Offshore Rate Committed Loans. The Company shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Offshore Rate Committed Loan equal to the actual costs of such reserves allocated to such Committed Loan by the Bank (as reasonably determined by the Bank), payable on each date on which interest is payable on such Committed Loan, provided the Company shall have received at least 30 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 30 days prior to the relevant Interest Payment Date, such additional interest shall be payable 30 days from receipt of such notice. No Bank shall be entitled to additional interest under this Section 3.06 accruing more than 90 days prior to the date of receipt by the Company of notice requesting payment thereof.

3.07 Certificates of Banks. Any Bank or any LC Issuer claiming reimbursement or compensation under this Article III shall deliver to the Company (with a copy to the Agent) a certificate setting forth in reasonable detail the amount payable to such Bank or such LC Issuer hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error unless the Company shall have notified such Bank or such LC Issuer of its objection to such certificate (with a copy to the Agent) within 30 days of the Company's receipt of such claim.

3.08 Substitution of Banks. Upon the receipt by the Company from any Bank (an "Affected Bank") of a claim for compensation under Section 3.01, 3.02 or 3.03, the Company may: (i) request the Affected Bank to use its reasonable efforts to obtain a replacement bank or financial institution satisfactory to the Company and the Agent and meeting the qualifications of an Eligible Assignee to acquire and assume all or a ratable part of all of such Affected Bank's Committed Loans and Commitment (a "Replacement Bank"); (ii) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Committed Loans and Commitment (but no other Bank shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld). Any transfer arising under this Section 3.08 shall comply with the requirements of Section 10.08 and on the date of transfer the Affected Bank shall be entitled to all sums payable to it hereunder on such date including, outstanding principal, accrued

interest and fees, and other sums (including amounts payable under Section 3.04(d)) arising under the provisions of this Agreement with reference to such Committed Loans.

3.09 Survival. The agreements and obligations of the Company in this Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions to Effectiveness of Commitments and to Initial Loans. The obligation of each Bank and each LC Issuer to make its initial Credit Extension hereunder, and of each Bank to receive through the Agent the initial Competitive Bid Request, is subject to and shall become effective when the Agent shall have received on or before the Closing Date all of the

following, in form and substance satisfactory to the Agent, each Bank and each LC Issuer, and in sufficient copies for each Bank and each LC Issuer:

(a) Credit Agreement; Notes; Guaranty. This Agreement, the Guaranty (and, if requested, Notes for each such requesting Bank) properly executed;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors (or appropriate committee thereof) of each of the Company and the initial Guarantor (together, the "Initial Loan Parties") authorizing the transactions contemplated by the Loan Documents to which it is a party, certified as of the Closing Date by the Secretary, Assistant Secretary or other appropriate officer of such Initial Loan Party; and

(ii) A certificate of the Secretary, Assistant Secretary or other appropriate officer of each Initial Loan Party certifying the names and true signatures of the officers of such Initial Loan Party authorized to execute, deliver and perform, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of each Initial Loan Party as in effect on the Closing Date, certified by the Secretary, Assistant Secretary or other appropriate officer of such Initial Loan Party as of the Closing Date; and

(ii) a good standing certificate dated within five (5) days of the Closing Date for each Initial Loan Party from the Secretary of State (or similar, applicable Governmental Authority) of its respective state of incorporation;

(d) Legal Opinions. An opinion letter from Anthony C. Scarfone, General Counsel to the Initial Loan Parties, addressed to the Agent, the Banks and the LC Issuers, containing opinions substantially in the form of Exhibit H;

(e) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, including any such costs, fees and expenses arising under or referenced in Section 2.12;

(f) Certificate. A certificate signed on behalf of the Company by the Company's chief executive officer, chief financial officer or treasurer, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists as of the Closing Date; and

(iii) there has occurred since December 31, 2003, no event or circumstance that has resulted or would reasonably be expected to result in a material adverse change in, or material adverse effect upon, the financial condition of the Company and its Subsidiaries taken as a whole;

(g) Existing 364-Day Credit Agreement and Existing Bridge Credit Agreement. Evidence satisfactory to the Agent that (i) the Existing 364-Day Credit Agreement shall have been or shall simultaneously on the Closing Date be terminated (except for those provisions that expressly survive the termination thereof), all loans outstanding and other amounts owed to the lenders or agents thereunder shall have been paid in full, and all liens and security interests granted in connection therewith shall have been or shall simultaneously on the Closing Date be terminated, and (ii) the aggregate "Commitments" under (and as defined in) the Existing Bridge Credit Agreement shall have been or shall simultaneously on the Closing Date be permanently reduced by an amount not less than $150,000,000; and

(h) 2004 364-Day Credit Agreement. Evidence satisfactory to the Agent that the 2004 364-Day Credit Agreement shall have been duly executed by all parties thereto.

(i) LC Application. If the initial Credit Extension will be the issuance of a Facility LC, a properly completed Facility LC Application.

(j) Other Documents. Such other approvals, opinions, documents or materials as the Agent, any LC Issuer or any Bank may reasonably request, as well as any other information required by Section 326 of the USA PATRIOT Act of 2001 or necessary for the Agent, any LC Issuer or any Bank to verify the identity of the Company as required by Section 326 of the USA PATRIOT Act of 2001.

4.02 Conditions to All Credit Extensions. The obligation of each Bank and each LC Issuer to make any Credit Extension to be made by it, or any Bid Loan as to which the Company has accepted the relevant Competitive Bid (including the initial Loan), or to continue or convert any Committed Loan under Section 2.04 is subject to the satisfaction of the following conditions precedent on the relevant Credit Extension Date or Conversion/Continuation Date:

(a) Notice of Borrowing or Conversion/Continuation. As to any Committed Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing or a Notice of Conversion/Continuation, as applicable;

(b) Facility LC Application. As to any Facility LC, the applicable LC Issuer shall have received the Facility LC Application and all other notices specified in Section 2.17(c);

(c) Continuation of Representations and Warranties. The representations and warranties in Article V (excluding those contained in Section 5.11(b)) shall be true and correct on and as of such Credit Extension Date or Conversion/Continuation Date with the same effect as if made on and as of such Credit Extension Date or Conversion/Continuation Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date); and

(d) No Existing Default. No Default or Event of Default shall exist or shall result from such Credit Extension or continuation or conversion.

Each Notice of Borrowing, Notice of Conversion/Continuation, Competitive Bid Request and request for issuance of a Facility LC submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice or request and as of each Credit Extension Date, Conversion/Continuation Date or issuance date of a Facility LC, as applicable, that the conditions in Section 4.02 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence and Power. The Company and each of its Material Subsidiaries:

(a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business (except where the failure to have any such governmental license, authorization, consent or approval would not reasonably be expected to have a Material Adverse Effect) and as to the Company and each Guarantor only, to execute, deliver, and perform its obligations under the Loan Documents;

(c) is duly qualified as a foreign corporation and is licensed and in good standing under the laws of each jurisdiction except where the failure to so qualify or to be so licensed or in good standing would preclude it from enforcing its rights with respect to any of its assets or expose it to any liability and which, in either case, would reasonably be expected to have a Material Adverse Effect; and

(d) is in all material respects in compliance with the Requirements of Law except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.02 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Loan Document to which the Company or any Material Subsidiary is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's or such Material Subsidiary's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the Company or such Material Subsidiary is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or such Material Subsidiary or its respective property is subject except where such conflict, breach, contravention or Lien would not reasonably be expected to have a Material Adverse Effect; or

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority, which has not been obtained by the Company and its Subsidiaries, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company or any of its Subsidiaries of the Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement and each other Loan Document to which the Company or any of its Material Subsidiaries is a party constitute the legal, valid and binding obligations of the Company or such Material Subsidiary, as applicable, enforceable against the Company or such Material Subsidiary, as applicable, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

(a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) would reasonably be expected to have a Material Adverse Effect.

No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.06 No Default. At the Closing Date and at the time of any Credit Extension, no Default or Event of Default exists or would result from the incurring of any Obligations by the Company. As of the Closing Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.01(e).

5.07 ERISA Compliance. Except as specifically disclosed in Schedule 5.07:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance would not reasonably be expected to result in a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or, if otherwise, the failure to apply for or receive a favorable determination letter would not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, nothing has occurred which would cause the loss of qualification the effect of which would reasonably be expected to result in a Material Adverse Effect. The

Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan when the failure to make such contribution or when such application or extension would reasonably be expected to result in a Material Adverse Effect.

(b) There are no pending or, to the best knowledge of Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA that, in the case of any of clauses (i) through (v), would reasonably be expected to result in a Material Adverse Effect.

5.08 Use of Proceeds; Margin Regulations. The proceeds of the Credit Extensions are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.05. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.09 Title to Properties. The Company and each Subsidiary have good record and marketable title in fee simple to, or to their knowledge valid leasehold interests in, all real property necessary for the ordinary conduct of their respective businesses, except for such defects in title as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP or where failure to file such return or to pay any such tax would not reasonably be expected to have a Material Adverse Effect. There is no proposed tax assessment against the Company or any Subsidiary that would, if made, have a Material Adverse Effect.

5.11 Financial Condition.

(a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 2003, and the unaudited consolidated financial statements dated March 31, 2004, and the related consolidated statements of income or operations, balance sheet and cash flows for the fiscal year or the fiscal quarter, respectively, ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, subject to ordinary, good faith year end audit adjustments in the case of such unaudited statements;

(ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations except for Indebtedness and other liabilities, the existence of which would not have a Material Adverse Effect.

(b) Since December 31, 2003, there has been no Material Adverse Effect.

5.12 Environmental Matters. The Company conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Company has reasonably concluded that, except as specifically disclosed in Schedule 5.12, such Environmental Laws and Environmental Claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Person controlling the Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 No Burdensome Restrictions. Neither the Company nor any Subsidiary is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which would reasonably be expected to have a Material Adverse Effect.

5.15 Copyrights, Patents, Trademarks and Licenses, etc. Except as disclosed in Schedule 5.15, the Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person except where the failure to own, be licensed to or otherwise have the right to use the same would not have a Material Adverse Effect. To the best knowledge of the Company, no material slogan or other advertising device,

product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person where any such infringement would reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in Schedule 5.05, no claim or litigation regarding any of the foregoing is pending or to the knowledge of the Company threatened, which would reasonably be expected to have a Material Adverse Effect.

5.16 Subsidiaries. As of the Closing Date, the Company has no Subsidiaries other than those specifically disclosed in part (a) of Schedule 5.16 hereto and has no material equity investments in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 5.16.

5.17 Insurance. The properties of the Company and its Subsidiaries are insured with financially sound and reputable insurance or reinsurance companies, in such amounts, with such deductibles and covering such risks as are believed by the Company to be adequate in the exercise of its reasonable business judgment.

5.18 Full Disclosure. None of the representations or warranties made by the Company or any of its Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, financial report or statements or certificate furnished by or on behalf of the Company in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

5.19 Reportable Transaction. The Company does not intend to treat the Credit Extensions and related transactions as being a "reportable transaction" (within the meaning of the Treasury Regulation Section 1.6011-4). In the event the Company determines to take any action inconsistent with such intention, it will promptly notify the Agent thereof.

5.20 Solvency. After giving effect to the Credit Extensions to be made on the date such Credit Extensions are requested to be made, the Company and its Subsidiaries taken as a whole are Solvent.

5.21 Specially Designated Nationals or Blocked Persons List. None of the Company, Subsidiaries of the Company or Affiliates of the Company are named on the United States Department of the Treasury's Specially Designated Nationals or Blocked Persons list available through http://www.treas.gov/offices/ectoffc/ofac/sdn/index.html or as otherwise published from time to time.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.01 Financial Statements. The Company shall deliver to the Agent, in form and detail reasonably satisfactory to the Agent, with sufficient copies for each Bank:

(a) as soon as available, but not later than the date which is the earlier of (x) 120 days after the end of each fiscal year or (y) five (5) Business Days after the delivery of the following financial statements to the SEC, a copy of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of PriceWaterhouseCoopers LLP or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Subsidiary's records; and

(b) as soon as available, but not later than the date which is the earlier of (x) 60 days after the end of each of the first three fiscal quarters of each fiscal year or (y) five (5) Business Days after the delivery of the following financial statements to the SEC, a copy of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified on behalf of the Company by a Responsible Officer as fairly presenting, in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

6.02 Certificates; Other Information. The Company shall furnish to the Agent, with sufficient copies for each Bank:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.01(a) and (b), a Compliance Certificate executed by a Responsible Officer on behalf of the Company which certifies that no Default or Event of Default has occurred and is continuing (except as described therein);

(b) promptly, copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K) that the Company or any Subsidiary may make to, or file with, the SEC; and

(c) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank,

may from time to time reasonably request and which materially relates to the ability of the Company to perform under this Agreement.

6.03 Notices. Upon obtaining knowledge of any event described below, the Company shall promptly notify the Agent and each Bank:

(a) of the occurrence of any Default or Event of Default;

(b) of any of the following matters of which a Responsible Officer obtains knowledge that would result in a Material Adverse Effect: (i) breach or non-performance of, or any default under, a Contractual Obligation of the Company or any Subsidiary; (ii) any dispute, litigation, investigation, proceeding or suspension between the Company or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary, including pursuant to any applicable Environmental Laws;

(c) of the occurrence of any of the following events affecting the Company or any ERISA Affiliate which would reasonably be expected to result in a Material Adverse Effect (but in no event more than 10 days after a Responsible Officer obtains knowledge of such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Company or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(d) of any material change in accounting policies or financial reporting practices by the Company or any of its consolidated Subsidiaries which would reasonably be expected to materially affect the Company's consolidated financial reports; and

(e) of any change in the Company's senior unsecured long-term debt ratings as publicly announced by either S&P or Moody's including placement of such ratings on watch status, provided that any failure by the Company to give notice of such change shall not affect the Company's payment obligations hereunder and such failure shall not constitute an Event of Default.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time.

Each notice under subsection 6.03(a) shall describe with particularity any and all provisions of this Agreement or other Loan Document (if any) that have been breached or violated.

6.04 Preservation of Corporate Existence, Etc. Except pursuant to a transaction permitted under Section 7.02 and Section 7.03, the Company shall, and shall cause each Material Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation;

(b) to the extent practicable, using reasonable efforts, preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except (x) when the non-preservation and non-maintenance of such rights, privileges, qualifications, permits, licenses or franchises would not reasonably be expected to have a Material Adverse Effect or (y) in connection with transactions permitted by Section 7.03 and sales of assets permitted by Section 7.02;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect; and

(d) to the extent practicable, using reasonable efforts, preserve or renew all of its registered patents, trademarks, trade names and service marks, except when non-preservation or non-renewal of such patents, trademarks, trade names or service marks would not reasonably be expected to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear and casualty loss excepted and make all necessary repairs thereto and renewals and replacements thereof except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so would not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.06 Insurance. The Company shall maintain, and shall cause each Material Subsidiary to maintain, with financially sound and reputable insurers or independent reinsurers, insurance with respect to its properties and business against loss or damage of the kinds and in the amounts determined by the Company to be necessary or desirable in the exercise of its reasonable business judgment.

6.07 Payment of Obligations. The Company shall, and shall cause each Subsidiary to, pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary or unless the failure to pay or discharge would not have a Material Adverse Effect;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property except when the failure to pay or discharge would not have a Material Adverse Effect; and

(c) all Indebtedness, as and when due and payable (except for such Indebtedness which is contested by the Company or any Subsidiary in good faith or where the failure to pay or discharge would not reasonably be expected to result in a Material Adverse Effect), but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.08 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist or where the failure to comply would not have a Material Adverse Effect.

6.09 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law except where non-compliance would not reasonably be expected to result in a Material Adverse Effect; and (b) make all required contributions to any Plan subject to Section 412 of the Code except where failure to make any contribution would not reasonably be expected to result in a Material Adverse Effect.

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Material Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. Subject to reasonable safeguards to protect confidential information, the Company shall permit, and shall cause each Material Subsidiary to permit, representatives and independent contractors of the Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and with respect to the Company but not its Subsidiaries to discuss their respective affairs, finances and accounts with the Company's directors, senior officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company. Such inspections and examinations described in the preceding sentence (i) by or on behalf of any Bank shall, unless occurring at a time when an Event of Default shall be continuing, be at such Bank's expense and (ii) by or on behalf of the Agent, other than the first such inspection or examination occurring during any calendar year or any inspections and examination occurring at a time when an Event of Default be continuing, shall be at the Agent's expense; all other such inspections and visitations shall be at the Company's expense and at any time during normal business hours and without advance notice.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws except where the failure to comply would not have a Material Adverse Effect.

6.12 Use of Proceeds. The Company shall use the proceeds of the Credit Extensions for commercial paper liquidity support, to repurchase the Company's capital stock, to refinance Indebtedness under the Existing 364-Day Credit Agreement and a portion of the Existing Bridge Credit Agreement and for other general corporate purposes including Acquisitions not in contravention of any Requirement of Law or any provision of this Agreement.

6.13 Guarantors. The Company shall cause (i) each Subsidiary that (a) is created for the purpose of acquiring assets or capital stock or other ownership interests in connection with an Acquisition and (b) becomes a Material Subsidiary after giving effect to such Acquisition, and (ii) each Material Subsidiary acquired in connection with an Acquisition, in each case, to guarantee the Obligations pursuant to the Guaranty promptly and in any event within 30 days following the date of creation or acquisition thereof. In furtherance of the foregoing, the Company shall cause such Material Subsidiary to (i) execute a supplement to the Guaranty and (ii) deliver such other documentation as the Agent may reasonably request in connection with the foregoing, including, without limitation, certified resolutions and other authority documents of such Material Subsidiary and, to the extent requested by the Agent, favorable opinions of counsel to such Material Subsidiary (which shall cover, among other things, the legality, validity, binding effect and enforceability of the Guaranty), all in form, content and scope reasonably satisfactory to the Agent.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation (other than indemnification) shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.01 Limitation on Liens. The Company shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth in Schedule 7.01 or shown as a liability on the Company's consolidated financial statements as of March 31, 2004 securing Indebtedness outstanding on such date, provided that the aggregate amount of all such Indebtedness secured by all such Liens does not exceed $10,000,000;

(b) any Lien created under any Loan Document or under any "Loan Document" as defined in the Existing Credit Agreements;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is

permitted by Section 6.07, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries;

(h) Liens on (i) assets of corporations which become Subsidiaries after the date of this Agreement, provided, however, that such Liens existed at the time the respective corporations became Subsidiaries, and (ii) any assets prior to the acquisition thereof by the Company or any Subsidiary and not created in contemplation of such acquisition, provided, however, that such Liens do not encumber any other property or assets;

(i) purchase money security interests on any property acquired or held by the Company or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; providedthat (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, and (iii) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such property;

(j) Liens securing obligations in respect of capital leases on assets subject to such leases;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; providedthat (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral

to the depository institution except in either case when such deposit accounts are established or required in the ordinary course of business and would not have a Material Adverse Effect;

(l) Any extensions, renewals or replacements of the Liens permitted by clauses (a), (f), (h), (i) and (j) above; and

(m) Notwithstanding the provisions of subsections 7.01(a) through (l), there shall be permitted Liens on property (including Liens which would otherwise be in violation of such subsections), provided that the sum of the aggregate Indebtedness of the Company and its Subsidiaries secured by all Liens permitted under this subsection (m), excluding the Liens permitted under subsections (a) through (l), shall not exceed an amount equal to 15% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.02 Disposition of Assets. Except as otherwise permitted by any other provision of this Agreement, the Company shall not, and shall not suffer or permit any Material Subsidiary to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any property (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, worn-out or surplus equipment, all in the ordinary course of business;

(b) dispositions on reasonable commercial terms and for fair value or which would not have a Material Adverse Effect, provided that dispositions of the stock of any Material Subsidiary shall not be permitted under this subsection (b);

(c) dispositions of property between the Company and any consolidated Subsidiary or among consolidated Subsidiaries; and

(d) other dispositions of property during the term of this Agreement (excluding dispositions permitted under subsections 7.02(a) through (c)) whose net book value in the aggregate shall not exceed 25% of the Company's total consolidated assets as shown on its consolidated balance sheet for its most recent prior fiscal quarter.

7.03 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Material Subsidiary to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Person may merge with the Company, provided that the Company shall be the continuing or surviving corporation;

(b) any Subsidiary may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that (i) if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation and (ii) if any transaction shall be between a Guarantor and any Subsidiary that is not a Guarantor, the

Guarantor shall be the continuing or surviving corporation or, concurrently with such transaction, such continuing or surviving corporation shall become a Guarantor pursuant to the Guaranty; and

(c) the Company or any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary, as the case may be, provided that if (i) any such transaction shall be between a Guarantor and any Wholly-Owned Subsidiary that is not a Guarantor, and (ii) such Wholly-Owned Subsidiary shall become a Material Subsidiary after giving effect to such transaction, such Wholly-Owned Subsidiary shall, concurrently with such transaction, become a Guarantor pursuant to the Guaranty.

7.04 Transactions with Affiliates. The Company shall not, and shall not suffer or permit any Subsidiary to, enter into any transaction with any Affiliate (other than a Wholly-Owned Subsidiary) of the Company, except transactions (a) entered into in good faith and (b) upon commercially reasonable terms and taking into consideration the totality of circumstances pertaining to such transaction as determined by the Company.

7.05 Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, in a manner which violates any applicable Requirement of Law and which would have a Material Adverse Effect (provided that this Section 7.05 shall not be deemed to permit the use of Loan proceeds in violation of any Requirement of Law applicable to any Bank). Notwithstanding the foregoing, at no time shall more than 25% of the value (as determined by a method deemed reasonable for purposes of applicable regulations relating to Margin Stock) of the Company's assets consist of Margin Stock, unless the Company has taken all necessary action so that in the event that more than 25% of the Company's assets consist of Margin Stock there shall occur no violation of any Requirement of Law applicable to it or any Bank.

7.06 Restricted Payments. The Company shall not, and shall not suffer or permit any Subsidiary (other than a Wholly-Owned Subsidiary) to, declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; except that the Company or any non-Wholly-Owned Subsidiary may:

(a) declare and make dividend payments or other distributions payable solely in its common stock;

(b) purchase, redeem or otherwise acquire shares of its common stock or warrants or options to acquire any such shares with the proceeds received from the substantially concurrent issue of new shares of its common stock; and

(c) (i) in the case of the Company, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash provided, that, before and immediately after giving effect to such proposed action, no Default or Event of Default exists or would exist, and (ii) in the case of any non-Wholly-Owned Subsidiary, declare or pay cash dividends or cash distributions to its stockholders and purchase, redeem or otherwise acquire

shares of its capital stock or warrants, rights or options to acquire any such shares for cash provided, that, the Company or its respective Subsidiary which owns the equity interest or interests in such Subsidiary paying such dividends or distributions or purchasing, redeeming or otherwise acquiring such shares or warrants, rights or options receives at least its proportionate share of such dividends or distributions or receives a proportionate offer to purchase, redeem or otherwise acquire such shares or warrants, rights or options, the proportionality of which in each case shall be based upon the affected class or classes of securities.

7.07 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or would reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA and which would reasonably be expected to result in a Material Adverse Effect.

7.08 Change in Business. The Company shall not, and shall not suffer or permit any Subsidiary to, engage in any business that would substantially change the general nature of the business conducted by the Company and its consolidated Subsidiaries on the Closing Date.

7.09 Accounting Changes. The Company shall not, and shall not suffer or permit any Material Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any such Subsidiary, if such change would reasonably be expected to result in a Material Adverse Effect.

7.10 Interest Coverage. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending September 30, 2004), on a consolidated basis, the ratio of (i) Earnings Before Interest and Taxes to (ii) Interest Expense, to be less than 3.0 to 1.0. For purposes of this section, "Earnings Before Interest and Taxes" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, the sum of (a) the consolidated net income (or net loss) of the Company and its Subsidiaries for such period as determined in accordance with GAAP, plus (b) all amounts treated as interest expense for such period to the extent included in the determination of such consolidated net income (or loss); plus (c) all taxes accrued for such period on or measured by income to the extent included in the determination of such consolidated net income (or loss); provided, however, that consolidated net income (or loss) shall be computed for the purposes of this definition without giving effect to extraordinary losses or extraordinary gains for such period; and "Interest Expense" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, all amounts treated as interest expense for such period to the extent included in the determination of the Company's consolidated net income (or net loss) for such period as determined in accordance with GAAP.

7.11 Subsidiary Indebtedness. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 2004), the aggregate Indebtedness of its consolidated Subsidiaries to exceed $50,000,000. For purposes of this Section 7.11, the term "Indebtedness" shall be deemed to exclude Indebtedness of a Person which becomes a Subsidiary after the date hereof, provided that such excluded Indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof.

ARTICLE VIII

EVENTS OF DEFAULT

8.01 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within two (2) Business Days following written notice to the Company given by the Agent or any Bank after the same becomes due, any interest, fee, Reimbursement Obligation or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company or any Subsidiary made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any Subsidiary, or any Responsible Officer, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.12, 6.13, 7.02, 7.03, 7.04, 7.05, 7.06, 7.09, 7.10 or 7.11; or

(d) Other Defaults. The Company fails to perform or observe (i) Section 6.01(a) hereunder and such default shall continue unremedied for a period of 5 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or (ii) any other term or covenant contained in the Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or

(e) Cross-Default. (i) The Company or any Material Subsidiary fails to perform or observe any condition or covenant, or any other event shall occur or condition shall exist, under (a) the Existing Credit Agreements or (b) any other agreement or instrument relating to any Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $100,000,000, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if the effect of such failure, event or condition is to cause such Indebtedness to be declared to be due and payable prior to its stated maturity; provided, that, with respect to any such breach occurring as a result of a change of control under any agreement or instrument evidencing such Indebtedness of a Subsidiary of more than $100,000,000 upon the acquisition of such Subsidiary, such breach shall cause an Event of Default hereunder only if such breach has not been cured (or the Indebtedness related thereto prepaid in full and the related agreements and instruments shall be terminated) within three days after the occurrence thereof; or (ii) if there shall occur any other default or event of default, however denominated, under any cross default

provision under any agreement or instrument relating to any such Indebtedness of more than $100,000,000; or

(f) Insolvency; Voluntary Proceedings. The Company or any Material Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Material Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any such Material Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, stayed, vacated or fully bonded within 60 days after commencement, filing, issuance or levy; (ii) the Company or any Material Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law involving a material portion of the Company's or such Material Subsidiary's total assets) is ordered in any Insolvency Proceeding involving the Company or any such Material Subsidiary; or (iii) the Company or any Material Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $50,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds $50,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $50,000,000 and, in the case of any of clauses (i) through (iii), such liability or failure to pay shall not have been vacated, discharged, stayed, appealed or paid within ten (10) Business Days after such liability or payment obligation arises; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, non-interlocutory decrees or arbitration awards is entered against the Company or any Material Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $50,000,000 or more, and the same shall not have been vacated, discharged, stayed or appealed within the applicable period for appeal from the date of entry thereof or paid within ten (10) Business Days after the same becomes non-appealable; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any Subsidiary which does or would reasonably be expected to have a Material Adverse Effect; or

(k) Change of Control. There occurs any Change of Control. For purposes of this Section 8.01(k), (i) a "Change of Control" shall occur if any person or group of persons becomes the beneficial owner of 25% or more of the voting power of the Company for a period of 30 days or more; and (ii) the term "person" shall have the meaning set forth in Section 13(d) of the Exchange Act and the term "beneficial owner" shall have the meaning set forth in Rule 13d-3 promulgated under the Exchange Act.

(l) Impairment of Guaranty. (i) The Guaranty shall fail to remain in full force or effect or any action shall be taken by the Company or any Guarantor to discontinue or to assert the invalidity or unenforceability of the Guaranty, or (ii) any Guarantor shall fail to comply with any of the material terms or provisions of the Guaranty to which it is a party, or (iii) at any time prior to a Guarantor's release from the Guaranty in accordance with the terms of this Agreement, such Guarantor shall deny that it has any further liability under the Guaranty to which it is a party, or shall give notice to such effect.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the obligation of each Bank to make any Loans and the obligation of each LC Issuer to issue Facility LCs to be terminated, whereupon such obligations and the corresponding Commitments of each Bank shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other Obligations and other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company;

(c) while any Default is continuing, if the Agent determines that the Collateral Shortfall Amount at such time is greater than zero, make demand on the Company to pay, and the Company will, forthwith upon such demand and without any further notice or act, pay to the Agent an amount equal to the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account;

(d) at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Reimbursement Obligations and any other amounts as shall from time to time have become due and payable by the Company to the Banks or the LC Issuers under the Loan Documents; and

(e) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), (i) the obligation of each Bank to make Loans and the obligation and power

of the LC Issuers to issue Facility LCs shall automatically terminate, (ii) the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and (iii) the Company will be and thereby become obligated to pay to the Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to the Collateral Shortfall Amount, in each case without further act of the Agent or any Bank without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company. At any time while any Default is continuing, neither the Company nor any Person claiming on behalf of or through the Company shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations have been indefeasibly paid in full and all Commitments hereunder have been terminated, any funds remaining in the Facility LC Collateral Account shall be returned by the Agent to the Company or paid to whomever may be legally entitled thereto at such time

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents (whether now existing or hereafter arising) are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity.

ARTICLE IX

THE AGENT

9.01 Appointment and Authorization. Each Bank hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of

this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks (or all the Banks if specifically required hereunder) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks (or all the Banks if specifically required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent on or prior to the Closing Date by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.05 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each

Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd., and their respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though Bank One were not the Agent and Credit Suisse First Boston was not the Syndication Agent and Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. were not the Documentation Agents hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York, The Bank of Tokyo-Mitsubishi, Ltd. or their respective Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that neither the Agent, the Syndication Agent nor the Documentation Agents shall be under any

obligation to provide such information to them. With respect to its Loans, each of Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, the Syndication Agent or the Documentation Agents, as applicable, and the terms "Bank" and "Banks" include each of Bank One, Credit Suisse First Boston, Wachovia Bank, National Association, The Bank of New York and The Bank of Tokyo-Mitsubishi, Ltd. in its individual capacity. Notwithstanding anything herein to the contrary, the Arrangers, the Syndication Agent and the Documentation Agents named herein shall not have any duties or liabilities under this Agreement, except in their capacity, if any, as Banks.

9.09 Successor Agent. The Agent may, and at the request of the Company (so long as no Default or Event of Default exists at the time of such request) or the Majority Banks shall, resign as Agent upon 30 days' notice to the Banks. If the Agent resigns under this Agreement, the Company shall appoint from among the Banks a successor agent for the Banks (unless an Event of Default then exists in which case the Majority Banks shall appoint the successor agent). If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Company or the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax.

(a) If any Bank claims exemption from withholding tax under a United States tax treaty by providing IRS Form W-8 BEN and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form W-8 BEN as no longer valid.

(b) Subject to the requirements of this Agreement, if any Bank claiming exemption from United States withholding tax by filing IRS Form W-8 ECI with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by the Code.

(c) If the IRS or any other Governmental Authority of the United States or any other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not

properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this subsection, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver and consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by the Company and each Bank affected thereby, and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to subsection 8.02(a));

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, Facility Fees, Utilization Fees, Reimbursement Obligations, LC Fees or other material amounts due to the Banks (or any of them) or the LC Issuers (or any of them) hereunder or under any other Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, Reimbursement Obligations or (subject to clause (ii) below) any Facility Fees, Utilization Fees, LC Fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Aggregate Outstanding Exposure which is required for the Banks or any of them to take any action hereunder;

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks; or

(f) except pursuant to a transaction permitted under Section 7.02 and Section 7.03, release any Guarantor from its obligations under the Guaranty;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, (ii) any fee letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto, (ii) no amendment, waiver or consent of any provision herein relating to the LC

Issuers shall be effective without the written consent of the LC Issuers and (iii) no amendments, consents or waivers are required to effectuate the increases in Commitments pursuant to Section 2.07(b) except as provided in such Section.

10.02 Notices.

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.02; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the fifth Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent, the Banks and the LC Issuers herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Agent, the Banks and the LC Issuers shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and, absent gross negligence or willful misconduct, the Agent, the Banks and the LC Issuers shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent, the Banks or the LC Issuers in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans and pay the Reimbursement Obligations shall not be affected in any way or to any extent by any failure by the Agent and the Banks or the LC Issuers, as the case may be, to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks or the LC Issuers, as the case may be, of a confirmation which is at variance with the terms understood by the Agent and the Banks or the LC Issuers to be contained in the telephonic or facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent, any Bank or any LC Issuer, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Company shall:

(a) pay or reimburse the Agent within five Business Days after demand for all reasonable costs and expenses incurred by the Agent in connection with the development, preparation, documentation negotiation, syndication, distribution, administration and closing of

this Agreement and the Loan Documents and any other documents prepared in connection therewith (whether or not closing occurs), and the administration of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any such other documents, including reasonable Attorney Costs incurred by the Agent with respect thereto; and

(b) pay or reimburse the Agent, the Arrangers and each Bank within five Business Days after demand for all reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.05 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, each Bank and each LC Issuer and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, fines, expenses and disbursements (including reasonable Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) result from an action, suit, proceeding or claim asserted against any such Indemnified Person by any Person not entitled to indemnification under this section in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or any act or omission of the Borrower contrary to the representations made in Section 5.21, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement, the Loans or any Facility LC or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, however, that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities resulting from such Indemnified Person's gross negligence or willful misconduct. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law. Promptly upon receipt of notice of the making of any claim or the initiation of any action, suit, or proceeding (together, "Dispute"), the Indemnified Person shall, if a claim in respect thereof is to be made against the Company hereunder, notify the Company in writing thereof, provided that any failure to provide such notice shall not excuse the Company from its obligations under this Section, except to the extent that such failure to notify shall have materially prejudiced the Company's position. The Company shall have the right at its expense to control the defense of any Dispute, provided the Company has delivered prompt notice to the Indemnified Person expressly agreeing to assume the defense thereof and reaffirming its obligation to indemnify and hold harmless hereunder, with nationally-recognized counsel selected by the Company, but reasonably satisfactory to the Indemnified Person. In such event, the Company shall promptly notify the Indemnified Person of any and all material developments in such Dispute and the Company shall not agree to any settlement or material stipulation in such Dispute without the prior written consent of the Indemnified Person (such consent not to be

unreasonably withheld). Notwithstanding the foregoing, if in the reasonable judgment of the Indemnified Person, there may exist *bona fide* legal defenses available to it relating to the Dispute which conflict with those of the Company or another Indemnified Person, such Indemnified Person shall have the right to select separate counsel, at the expense of the Company, to assert such legal defenses and otherwise participate in the legal defense of such Dispute on behalf of such Indemnified Person. Notwithstanding the foregoing, no Dispute subject to this paragraph shall be settled without the Company's prior consent, not to be unreasonably withheld; provided, however, that any Indemnified Person may settle any such Dispute without the Company's consent if (a) the market reputation of Bank One or its Affiliates, or any Bank or its Affiliates which becomes an Indemnified Person under this Section 10.05, or the relationship of any of such Persons with their applicable state or federal regulators, in the judgment of such Persons, is being or foreseeably will be materially impaired as a result of the continuation of such Dispute, or (b) such Dispute involves or relates to any allegation of criminal wrongdoing, or (c) the Company is disputing its obligation to indemnify under this Section, or (d) the Company has failed to respond to any request for such consent within 10 days of its receipt of written notice of such proposed settlement. No Indemnified Person shall have any liability to the Company or any of its Affiliates for any indirect or consequential damages in connection with its activities related to this Agreement. The agreements in this Section shall survive payment of all other Obligations and the termination of the Commitments.

10.06 Payments Set Aside. To the extent that the Company makes a payment to the Agent, the Banks or the LC Issuers, or the Agent, the Banks or the LC Issuers exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent, such Bank or such LC Issuer in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share or other applicable share of any amount so recovered from or repaid by the Agent.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank and no Bank shall assign any of its rights or obligations hereunder except in accordance with Section 10.08.

10.08 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default, and any LC Issuer and the Agent, which consents shall not be unreasonably withheld or delayed, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company, any LC Issuer or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of such Bank's Outstanding Credit Exposure, the Commitment and the other rights and obligations of such Bank hereunder, in a minimum amount of $5,000,000 (or such lesser amount

as the Company and the Agent may consent); provided, however, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit I ("Assignment and Acceptance") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of $3,500, provided that in the case of a transfer under Section 3.08, the assignor Bank shall not be obligated to pay such processing fee.

(b) From and after the date that the Agent notifies the Company and the assignor Bank that it has received an executed Assignment and Acceptance which has been consented to by the Agent, the LC Issuers and by the Company (if required), and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that the Agent, the LC Issuers and the Company consent to such assignment in accordance with subsection 10.08(a), to the extent required), the Company shall, if requested, execute and deliver to the Agent Notes for the Assignee (if the Assignee was not previously a Bank under this Agreement) and, if the assignor Bank is not retaining any interest in this Agreement such assignor Bank shall promptly cancel and return its Notes to the Agent for return to the Company. Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank protanto.

(d) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default, which consent shall not be unreasonably withheld, at any time sell to one or more Eligible Assignees (a "Participant") participating interests in any Outstanding Credit Exposure of such Bank, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01 and (v) with respect to the sale of participating interests in any Bid Loan to any Participant, (x) the Company's consent shall not be required and

(y) the Participant need not be an Eligible Assignee. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on such Company's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall disseminate such information except on a "need to know" basis to employees of such Bank or Affiliate, as the case may be, and their respective representatives or use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process (provided that such Bank shall promptly notify the Company of any such subpoena or process, unless it is legally prohibited from doing so, and cooperate with the Company at the Company's expense in obtaining a suitable order protecting the confidentiality of such information); (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party provided that such Bank will promptly notify the Company of any such disclosure and use reasonable efforts at the Company's expense to obtain a suitable order protecting the confidentiality of such information; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; and (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or (provided that there exists no Event of Default, with the written consent of the Company,) potential, provided that such Affiliate, Participant or Assignee agrees in writing to keep such information confidential to the same extent required of the Banks hereunder. Notwithstanding anything to the contrary set forth herein or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein (the "Confidentiality Obligations"), as they relate to the transactions contemplated by this Agreement, shall not apply to the "tax structure" or "tax treatment" of the transactions contemplated by this Agreement (as these terms are used in Section 1.6011-4(b)(3) (or any successor provision) of the Treasury Regulations (the "Confidentiality Regulation") promulgated under Section 6011 of the Internal Revenue Code of 1986, as amended); and each party hereto (and any employee, representative, or agent of any party hereto) may disclose to any and all persons, without limitation of any kind, the "tax structure" and "tax treatment" of the transactions contemplated by this Agreement (as these terms are defined in the Confidentiality Regulation). In addition, each party hereto acknowledges that it has no proprietary or exclusive rights to any tax matter or tax idea related to the transactions contemplated by this Agreement.

(f) Notwithstanding any other provision in this Agreement, without consent of the Company, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it (i) in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law, and (ii) to any direct or indirect counterparties in credit derivative transactions relating to the Loans for the purpose of the physical settlement of such transaction. If requested by any such Bank for purposes of this subsection 10.08(f), the Company shall execute and deliver Notes to such Bank.

10.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. In the event of any inconsistency between this section and any agreement governing deposits maintained by the Company with any Bank, this Section shall control with respect to set-offs affecting this Agreement. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.10 Notification of Addresses, Lending Offices, Etc. Each Bank and each LC Issuer shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.11 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.12 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.13 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks, the LC Issuers, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.14 Governing Law and Jurisdiction.

(a) THIS AGREEMENT (AND THE NOTES) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT, THE BANKS AND THE LC ISSUERS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT, THE BANKS AND THE LC ISSUERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT, THE BANKS AND THE LC ISSUERS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO.

10.15 Waiver of Jury Trial. THE COMPANY, THE BANKS, THE LC ISSUERS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.16 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks, the LC Issuers and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

10.17 USA PATRIOT ACT NOTIFICATION. The following notification is provided to the Company pursuant to Section 326 of the USA PATRIOT Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for the Company: When Company opens an account, the Agent, the LC Issuers and the Banks will ask for Company's name, tax identification number, business address, and other information that will allow the Agent, the LC Issuers and the Banks to identify the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

DELUXE CORPORATION

By: /s/ Raj Agrawal

Name: Raj Agrawal
Title: Vice President and Treasurer

Federal Employer Identification Number:

41-0216880

BANK ONE, NA (MAIN OFFICE CHICAGO),
individually and as Agent

By: /s/ Ronald Edwards

Name: Ronald Edwards
Title: Director/Senior Underwriter

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
individually and as Syndication Agent

By: /s/ Jay Chall

Name: Jay Chall
Title: Director

By: /s/ Rianka Mohan

Name: Rianka Mohan
Title: Associate

SIGNATURE PAGE TO 5-YEAR REVOLVING CREDIT AGREEMENT DATED JULY 2004

THE BANK OF NEW YORK, individually and as Co-Documentation Agent

By: /s/ John-Paul Marotta

Name: John-Paul Marotta
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD., CHICAGO BRANCH, individually and as Co-Documentation Agent

By: /s/ Patrick McCue

Name: Patrick McCue
Title: Vice President and Manager

WACHOVIA BANK, NATIONAL ASSOCIATION,
individually and as Co-Documentation Agent

By: /s/ Kirsten Carver

Name: Kirsten Carver
Title: Associate

THE NORTHERN TRUST COMPANY

By: /s/ David C. Fisher

Name: David C. Fisher
Title: Vice President

NATIONAL CITY BANK

By: /s/ Laura J. Rowley

Name: Laura J. Rowley
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Mark H. Halldorson

Name: Mark H. Halldorson
Title: Vice President

By: /s/ Jennifer D. Barrett

Name: Jennifer D. Barrett
Title: Vice President & Loan Team Manager

BNP PARIBAS

By: /s/ Peter C. Labrie

Name: Peter C. Labrie
Title: Central Region Manager

By: /s/ Christine L. Howard

Name: Christine L. Howard
Title: Director

FIFTH THIRD BANK

By: /s/ David C. Melin

Name: David C. Melin
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Christopher W. Rupp

Name: Christopher W. Rupp
Title: Assistant Vice President

ANNEX I

PRICING GRID

5-Year Revolving Credit Pricing Grid					
Status	**Level I**	**Level II**	**Level III**	**Level IV**	**Level V**
Applicable Facility Fee Rate	0.090%	0.100%	0.125%	0.175%	0.225%

Applicable Utilization Fee Rate	0.100%	0.100%	0.125%	0.150%	0.250%
LIBO Rate Applicable Margin	0.210%	0.300%	0.375%	0.425%	0.525%
Base Rate Applicable Margin	0.000%	0.000%	0.000%	0.000%	0.000%
Commercial LC Fee Rate	0.150%	0.200%	0.250%	0.300%	0.375%
Standby LC Fee Rate	0.300%	0.400%	0.500%	0.600%	0.750%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Level I Status" exists at any date if, on such date, the Company's Moody's Rating is A2 or better *or* the Company's S&P Rating is A or better.

"Level II Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status and (ii) the Company's Moody's Rating is A3 or better *or* the Company's S&P Rating is A- or better.

"Level III Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status or Level II Status and (ii) the Company's Moody's Rating is Baa1 or better *or* the Company's S&P Rating is BBB+ or better.

"Level IV Status" exists at any date if, on such date, (i) the Company has not qualified for Level I Status, Level II Status or Level III Status and (ii) the Company's Moody's Rating is Baa2 or better *or* the Company's S&P Rating is BBB or better.

"Level V Status" exists at any date if, on such date, the Company has not qualified for Level I Status, Level II Status, Level III Status or Level IV Status.

"Moody's Rating" means, at any time, the rating issued by Moody's Investors Service, Inc. and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

ANNEX I

"Rating" means Moody's Rating or S&P Rating.

"S&P Rating" means, at any time, the rating issued by Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and then in effect with respect to the Company's senior unsecured long-term debt securities without third-party credit enhancement.

"Status" means Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

The Applicable Margins, the Applicable Facility Fee Rate, the Applicable Utilization Fee Rate, the applicable Commercial LC Fee Rate and the applicable Standby LC Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current Moody's or S&P Rating. If the Company is split-rated and the ratings differential is two levels or more, the intermediate rating at the midpoint will apply. If there is no midpoint, the higher of the two intermediate ratings will apply. The credit rating in effect on any date for the purposes of this Schedule is that in effect at the close of business on such date. Unless Moody's or S&P, as applicable, shall cease generally to issue public ratings with respect to senior unsecured long-term debt securities without third-party credit enhancement (in which event the Applicable Margins, the Applicable Facility Fee Rate, the Applicable Utilization Fee Rate, the applicable Commercial LC Fee Rate and the applicable Standby LC Fee Rate shall be determined in accordance with the foregoing table based on the Company's Status as determined from its then-current and available Moody's or S&P Rating, as applicable), if the Company does not have both a Moody's Rating and an S&P Rating, Level V Status shall apply.

ANNEX I

SCHEDULE 2.01

LIST OF COMMITMENTS AND PRO RATA SHARES

BANK	COMMITMENT	PRO RATA SHARE
BANK ONE, NA	$ 27,346,154	12.154%
CREDIT SUISSE FIRST BOSTON	$ 27,346,154	12.154%
THE BANK OF NEW YORK	$ 25,615,385	11.385%
THE BANK OF TOKYO-MITSUBISHI, LTD	$ 25,615,385	11.385%
WACHOVIA BANK, NATIONAL ASSOCIATION	$ 25,615,385	11.385%
THE NORTHERN TRUST COMPANY	$ 15,923,077	7.077%
NATIONAL CITY BANK	$ 15,923,077	7.077%
WELLS FARGO BANK, NATIONAL ASSOCIATION	$ 15,923,077	7.077%
BNP PARIBAS	$ 15,923,077	7.077%

FIFTH THIRD BANK	$ 15,923,077	7.077%
U.S. BANK, NATIONAL ASSOCIATION	$ 13,846,154	6.152%
TOTAL	$ 225,000,000	100%

SCHEDULES

SCHEDULE 5.05

LITIGATION

None.

SCHEDULES

SCHEDULE 5.07

ERISA MATTERS

None.

SCHEDULES

SCHEDULE 5.12

ENVIRONMENTAL MATTERS

None.

SCHEDULES

SCHEDULE 5.16

LIST OF SUBSIDIARIES AND MATERIAL EQUITY INVESTMENTS

(a) Subsidiaries

Deluxe Financial Services, Inc.	(MN — 100%)
Designer Checks, Inc.	(AL — 100%)
Direct Checks Unlimited, LLC	(CO — 100%)
DLX Check Printers, Inc.	(MN — 100%)
DLX Check Texas, Inc.	(MN — 100%)
Deluxe Financial Services Texas L.P.	
Paper Payment Services LLC	(MN — 100%)
Plaid Moon, Inc.	(MN — 100%)
PPS Holding Company, Inc.	(MN — 100%)
PPS Services 1, Inc.	(MN — 100%)
PPS Services 2, Inc.	(MN — 100%)
Accounting Forms Co., Inc.	(MA — 100%)
Chiswick, Inc.	(MA — 100%)
Mass Distribution, Inc.	(DE — 100%)
McBee Systems, Inc.	(CO — 100%)
New England Business Service, Inc.	(DE — 100%)
NEBS Interactive, Inc.	(MA — 100%)
NEBS Capital	
PremiumWear, Inc.	(DE — 100%)
Rapidforms, Inc.	(NJ — 100%)
Russell and Miller, Inc.	(DE — 100%)
Safeguard Business Systems, Inc.	(DE — 100%)
Stephen Fossler Company	(DE — 100%)
Veripack, Inc.	(DE — 100%)
NEBS Business Stationery Limited	(UK — 100%)
Shirlite Limited	(UK — 100%)
Sigma Afterprint Services Limited	(UK — 100%)
Standard Forms Limited	(UK — 100%)
Standard Forms Holdings Limited	(UK — 100%)
NEBS Business Products Limited	(ON — 100%)
NEBS Payroll Service Limited	(ON — 100%)
Safeguard Business Systems Limited (ON — 100%)	

(b) Material Equity Investments

Deluxe Mexicana S.A. de C.V.	(Mexico — 50%)

SCHEDULES

SCHEDULE 7.01

EXISTING LIENS

None.

SCHEDULES

SCHEDULE 10.02

OFFSHORE AND DOMESTIC LENDING OFFICES, ADDRESSES FOR NOTICES

DELUXE CORPORATION

Address for Notices

3680 Victoria Street North
Shoreview, MN 55126
Attention: Raj Agrawal, Vice President and Treasurer
Telephone: (651) 787-1068
Facsimile: (651) 787-1566

With a copy to:

3680 Victoria Street North
Shoreview, MN 55126
Attention: Anthony C. Scarfone, General Counsel
Telephone: (651) 483-7122
Facsimile: (651) 787-2749

BANK ONE, NA as Agent

Notices for Borrowing, Conversions/Continuations, and Payments

Bank One, NA
One Bank One Plaza
Chicago, IL 60670
Attention: Erica Lowe
Telephone : (312) 732-6137
Facsimile: (312) 732-4303

Address for Notices other than Borrowing:

Bank One, NA
111 E. Wisconsin Ave.
Milwaukee, WI 53202
Attention: Anthony Maggiore
Telephone: (414) 765-3111
Facsimile: (414) 765-2625

SCHEDULES

EXHIBIT A

FORM OF TRANSMITTAL LETTER/COMPLIANCE CERTIFICATE

DELUXE CORPORATION

Financial Statements Date: _____

Reference is made to that certain 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (in such capacity, the "Agent") and as an LC Issuer. Unless otherwise defined herein, capitalized terms used herein have the respective meanings assigned to them in the Credit Agreement.

[Use the following if this Transmittal Letter/Certificate is delivered in connection with the financial statements required by subsection 6.01(a) of the Credit Agreement.]

Transmittal Letter

Pursuant to subsection 6.01(a) of the Credit Agreement, attached hereto are true copies of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of the fiscal year ended _____ and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, accompanied by the opinion of the Independent Auditor, which report states that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP.

Certificate

The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its consolidated Subsidiaries that:

1. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.

2. The computations set forth below are true and correct as of _____, ____, the last day of the accounting period for which the aforesaid financial statements were prepared.

3. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

4. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____
Title: _____

[***Use the following paragraph if this Certificate is delivered in connection with the financial statements required by subsection 6.01(b) of the Credit Agreement.]***

Certificate

_____The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its Consolidated Subsidiaries, and that:

1. Pursuant to Section 6.01(b) of the Credit Agreement, attached hereto are true copies of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of the fiscal quarter ended _____ and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, which fairly present in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

2. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.

3. The computations set forth below are true and correct as of _____, ____, the last day of the accounting period for which the aforesaid financial statements were prepared.

4. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

5. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____
Title: _____

SCHEDULE 1
to the Compliance Certificate

Dated _____ / For the fiscal quarter ended _____.

	Actual	Required/Permitted

I. Section 7.10 – Interest Coverage

Ratio of Earnings Before Interest and Taxes to Interest Expense under Section 7.10	_____ to 1.00	Not less than 3.00 to 1.00 (measured as of the last day of any fiscal quarter)

II. Section 7.11 – Subsidiary Indebtedness

Aggregate Indebtedness of Company's consolidated Subsidiaries	_____	Not greater than $50,000,000 (measured as of the last day of any fiscal quarter)

EXHIBIT B

FORM OF NOTICE OF BORROWING

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the 5-Year Revolving Credit Agreement, dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (the "Agent") and as an LC Issuer, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.03 of the Credit Agreement, of the Committed Borrowing specified below:

1. The Business Day of the proposed Committed Borrowing is _____.

2. The aggregate amount of the proposed Committed Borrowing is $_____.

3. The Committed Borrowing is to be comprised of $_____ of [Offshore Rate] [Base Rate] Committed Loans.

4. [If applicable:] The duration of the Interest Period for the Offshore Rate Committed Loans included in the Committed Borrowing shall be _____ months.

5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Committed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

1. the representations and warranties of the Company contained in Article V of the Credit Agreement (excluding those contained in Section 5.11(b) of the Credit Agreement) are true and correct as though made on and as of such date, except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such date;

2. no Default or Event of Default has occurred and is continuing, or would result from such proposed Committed Borrowing;

3. after giving effect to the proposed Committed Borrowing the Aggregate Outstanding Credit Exposure does not exceed the aggregate Commitments under the Credit Agreement.

DELUXE CORPORATION

By: _____
Title: _____

EXHIBIT C

FORM OF NOTICE OF CONVERSION/CONTINUATION

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the 5-Year Revolving Credit Agreement, dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank One, NA, as Agent (the "Agent") and as an LC Issuer, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.04 of the Credit Agreement, of the [conversion] [continuation] of Committed Loans specified below:

1. The Conversion/Continuation Date is _____.

2. The aggregate amount of the Committed Loans to be [converted] [continued] is $_____.

3. The Committed Loans are to be [converted into] [continued as] [Offshore Rate] [Base Rate] Committed Loans.

4. [If applicable:] The duration of the Interest Period for the Committed Loans included in the [conversion] [continuation] shall be ____ months.

5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements will be true on and as of the proposed Conversion/Continuation Date, before and after giving effect thereto and to the application of the proceeds therefrom:

1. the representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of such date (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date;

2. no Default or Event of Default exists or shall result from such proposed [conversion] [continuation];

3. after giving effect to the proposed [conversion][continuation], the Aggregate Outstanding Credit Exposure does not exceed the aggregate Commitments under the Credit Agreement.

DELUXE CORPORATION

By: _____
Title: _____

EXHIBIT D

FORM OF INVITATION FOR COMPETITIVE BIDS

Via Facsimile

Date: _____

To the Banks Listed on Annex A Attached Hereto

Ladies and Gentlemen:

Reference is made to that certain 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto and Bank One, NA, as Agent for the Banks (in such capacity, the "Agent") and as an LC Issuer. Capitalized terms used herein have the meanings specified in the Credit Agreement.

Pursuant to subsection 2.06(b) of the Credit Agreement, you are hereby invited to submit offers to make Bid Loans to the Company based on the following specifications:

1. Date of Bid Borrowing: _____;

2. Aggregate amount of Bid Borrowing: $_____;

3. The Bid Loans shall be: [LIBOR Bid Loans] [Absolute Rate Bid Loans]; and

4. Interest Period[s] and requested Interest Payment Dates, if any: [_____], [_____] and [_____].

All Competitive Bids shall be in the form of Exhibit F to the Credit Agreement and shall be received by the Agent no later than 10:00 a.m. (Chicago time) on _____, _____; provided that terms of the offer or offers contained in any Competitive Bid(s) to be submitted by the Agent (or any Affiliate of the Agent) shall be notified to the Company not later than 10:00 a.m. (Chicago time) on _____.[1]

BANK ONE, NA, as Agent

By: _____
Title: _____

1 Insert a date which is three Business Days prior to the date of Borrowing, in the case of a LIBOR Auction, or on the date of Borrowing, in the case of an Absolute Rate Auction.

ANNEX A

to the Invitation for Competitive Bids

List of Bid Loan Lenders

[Bank One, NA, as a Bank]

Facsimile: (415) 622-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

[Bank]

Facsimile: (___) ___-____

EXHIBIT E

FORM OF COMPETITIVE BID REQUEST

Date: _____

To: Bank One, NA
as Agent

Ladies and Gentlemen:

Reference is made to the 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto, and Bank One, NA, as Agent and as an LC Issuer. Capitalized terms used herein have the meanings specified in the Credit Agreement.

This is a Competitive Bid Request for Bid Loans pursuant to Section 2.06(a) of the Credit Agreement as follows:

The Business Day of the proposed Bid Borrowing is: _____.
The aggregate amount of the proposed Bid Borrowing is: $_____.
The proposed Bid Borrowing to be made pursuant to Section 2.06 shall be comprised of [LIBOR] [Absolute Rate] Bid Loans.
The Interest Period[s] and Interest Payment Dates, if any, for the Bid Loans comprised in the Bid Borrowing shall be: _____, [_____] and [_____].

DELUXE CORPORATION

By: _____
Title: _____

EXHIBIT F

FORM OF COMPETITIVE BID

Date: _____

To: Bank One, NA,
as Agent

Ladies and Gentlemen:

Reference is made to the 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the "Banks" party thereto, and Bank One, NA, as Agent and as an LC Issuer. Capitalized terms used herein have the meanings specified in the Credit Agreement.

In response to the Invitation for Competitive Bids dated _____ and in accordance with subsection 2.06(c)(ii) of the Credit Agreement, the undersigned Bank offers to make [a] Bid Loan[s] thereunder in the following principal amounts[s], at the following interest rates and for the following Interest Period[s], with Interest Payment Dates as specified by the Company:

Date of Bid Borrowing: _____

Aggregate Maximum Bid Amount: $_____

Offer 1 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

_____

* Interest rate may be quoted to five decimal places.

Offer 2 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

Offer 3 (Maximum Bid Amount: $_____) Interest Period: _____

Principal Amount $_____	Principal Amount $_____	Principal Amount $_____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*	[LIBOR Bid Margin +/-___%]*

[NAME OF BANK]

By: _____
Title: _____

_____
* Interest rate may be quoted to five decimal places.

EXHIBIT G-1

FORM OF COMMITTED LOAN NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned, Deluxe Corporation, a Minnesota corporation (the "Company"), hereby promises to pay to the order of _____ (the "Bank") at the offices of Bank One, NA, as Administrative Agent for the Banks (the "Agent") the aggregate unpaid principal amount of all Committed Loans made by the Bank to the Company pursuant to the 5-Year Revolving Credit Agreement, dated as of July 22, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Bank, the other financial institutions from time to time party thereto (the "Banks"), Bank One, NA, as Agent and as an LC Issuer, on the dates and in the amounts provided in the Credit Agreement. The Company further promises to pay interest on the unpaid principal amount of the Committed Loans evidenced hereby from time to time at the rates and on the dates as provided in the Credit Agreement.

As provided in the Credit Agreement, the Bank is authorized to endorse the amount of and the date on which each Committed Loan is made, the maturity date therefor and each payment of principal with respect thereto on the schedules annexed hereto and made a part hereof, or on continuations of such schedules which shall be attached hereto and made a part hereof; provided that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Promissory Note (this "Note").

This Note is one of the Committed Loan Notes referred to in, and is entitled to the benefits of, the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

Terms defined in the Credit Agreement are used herein with their defined meanings therein unless otherwise defined herein.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

DELUXE CORPORATION

By: _____
Title: _____
Address:
3680 Victoria Street North
Shoreview, Minnesota 55126-2966

SCHEDULE
to Committed Loan Note
[Offshore Rate Committed Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

SCHEDULE
to Committed Loan Note
[Base Rate Committed Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

EXHIBIT G-2

FORM OF BID LOAN NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned, Deluxe Corporation, a Minnesota corporation (the "Company"), hereby promises to pay to the order of _____ (the "Bank") at the offices of Bank One, NA, as Administrative Agent for the Banks (the "Agent") the aggregate unpaid principal amount of all Bid Loans made by the Bank to the Company pursuant to the 5-Year Revolving Credit Agreement, dated as of July 22, 2004 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Bank, the other financial institutions from time to time party thereto (the "Banks"), Bank One, NA, as Agent and as an LC Issuer, on the dates and in the amounts provided in the Credit Agreement. The Company further promises to pay interest on the unpaid principal amount of the Bid Loans evidenced hereby from time to time at the rates and on the dates as provided in the Credit Agreement.

As provided in the Credit Agreement, the Bank is authorized to endorse the amount of and the date on which each Bid Loan is made, the maturity date therefor and each payment of principal with respect thereto on the schedules annexed hereto and made a part hereof, or on continuations of such schedules which shall be attached hereto and made a part hereof; provided that any failure to endorse such information on such schedule or continuation thereof shall not in any manner affect any obligation of the Company under the Credit Agreement and this Promissory Note (this "Note").

This Note is one of the Bid Loan Notes referred to in, and is entitled to the benefits of, the Credit Agreement, which Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

Terms defined in the Credit Agreement are used herein with their defined meanings therein unless otherwise defined herein.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

DELUXE CORPORATION

By: _____
Title: _____
Address:
3680 Victoria Street North
Shoreview, Minnesota 55126-2966

SCHEDULE
to Bid Loan Note
[Absolute Rate Bid Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

SCHEDULE
to Bid Loan Note
[LIBOR Bid Loans]

Date Loan Disbursed	Amount of Loan	Maturity Date	Principal Payment	Date Principal Paid

EXHIBIT H

FORM OF OPINION OF ANTHONY C. SCARFONE,
GENERAL COUNSEL TO THE COMPANY

Each of the following opinions will address, as applicable, matters related to Deluxe Corporation (the "Borrower") and New England Business Service, Inc. (the "Initial Guarantor", and together with the Borrower, the "Companies"):

1. The Borrower and each of its Material Subsidiaries, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to conduct business under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect (as defined in the Agreement). Each of the Companies has the requisite corporate power to execute, deliver and perform its obligations under the Loan Documents to which it is a party.

2. The execution, delivery and performance by each of the Companies of the Loan Documents to which it is a party have been duly authorized by all requisite corporate action. The Loan Documents have been duly executed and delivered by each of the Companies parties thereto and constitute the valid and binding obligations of each Company party thereto, enforceable against each such Company in accordance with their respective terms.

3. The execution and delivery by each of the Companies of the Loan Documents to which it is a party, and the performance by the Companies of their respective obligations thereunder do not and will not (a) violate any provision of law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the applicable Company, (b) violate or be in conflict with any provision of the Amended Articles of Incorporation or By-laws (as amended) of the applicable Company, (c) result in breach or constitute a default under any indenture, loan or credit agreement or any other material agreement, lease or instrument known to me to which such Company is a party or by which it or any of its properties may be bound or result in the creation of a Lien thereunder.

4. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of any Company to authorize, or is required in connection with the due execution, delivery and performance of, or the legality, validity or binding effect or enforceability of, the Loan Documents.

5. Except as disclosed on Schedule 5.05 of the Agreement, there are no actions, suits or proceedings pending or, to the best of my knowledge, overtly threatened against or affecting any Company or any of its respective properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which (i) challenge the legality, validity or enforceability of the Loan Documents, or (ii) would reasonably be expected to have a Material Adverse Effect.

6. Neither of the Companies is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

7. There is no litigation pending or, to the best of my knowledge, threatened, alleging that any slogan or other advertising device, product, process, method, substance, part or other material now employed by the Borrower or any Subsidiary infringes upon any rights of any other Person which would reasonably be expected to have a Material Adverse Effect.

8. The making of the Loans contemplated by the Agreement, and the use of the proceeds thereof as provided in the Agreement, does not violate Regulations T, U or X of the FRB.

EXHIBIT I

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of _____ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (including the Assignor, the "Banks") and Bank One, NA, as agent for the Banks (in such capacity, the "Agent") and as an LC Issuer. Any terms defined in the Credit Agreement and not defined in this Assignment and Acceptance are used herein as defined in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed to making Committed Loans to the Company in an aggregate amount not to exceed $_____ (the "Commitment");

[WHEREAS, as provided under the Credit Agreement, the Assignor has committed to issuing Facility LCs to the Company in an aggregate amount not to exceed $_____ (the "LC Commitment");

WHEREAS, [the Assignor has made Committed Loans in the aggregate principal amount of $_____ to the Company consisting of $_____ principal amount of Committed Loans [no Committed Loans are outstanding under the Credit Agreement];

[WHEREAS, [the Assignor has issued Facility LCs in the aggregate principal amount of $_____ to the Company consisting of $_____ principal amount of Facility LCs [no Facility LCs are outstanding under the Credit Agreement]; and

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all] rights and obligations of the Assignor under the Credit Agreement in respect of its Commitment, [together with a corresponding portion of each of its outstanding Committed Loans], in an amount equal to ___% of the Assignor's Commitment and Committed Loans, on the terms and subject to the conditions set forth herein, and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, (i) the Assignor hereby sells, transfers and assigns to the Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) ___% (the "Assignee's Percentage Share") of (A) the Commitment [and the Outstanding Credit Exposure] of the Assignor and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement and the Loan Documents.

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Credit Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in the amount set forth in subsection (c) below. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank. It is the intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the portion thereof assigned to the Assignee hereunder, and the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee; provided, however, that the Assignor shall not relinquish its rights under Article III or Sections 10.04 and 10.05 of the Credit Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignee's Commitment will be $_____; and (ii) the principal amount of the Assignee's Outstanding Credit Exposure will be $_____.

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignor's Commitment will be $_____; and (ii) the principal amount of the Assignor's Outstanding Credit Exposure will be $_____.

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to $_____, representing the Assignee's Percentage Share of the principal amount of all Committed Loans previously made [, and Facility LCs issued] by the Assignor to the Company under the Credit Agreement and outstanding on the Effective Date.

(b) The [Assignor] [Assignee] further agrees to pay to the Agent a processing fee in the amount specified in Section 10.08(a) of the Credit Agreement.

3. Reallocation of Payments. Any interest, fees and other payments accrued prior to the Effective Date with respect to the Commitment, Committed Loans and Facility LCs, if any, of the Assignor shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the portion of such Commitment, Committed Loans and Facility LCs assigned to the Assignee shall be for the account of the

Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee: (a) acknowledges that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in Section 5.11 or Section 6.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and (b) agrees that it will, independently and without reliance upon the Assignor, the Agent, the Arrangers, or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be _____ (the "Effective Date"); provided that the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee;

(ii) any consent of the Company and the Agent required under Section 10.08(a) of the Credit Agreement for the effectiveness of the assignment hereunder by the Assignor to the Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the processing fee referred to in Section 2(b) hereof and in Section 10.08(a) of the Credit Agreement shall have been paid to the Agent; and

(v) the Assignor and Assignee shall have complied with the other requirements of Section 10.08 of the Credit Agreement and with the requirements of Sections 9.10 and 3.01 of the Credit Agreement (in each case to the extent applicable).

(b) Promptly following the execution of this Assignment and Acceptance, the Assignor shall deliver to the Company and the Agent for acknowledgement by the Agent, a Notice of Assignment substantially in the form attached hereto as Schedule 1.

6. Agent. The Assignee hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the Banks pursuant to the terms of the Credit Agreement. [The

Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Credit Agreement.] ***[INCLUDE ONLY IF ASSIGNOR IS AGENT]***

7. Withholding Tax. The Assignee agrees to comply with Sections 3.01 and 9.10 of the Credit Agreement (if applicable).

8. Representations and Warranties.

(a) The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Company, or the performance or observance by the Company, of any of its respective obligations under the Credit Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; (iii) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee,

enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances.

The Assignor and the Assignee each hereby agrees to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents to the Company or the Agent, which may be required in connection with the assignment and assumption contemplated hereby.

10. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE ASSIGNOR AND THE ASSIGNEE EACH IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL

COURT SITTING IN NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT AND ACCEPTANCE AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT. EACH PARTY TO THIS ASSIGNMENT AND ACCEPTANCE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS ASSIGNMENT AND ACCEPTANCE OR ANY DOCUMENT RELATED HERETO,

AND PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, AND ANY RELATED DOCUMENTS AND AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE PARTIES ALSO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. ***[Other provisions to be added as may be negotiated between the Assignor and the Assignee, provided that such provisions are not inconsistent with the Credit Agreement.]***

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Title: _____

[ASSIGNEE]

By: _____
Title: _____

SCHEDULE 1
to the Assignment and Acceptance

NOTICE OF ASSIGNMENT AND ACCEPTANCE

Date: _____

Bank One, NA
as Agent

_____
_____
_____

Attention: _____

Deluxe Corporation

_____
_____
_____

Attention: _____

Ladies and Gentlemen:

We refer to the 5-Year Revolving Credit Agreement dated as of July 22, 2004 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement") among Deluxe Corporation (the "Company"), the Banks referred to therein and Bank One, NA, as Agent for the Banks (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

1. We hereby give you notice of[, and request the consent of the Company and the Agent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") of ____% of the right, title and interest of the Assignor in and to the Credit Agreement (including, without limitation, ____% of the right, title and interest of the Assignor in and to the Commitment of the Assignor and all outstanding Committed Loans made [, and Facility LCs issued,] by the Assignor) pursuant to that certain Assignment and Acceptance Agreement, dated as of _____ (the "Assignment and Acceptance") between Assignor and Assignee, a copy of which Assignment and Acceptance is attached hereto. Before giving effect to such assignment the Assignor's Commitment is $_____ and the aggregate principal amount of its outstanding Committed Loans is $_____.

2. The Assignee agrees that, upon receiving the consent of the Company and the Agent to such assignment and from and after the Effective Date (as such term is defined in Section 5 of the Assignment and Acceptance), the Assignee shall be bound by the terms of the Credit Agreement, with respect to the interest in the Credit Agreement assigned to it as specified

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above, as fully and to the same extent as if the Assignee were the Bank originally holding such interest in the Credit Agreement.

3. The following administrative details apply to the Assignee:

(A) Lending Office(s):

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

(B) Notice Address:

Assignee name: _____
Address: _____
_____
_____
_____
Attention: _____
Telephone: ( )_____
Facsimile: ( )_____

(C) Payment Instructions:

Account No.: _____
At: _____
_____
_____
_____
Reference: _____
Attention: _____

---

4. You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and Assignee contained in the Assignment and Acceptance.

5. This Notice of Assignment and Acceptance may be executed by the Assignor and the Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same notice and agreement.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

Adjusted Commitment:

[ASSIGNOR]

$_____

By: _____

Title: _____

Adjusted Pro Rata Share:

_____%

Commitment:

[ASSIGNEE]

$_____]

By: _____

Title: _____

ACKNOWLEDGED this ____ day of _____:

BANK ONE, NA
as Agent and as an LC Issuer

By: _____

Title: _____

CONSENTED TO this ____ day of _____:

DELUXE CORPORATION

By: _____

Title: _____

DELUXE CORPORATION2004
ANNUAL INCENTIVE PLAN

1. **Establishment.** On January 27, 2004, the Board of Directors of Deluxe Corporation, upon recommendation by the Compensation Committee of the Board of Directors, approved an incentive plan for executives and key employees of the Company as described herein, which plan shall be known as the "Deluxe Corporation 2004 Annual Incentive Plan." This Plan shall be submitted for approval by the shareholders of Deluxe Corporation at the 2004 Annual Meeting of Shareholders, and no benefits shall be paid to Executives pursuant to this Plan unless and until this Plan has been approved by the shareholders.

2. **Purpose.** The purpose of this Plan is to advance the interests of Deluxe Corporation and its shareholders by attracting and retaining key employees, and by stimulating the efforts of such employees to contribute to the continued success and growth of the business of the Company. This Plan is further intended to provide employees with an opportunity to increase their ownership of the Company's common stock and, thereby, to increase their personal interest in the long-term success of the business in a manner designed to increase shareholder value.

3. **Definitions.** When the following terms are used herein with initial capital letters, they shall have the following meanings:

3.1 **Base Salary —** a Participant's annualized base salary, as determined by the Compensation Committee, as of the last day of a Performance Period.

3.2 **Code —** the Internal Revenue Code of 1986, as it may be amended from time to time, and any proposed, temporary or final Treasury Regulations promulgated thereunder.

3.3 **Common Stock** — the common stock, par value $1.00 per share, of Deluxe.

3.4 **Company** — Deluxe Corporation, a Minnesota corporation, and its subsidiaries or affiliates, whether now or hereafter established.

3.5 **Compensation Committee** — a committee of the Board of Directors of the Company designated by such Board to administer the Plan which shall consist of members appointed from time to time by the Board of Directors and shall be composed of not fewer than such number of directors as shall be required to permit grants and awards made under the Plan to satisfy the requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "1934 Act"), as amended, or any successor rule or regulation ("Rule 16b-3"). Each member of the Compensation Committee shall be a "Non-Employee Director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code.

3.6 **Executives** — all Participants for a given Performance Period designated by the Compensation Committee as "Executives" for purposes of this Plan. The Compensation

Committee shall designate as Executives all Participants it reasonably believes may be "named executive officers" under Item 402 of Regulation S-K promulgated under the 1934 Act for that Performance Period.

3.7 **Match Percentage** — the percentage established by the Compensation Committee pursuant to the Plan as provided in Section 6.1 below.

3.8 **Maximum Award Percentage** — a percentage, which may be greater or less than 100%, as determined by the Compensation Committee for each Participant with respect to each Performance Period and with respect to each Performance Factor.

3.9 **Other Participants** — all Participants for a given Performance Period who are not designated as "Executives" by the Compensation Committee for such Performance Period.

3.10 **Participants** — any management or highly compensated employees of the Company who are designated by the Compensation Committee prior to the start of a Performance Period as Participants in this Plan. Directors of the Company who are not also employees of the Company are not eligible to participate in the Plan. Participants shall be designated as either Executives or Other Participants by the Compensation Committee as provided in Section 4.3 below.

3.11 **Performance Factor** — the pre-established, objective performance goals selected by the Compensation Committee for each Participant with respect to each Performance Period and which shall be determined solely on account of the attainment of one or more pre-established, objective performance goals selected by the Compensation Committee in connection with the grant of an award hereunder; provided, however, that in the case of Other Participants, such performance goals need not be objective and may be based on such business criteria as the Compensation Committee may determine to be appropriate, which may include financial and nonfinancial performance goals that are linked to such individual's business unit or the Company as a whole or to such individual's areas of responsibility. The objective performance goals for Executives shall be based solely on one or more of the following business criteria, which may apply to the individual in question, an identifiable business unit or the Company as a whole, and on an annual or other periodic or cumulative basis: sales values, margins, volume, cash flow, stock price, market share, revenue, sales, earnings per share, profits, earnings before interest expense and taxes, earnings before interest expense, interest income and taxes, earnings before interest expense, taxes, and depreciation and/or amortization, earnings before interest expense, interest income, taxes, and depreciation and/or amortization, return on equity or costs, return on invested or average capital employed, economic value, or cumulative total return to shareholders (in each case, whether compared to pre-selected peer groups or not).

3.12 **Performance Period** — each consecutive twelve-month period commencing on January 1 of each year during the term of this Plan.

3.13 **Plan** — this Deluxe Corporation 2004 Annual Incentive Plan.

3.14 **Stock Incentive Plan —** the Deluxe Corporation 2000 Stock Incentive Plan, as amended from time to time.

3.15 **Target Award** — a dollar amount or a percentage of Base Salary, which may be greater or less than 100%, as determined by the Compensation Committee with respect to each Participant for each Performance Period.

3.16 **Units** — Restricted Stock Units, as defined in the Stock Incentive Plan.

4. **Administration.**

4.1 **Power and Authority of Compensation Committee.** The Plan shall be administered by the Compensation Committee. The Compensation Committee shall have full power and authority, subject to all the applicable provisions of the Plan and applicable law, to (a) establish, amend, suspend or waive such rules and regulations and appoint such agents as it deems necessary or advisable for the proper administration of the Plan, (b) construe, interpret and administer the Plan and any instrument or agreement relating to the Plan, (c) determine, from time to time, whether shares of Common Stock and/or Units will be made available to Participants under the Plan, and (d) make all other determinations and take all other actions necessary or advisable for the administration of the Plan. Unless otherwise expressly provided in the Plan, each determination made and each action taken by the Compensation Committee pursuant to the Plan or any instrument or agreement relating to the Plan shall be (i) within the sole discretion of the Compensation Committee, (ii) may be made at any time and (iii) shall be final, binding and conclusive for all purposes on all persons, including, but not limited to, Participants, and their legal representatives and beneficiaries, and employees of the Company.

4.2 **Delegation.** The Compensation Committee may delegate its powers and duties under the Plan to one or more officers of the Company or a committee of such officers, subject to such terms, conditions and limitations as the Compensation Committee may establish in its sole discretion; provided, however, that the Compensation Committee shall not delegate its power (a) to make determinations regarding officers or directors of the Company who are subject to Section 16 of the 1934 Act or (b) in such a manner as would cause the Plan not to comply with the provisions of Section 162(m) of the Code.

4.3 **Determinations** made prior to each Performance Period. On or before the 90th day of each Performance Period, the Compensation Committee shall:

(a) designate all Participants (including designation as Executives or Other Participants) for such Performance Period;

(b) establish a Target Award and a Match Percentage for each Participant; and

(c) with respect to each Participant, establish one or more Performance Factors and a corresponding Maximum Award Percentage for each Performance Factor.

4.4 **Certification**. Following the close of each Performance Period and prior to payment of any amount to any Participant under the Plan, the Compensation Committee must certify in writing which of the applicable Performance Factors for that Performance Period (and the corresponding Maximum Award Percentages) have been achieved and certify as to the attainment of all other factors upon which any payments to a Participant for that Performance Period are to be based.

4.5 **Shareholder Approval**. The material terms of this Plan shall be disclosed to and submitted for approval by shareholders of the Company in accordance with Section 162(m) of the Code. No amount shall be paid to any Executive under this Plan unless such shareholder approval has been obtained.

5. **Incentive Payment.**

5.1 **Formula.** Each Participant shall receive an incentive payment for each Performance Period in an amount not greater than:

(a) the Participant's Target Award for the Performance Period, multiplied by

(b) the Participant's Maximum Award Percentage for the Performance Period that corresponds to the Performance Factor achieved by the Participant for that Performance Period.

5.2 **Limitations.**

(a) **Discretionary Increase or Reduction**. The Compensation Committee shall retain sole and absolute discretion to increase or reduce the amount of any incentive payment otherwise payable to any Participant under this Plan, but may not increase the payment to any Executive for any Performance Period.

(b) **Continued Employment**. Except as otherwise provided by the Compensation Committee, no incentive payment under this Plan with respect to a Performance Period shall be paid or owed to a Participant whose employment terminates prior to the last day of such Performance Period.

(c) **Maximum Payments**. No Participant shall receive a payment under this Plan for any Performance Period in excess of $5.0 million, including the value of any Match Percentage.

6. **Benefit Payments.**

6.1 **Time and Form of Payments**. Prior to a date specified by the Compensation Committee but in no event later than the 90th day of a Performance Period, each Participant shall elect whether to receive benefits which may be paid under the Plan in cash or in the form of shares of Common Stock or Units (whichever is made available by the Compensation Committee to such Participant in the Compensation Committee's sole discretion) or some combination thereof. Participants who elect to receive some percentage of the incentive payment in the form of cash shall be entitled to elect, at the same time as the cash election is made, to defer such receipt in accordance with the terms of any Company deferred compensation plan in effect at the time and applicable to such cash payment. In the event a Participant has elected to receive some percentage of the incentive payment in the form of cash, and subject to any such deferred compensation election, such cash incentive shall be paid as soon as administratively feasible after the Compensation Committee has made the certifications provided for in Section 4.4 above and otherwise determined the amount of such Participant's incentive payment payable under this Plan. In the event that a Participant chooses to receive some percentage of the incentive payment in the form of shares or Units (as the case may be), in lieu of cash (the "Share Dollar Amount"), the Participant shall be entitled to receive shares of restricted Common Stock or Units (as the

case may be) equal to a percentage (the "Match Percentage") of the Share Dollar Amount established by the Compensation Committee pursuant to this Plan. The number of shares or Units issued or granted pursuant to this Section 6.1 shall be determined based on the fair market value of a share of Common Stock (as determined in accordance with the terms of the Stock Incentive Plan) as of the date specified by the Compensation Committee that such shares or Units are to be issued or awarded, after the Compensation Committee has made the certifications required by Section 4.4 above and otherwise determined the amount of a Participant's incentive payment payable under this Plan.

In the event a Participant has elected to receive some percentage of the incentive payment in the form of shares of Common Stock or Units (as the case may be), such shares or Units shall be issued or awarded, respectively, pursuant to the Stock Incentive Plan, which shares or Units shall be subject to such forfeiture rights and to such restrictions regarding transfer as may be established by the Compensation Committee; provided, however, that the individual share limitations contained in Section 4(d)(i) and (ii) of the Stock Incentive Plan shall not apply to shares issued under this Plan, but the aggregate value of any cash, shares and Units paid or granted to any Participant for any Performance Period shall be subject to Section 5.2(c) of this Plan.

6.2 **Nontransferability**. Except as otherwise determined by the Compensation Committee, no right to any incentive payment hereunder, whether payable in cash, shares or other property, shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution; provided, however, that if so determined by the Compensation Committee, a Participant may, in the manner established by the Compensation Committee designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any cash, shares or property hereunder upon the death of the Participant. No right to any incentive payment hereunder may be pledged, attached or otherwise encumbered, and any purported pledge, attachment or encumbrance thereof shall be void and unenforceable against the Company.

6.3 **Tax Withholding**. In order to comply with all applicable federal or state income, social security, payroll, withholding or other tax laws or regulations, the Compensation Committee may establish such policy or policies as it deems appropriate with respect to such laws and regulations, including without limitation, the establishment of policies to ensure that all applicable federal or state income, social security, payroll, withholding or other taxes, which are the sole and absolute responsibility of the Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or part of the federal and state taxes to be withheld or collected upon receipt or payment of (or the lapse of restrictions relating to) an incentive payment payable hereunder, the Compensation Committee, in its sole discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the shares of Common Stock otherwise to be delivered upon payment of (or the lapse of restrictions relating to) an incentive payment hereunder with a fair market value equal to the amount of such taxes or (b) delivering to the Company shares of Common Stock other than the shares issuable upon payment of (or the lapse of restrictions relating to) such incentive payment with a fair market value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

7. **Amendment and Termination; Adjustments.** Except to the extent prohibited by applicable law and unless otherwise expressly provided in the Plan:

(a) **Amendments to the Plan.** The Board of Directors of the Company may amend, alter, suspend, discontinue or terminate the Plan, without the approval of the shareholders of the Company, except that no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval, would violate the rules or regulations of the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc. that are applicable to the Company.

(b) **Waivers of Incentive Payment Conditions or Rights.** The Compensation Committee may waive any conditions of or rights of the Company under any right to an incentive payment hereunder, prospectively or retroactively.

(c) **Limitation on Amendments to Incentive Payment Rights.** Neither the Compensation Committee nor the Company may amend, alter, suspend, discontinue or terminate any rights to an incentive payment, prospectively or retroactively, without the consent of the Participant or holder or beneficiary thereof, except as otherwise herein provided.

(d) **Correction of Defects, Omissions and Inconsistencies.** The Compensation Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it shall deem desirable to carry the Plan into effect.

8. **Miscellaneous.**

8.1 **Effective Date.** This Plan shall be deemed effective, subject to shareholder approval, as of January 1, 2004.

8.2 **Term of the Plan**. Unless the Plan shall have been discontinued or terminated, the Plan shall terminate on December 31, 2008. No right to receive an incentive payment shall be granted after the termination of the Plan. However, unless otherwise expressly provided in the Plan, any right to receive an incentive payment theretofore granted may extend beyond the termination of the Plan, and the authority of the Board of Directors and Compensation Committee to amend or otherwise administer the Plan shall extend beyond the termination of the Plan.

8.3 **Headings**. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

8.4 **Applicability to Successors**. This Plan shall be binding upon and inure to the benefit of the Company and each Participant, the successors and assigns of the Company, and the beneficiaries, personal representatives and heirs of each Participant. If the Company becomes a party to any merger, consolidation or reorganization, this Plan shall remain in full force and effect as an obligation of the Company or its successors in interest (except to the extent modified by the terms of the Stock Incentive Plan with respect to the shares of restricted Common Stock or Units (as the case may be) issued pursuant to Section 6.1 hereof).

8.5 **Employment Rights and Other Benefit Programs**. The provisions of this Plan shall not give any Participant any right to be retained in the employment of the Company. In the absence of any specific agreement to the contrary, this Plan shall not affect any right of the Company, or of any affiliate of the Company, to terminate, with or

without cause, any Participant's employment at any time. This Plan shall not replace any contract of employment, whether oral or written, between the Company and any Participant, but shall be considered a supplement thereto. This Plan is in addition to, and not in lieu of, any other employee benefit plan or program in which any Participant may be or become eligible to participate by reason of employment with the Company. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

8.6 **No Trust or Fund Created**. This Plan shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any affiliate pursuant to this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company or of any affiliate.

8.7 **Governing Law.** The validity, construction and effect of the Plan or any incentive payment payable under the Plan shall be determined in accordance with the laws of the State of Minnesota.

8.8 **Severability**. If any provision of the Plan is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Compensation Committee, materially altering the purpose or intent of the Plan, such provision shall be stricken as to such jurisdiction, and the remainder of the Plan shall remain in full force and effect.

8.9 **Qualified Performance-Based Compensation.** All of the terms and conditions of the Plan shall be interpreted in such a fashion as to qualify all compensation paid hereunder as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

DELUXE CORPORATION 2000 STOCK INCENTIVE PLAN, AS AMENDED

Section 1. Purpose.

The purpose of the plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting management personnel capable of assuring the future success of the Company, by offering such personnel incentives to put forth maximum efforts for the success of the Company's business, and by affording such personnel an opportunity to acquire a proprietary interest in the Company.

Section 2. Definitions.

As used in the plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the committee.

(b) "Award" shall mean any option, stock appreciation right, restricted stock, restricted stock unit, performance award, dividend equivalent or other stock-based award granted under the plan.

(c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any award granted under the plan.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(e) "Committee" shall mean a committee of the board of directors of the Company designated by such board to administer the plan, which shall consist of members appointed from time to time by the board of directors and shall be comprised of not fewer than such number of directors as shall be required to permit grants and awards made under the plan to satisfy the requirements of Rule 16b-3. Each member of the committee shall be a "Non-Employee Director"within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code. The Company expects to have the Plan administered such that certain awards shall be "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

(f) "Company" shall mean DELUXE CORPORATION, a Minnesota corporation, and any successor corporation.

(g) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the plan.

(h) "Eligible Person" shall mean a non-employee director and any employee (as determined by the committee) providing services to the Company or any affiliate who the committee determines to be an eligible person.

(i) "Fair Market Value" shall mean, with respect to any property (including, without limitation, any shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the committee.

(j) "Incentive Stock Option" shall mean an option granted under Section 6(a) of the plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(k) "Non-Employee Director" shall have the meaning provided in Section 7(a) of the plan.

(l) "Non-Qualified Stock Option" shall mean an option granted under Section 6(a) of the plan that is not intended to be an incentive stock option.

(m) "Option" shall mean an incentive stock option or a non-qualified stock option and shall be deemed to include any reload option issued under the plan.

(n) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the plan.

(o) "Participant" shall mean an eligible person designated to be granted an award under the plan.

(p) "Performance Award" shall mean any right granted under Section 6(d) of the plan.

(q) "Person" shall mean any individual, corporation, partnership, association or trust.

(r) "Plan" shall mean this stock incentive plan, as amended from time to time.

(s) "Reload Option" means an option issued under Section 6(a) to purchase a number of shares equal to the number of shares delivered by an option holder (or such lesser number as the committee may determine) in payment of all or any portion of the exercise price of an option previously granted under this plan to such holder, provided that the option term of such option shall not end later than the option term of the option so exercised.

(t) "Reload Option Feature" means provisions in an option granted under this plan that permit the holder of the option to receive a reload option upon the exercise of the option through the delivery of shares in payment of all or any portion of the exercise price. A reload option feature may be included in any reload option issued under the plan.

(u) "Restricted Stock" shall mean any share granted under Section 6(c) of the plan.

(v) "Restricted Stock Unit" shall mean any unit granted under Section 6(c) of the plan evidencing the right to receive a share (or a cash payment equal to the fair market value of a share) at some future date.

(w) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation.

(x) "Section 162(m)" shall mean Section 162(m) of the Code and the applicable Treasury Regulations promulgated thereunder.

(y) "Shares" shall mean shares of common stock, $1.00 par value, of the Company or such other securities or property as may become subject to awards pursuant to an adjustment made under Section 4(c) of the plan.

(z) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the plan.

Section 3. Administration.

(a) *Power and Authority of the Committee.* The plan shall be administered by the committee. Except as provided in Section 7 and subject to the express provisions of the plan and to applicable law, the committee shall have full power and authority to: (i) designate participants; (ii) determine the type or types of awards to be granted to each participant under the plan; (iii) determine the number of shares to be covered by (or with respect to which payments, rights or other matters are to be calculated in connection with) each award; (iv) determine the terms and conditions of any award or award agreement; (v) amend the terms and conditions of any award or award agreement and accelerate the exercisability of options or the lapse of restrictions relating to restricted stock or other awards; (vi) determine whether, to what extent and under what circumstances awards may be exercised in cash, shares, other securities, other awards or other property, or canceled, forfeited or suspended; (vii) determine whether, to what extent and under what circumstances cash, shares, other securities, other awards, other property and other amounts payable with respect to an award under the plan shall be deferred either automatically or at the election of the holder thereof or the committee; (viii) interpret and administer the plan and any instrument or agreement relating to, or award made under, the plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the plan; and (x) make any other determination and take any other action that the committee deems necessary or desirable for the administration of the plan. Unless otherwise expressly provided in the plan, all designations, determinations, interpretations and other decisions under or with respect to the plan or any award shall be within the sole discretion of the committee, may be made at any time and shall be final, conclusive and binding upon any participant, any holder or beneficiary of any award and any employee of the Company or any affiliate.

(b) *Delegation.* The committee may delegate its powers and duties under the plan to one or more officers of the company or an affiliate or a committee of such officers, subject to such terms, conditions and limitations as the committee may establish in its sole discretion; provided, however, that the committee shall not delegate its powers and duties under the plan (i)

with regard to officers or directors of the Company or any affiliate who are subject to Section 16 of the Securities Exchange Act of 1934, as amended, if the effect of such delegation would make the exemption under Rule 16b-3 unavailable or (ii) in such a manner as would cause the plan not to comply with the requirements of Section 162(m) of the Code.

Section 4. Shares Available for Awards.

(a) *Shares Available.* Subject to adjustment as provided in Section 4(c), the number of shares available for granting awards under the plan shall be 8,500,000. (The shareholders originally approved the plan with 3,000,000 shares available and, at the 2002 annual meeting, approved an amendment to the plan to increase the shares available by 5,500,000.) Shares to be issued under the plan may be either shares reacquired or authorized but unissued shares. If any shares covered by an award or to which an award relates are not purchased or are forfeited, or if an award otherwise terminates without delivery of any shares, then the number of shares counted against the aggregate number of shares available under the plan with respect to such award, to the extent of any such forfeiture or termination, shall again be available for grants under the plan. Shares delivered in payment of the option exercise price of an option not containing a reload option feature shall again be available for granting awards under the plan (other than incentive stock options) to the extent that the number of shares so delivered are made subject to an option granted pursuant to section 6(a)(v).

(b) *Accounting for Awards.* For purposes of this Section 4, if an award entitles the holder thereof to receive or purchase shares, the number of shares covered by such award or to which such award relates shall be counted on the date of grant of such award against the aggregate number of shares available for grants under the plan.

(c) *Adjustments.* In the event that the committee shall determine that any dividend or other distribution (whether in the form of cash, shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company or other similar corporate transaction or event affects the shares such that an adjustment is determined by the committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the plan, then the committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of shares (or other securities or other property) which thereafter may be made the subject of awards, (ii) the number and type of shares (or other securities or other property) subject to outstanding awards and (iii) the purchase or exercise price with respect to any award; provided, however, that the number of shares covered by any award or to which such award relates shall always be a whole number.

(d) *Awards Limitation Under the Plan.*

(i) *Section 162(m) Limitation for Certain Types of Awards*. No eligible person may be granted options, stock appreciation rights or any other award or awards under the plan, the value of which award or awards is based solely on an increase in the value of the shares after the date of grant of such award or awards, for more than 400,000 shares (subject to adjustment as provided in Section 4(c) of the plan) in

the aggregate in any calendar year. The foregoing limitation shall not include any shares acquired pursuant to the annual incentive plan.

(ii) *Section 162(m) Limitation for Performance Awards*. The maximum amount payable pursuant to all performance awards to any participant in the aggregate in any calendar year shall be $5.0 million in value, whether payable in cash, shares or other property. This limitation does not apply to any award subject to the limitation contained in Section 4(d)(i) of the plan and shall not include any shares acquired pursuant to the annual incentive plan.

(iii) *Plan Limitation on Restricted Stock, Restricted Stock Units and Performance Awards*. No more than 3,500,000 shares, subject to adjustment as provided in Section 4(c) of the plan, shall be available under the plan for issuance pursuant to grants of restricted stock, restricted stock units and performance awards; provided, however, that if any awards of restricted stock units or performance awards terminate or are forfeited or cancelled without delivery of any shares or if shares of restricted stock are forfeited, whether or not dividends have been paid on such shares, then the shares subject to such termination, forfeiture or cancellation shall again be available for grants of restricted stock, restricted stock units and performance awards for purposes of this limitation on grants of such awards.

Section 5. Eligibility.

Any eligible person, including any eligible person who is an officer or director of the Company or any affiliate, shall be eligible to be designated a participant. In determining which eligible persons shall receive an award and the terms of any award, the committee may take into account the nature of the services rendered by the respective eligible persons, their present and potential contributions to the success of the Company, and such other factors as the committee, in its discretion shall deem relevant. Notwithstanding the foregoing, incentive stock options may only be granted to full or part-time employees (which term as used herein includes, without limitation, officers and directors who are also employees) and an incentive stock option shall not be granted to an employee of an affiliate unless such affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

Section 6. Awards.

(a) *Options.* The committee is hereby authorized to grant options to participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the plan as the committee shall determine:

(i) *Exercise Price*. The purchase price per share purchasable under an option shall be determined by the committee; provided, however, that such purchase price shall not be less than 100 percent of the fair market value of a share on the date of grant of such option and provided further, that in no event shall options previously granted under this Plan be re-priced by reducing the exercise price thereof, nor shall options previously granted under this Plan be cancelled and replaced by

a subsequent re-grant under this Plan of options having an exercise price lower than the options so cancelled.

(ii) *Option Term.* The term of each option shall be fixed by the committee but shall not be longer than 10 years from the date of grant.

(iii) *Time and Method of Exercise.* The committee shall determine the time or times at which an option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, shares, promissory notes, other securities, other awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) *Reload Option Feature*. The committee may determine, in its discretion, whether to grant an option containing a reload option feature and whether any reload option issued upon the exercise of an option containing a reload option feature may itself contain a reload option feature.

(v) *Issuance of Options to Replace Shares.* The committee may determine, in its discretion, whether to grant to a participant who exercises by delivery of shares in payment of all or any portion of the exercise price an option, previously or hereafter granted under the plan, that does not contain a reload option feature, an option to acquire the number of shares so delivered (or such lesser number as the committee may determine), provided that the option term of such option shall not end later than the option term of the option so exercised.

(b) *Stock Appreciation Rights*. The committee is hereby authorized to grant stock appreciation rights to participants subject to the terms of the plan and any applicable award agreement. A stock appreciation right granted under the plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the fair market value of one share on the date of exercise (or, if the committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the stock appreciation right as specified by the committee, which price shall not be less than 100 percent of the fair market value of one share on the date of grant of the stock appreciation right. Subject to the terms of the plan and any applicable award agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any stock appreciation right shall be as determined by the committee. The committee may impose such conditions or restrictions on the exercise of any stock appreciation right as it may deem appropriate.

(c) *Restricted Stock and Restricted Stock Units*. The committee is hereby authorized to grant awards of restricted stock and restricted stock units to participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the plan as the committee shall determine:

(i) *Restrictions*. Shares of restricted stock and restricted stock units shall be subject to such restrictions as the committee may impose (including, without limitation, any limitation on the right to vote a share of restricted stock or the right to receive

any dividend or other right or property with respect thereto or with respect to a restricted stock unit), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the committee may deem appropriate.

(ii) *Stock Certificates*. Any restricted stock granted under the plan may be evidenced by issuance of a stock certificate or certificates or by the creation of a book entry at the Company's transfer agent. Any such certificate or certificates shall be held by the Company. Such certificate or certificates or book entry shall be registered in the name of the participant and any such certificate or certificates shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such restricted stock. A similar notation shall be made in the records of the transfer agent with respect to any shares evidenced by a book entry. In the case of restricted stock units, no shares shall be issued at the time such awards are granted.

(iii) *Forfeiture; Delivery of Shares*. Except as otherwise determined by the committee or provided in a plan governed by this Plan, upon termination of employment (as determined under criteria established by the committee) or, in the case of a director, service as a director during the applicable restriction period, all shares of restricted stock and all restricted stock units at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to shares of restricted stock or restricted stock units. Any share representing restricted stock that is no longer subject to restrictions shall be delivered to the holder thereof promptly after the applicable restrictions lapse or are waived. Upon the lapse or waiver of restrictions and the restricted period relating to restricted stock units evidencing the right to receive shares, such shares shall be issued and delivered to the holders of the restricted stock units, subject to the provisions of the plan and any applicable award agreement.

(d) *Performance Awards*. The committee is hereby authorized to grant performance awards to participants which may be "qualified performance-based compensation" within the meaning of Section 162(m). A performance award granted under the plan may be payable in cash or in shares (including, without limitation, restricted stock and restricted stock units). Performance awards shall, to the extent required by Section 162(m), be conditioned solely on the achievement of one or more objective performance goals, and such performance goals shall be established by the committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Subject to the terms of the plan and any applicable award agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any performance award granted, the amount of any payment or transfer to be made pursuant to any performance award, and any other terms and conditions of any performance award shall be determined by the committee. Notwithstanding any other provision of the plan to the contrary, the following additional requirements shall apply to all performance awards made to any participant under the plan:

(i) *Shareholder Approval of Plan*. Any performance award that is intended to be "qualified performance-based compensation" within the meaning of Section 162(m) shall be null and void and have no effect whatsoever unless the plan, as amended, shall have been approved by the shareholders of the Company at the Company's 2004 annual meeting of shareholders. No performance award shall be granted more than five years after the date of such meeting of shareholders unless the shareholders have re-approved the plan to the extent required by Section 162(m).

(ii) *Business Criteria*. Unless and until the committee proposes for shareholder approval and the Company's shareholders approve a change in the general business criteria set forth in this section, the attainment of which may determine the amount and/or vesting with respect to performance awards, the business criteria to be used for purposes of establishing performance goals for such performance awards shall be selected from among the following alternatives, each of which may be based on absolute standards or comparisons versus specified companies or groups of companies and may be applied at individual or various organizational levels (*e.g.*, the Company as a whole or identified business units, segments or the like): sales values, margins, volume, cash flow, stock price, market share, revenue, sales, earnings per share, profits, earnings before interest expense and taxes, earnings before interest expense, interest income and taxes, earnings before interest expense, taxes, and depreciation and/or amortization, earnings before interest expense, interest income, taxes, and depreciation and/or amortization, return on equity or costs, return on invested or average capital employed, economic value, or cumulative total return to shareholders.

(iii) *Target Award; Maximum Amount Payable*. The target award shall be a dollar amount or a percentage of a participant's annualized base salary, which may be greater or less than 100%, as determined by the committee with respect to each participant for each performance period. The maximum amount payable pursuant to all performance awards to any participant in the aggregate in any calendar year is specified in Section 4(d)(ii) of the plan.

(iv) *Payment of Performance Awards*. Performance awards shall be paid no later than six months following the conclusion of the applicable performance period. The committee may, in its discretion, reduce the amount of a payout otherwise to be made in connection with a performance award, but may not exercise discretion to increase such amount.

(v) *Certain Events*. If a participant dies, becomes permanently and totally disabled or otherwise terminates employment with the approval of the committee before the end of a performance period or after the performance period and before a performance award is paid, the committee may, in its discretion, determine that the participant shall be paid a pro rated portion of the award that the participant would have received but for such death, disability or other approved termination of employment.

(vi) *Designations*. For a performance award, the committee shall, not later than 90 days after the beginning of each performance period, (A) designate all participants for such performance period, (B) establish the objective performance goals for each participant for that performance period on the basis of one or more of the criteria set forth in (ii) above and (C) determine target awards for each participant.

(vii) *Certification*. Following the close of each performance period and prior to payment of any amount to a participant with respect to a performance award, the committee shall certify in writing as to the attainment of all goals (including the performance goals for a participant)

upon which any payments to a Participant for that performance period are to be based.

(e) *Dividend Equivalents*. The committee is hereby authorized to grant to participants dividend equivalents under which such participants shall be entitled to receive payments (in cash, shares, other securities, other awards or other property as determined in the discretion of the committee) equivalent to the amount of cash dividends paid by the Company to holders of shares with respect to a number of shares determined by the committee. Subject to the terms of the plan and any applicable award agreement, such dividend equivalents may have such terms and conditions as the committee shall determine.

(f) *Other Stock-based Awards*. The committee is hereby authorized to grant to participants such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares (including, without limitation, securities convertible into shares), as are deemed by the committee to be consistent with the purpose of the plan; provided, however, that such grants must comply with Rule 16b-3 and applicable law. Subject to the terms of the plan and any applicable award agreement, the committee shall determine the terms and conditions of such awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash, shares, promissory notes, other securities, other awards or other property or any combination thereof), as the committee shall determine, the value of which consideration, as established by the committee, shall not be less than 100 percent of the fair market value of such shares or other securities as of the date such purchase right is granted.

(g) *General*

(i) *No Cash Consideration for Awards*. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) *Awards May Be Granted Separately or Together*. Awards may, in the discretion of the committee, be granted either alone or in addition to, in tandem with, or in substitution for any other award or any award granted under any plan of the Company or any affiliate other than the plan. Awards granted in addition to or in tandem with other awards or in addition to or in tandem with awards granted under any such other plan of the Company or any affiliate, may be granted either at the same time as or at a different time from the grant of such other award or awards.

(iii) *Forms of Payments Under Awards*. Subject to the terms of the plan and of any applicable award agreement, payments or transfers to be made by the Company or an affiliate upon the grant, exercise or payment of an award may be made in such form or forms as the committee shall determine (including, without limitation, cash, shares, promissory notes, other securities, other awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents with respect to installment or deferred payments.

(iv) *Limits on Transfer of Awards*. No award and no right under any such award shall be transferable by a participant otherwise than by will or by the laws of descent and distribution; provided, however, that if so determined by the committee, a participant may, in the manner established by the committee, (x) designate a beneficiary or beneficiaries to exercise the rights of the participant and receive any property distributable with respect to any award upon the death of the participant, or (y) transfer an award (other than an incentive stock option) to any member of such participant's "immediate family" (as such term is defined in Rule 16a-1(e) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) or to a trust whose beneficiaries are members of such participant's "immediate family." Each award or right under any award shall be exercisable during the participant's lifetime only by the participant, or by a member of such participant's immediate family or a trust for members of such immediate family pursuant to a transfer as described above, or if permissible under applicable law, by the participant's guardian or legal representative. No award or right under any such award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any affiliate.

(v) *Term of Awards*. The term of each award shall be for such period, not longer than 10 years from the date of grant, as may be determined by the committee.

(vi) *Restrictions; Securities Exchange Listing*. All certificates for shares or other securities delivered under the plan pursuant to any award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the committee may deem advisable under the plan or the rules, regulations and other requirements of the Securities and Exchange Commission and any applicable federal or state securities laws, and the committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. If the shares or other securities are traded on a securities exchange, the Company shall not be required to deliver any shares or other securities covered by an award unless and until such shares or other securities have been admitted for trading on such securities exchange.

(vii) *Attestation*. Where the plan or any applicable award agreement provides for or permits delivery of shares by a participant in payment with respect to any award or grant under this plan or for taxes, such payment may be made constructively through attestation in the discretion of and in accordance with rules established by the committee.

Section 7. Awards to Non-employee Directors.

(a) *Eligibility; One-Time Award*. In addition to other awards that may be granted to non-employee directors pursuant to Section 6 of the plan, each member of the board of directors who is not an employee of the Company or of any affiliate of the Company (a non-employee director) who is elected to the board subsequent to December 31, 2000 shall, upon the date of his or her initial election to the board, receive an award of 1,000 shares of restricted stock. These shares shall vest in three equal installments, on the

dates of the annual shareholder meeting in each of the three succeeding years, if such director remains in office immediately following such meeting. In the event that in accordance with the Company's policy with respect to mandatory retirement of directors, any director is not nominated for election to serve as a director of the Company, all restricted stock so awarded shall immediately vest in full upon such director's retirement from the board. If a director ceases to be a director prior to the date on which the award is fully vested for any reason other than mandatory retirement, any unvested portion of the award shall terminate and be irrevocably forfeited. Such awards shall be subject to Sections 6(c), 9 and 10 of this plan. The authority of the committee under this Section 7(a) shall be limited to ministerial and non-discretionary matters.

(b) *Annual Stock Option Grants*. Each non-employee director also shall be eligible to receive non-qualified stock options under the terms of Section 6(a) of the plan; provided, however, that no such director shall be eligible to receive more than 5,000 options (exclusive of reload options) in any calendar year, and that all such options shall be subject in all material respects to the same terms, conditions, and restrictions attached to options then being granted to executive officers of the Company.

(c) *Stock Compensation*. Each non-employee director shall be eligible to receive or elect to receive his or her fees for service on the Company's board of directors and the committees thereof in shares or restricted stock units and to defer the receipt of such units, all as described in the Deluxe Corporation Non-Employee Director Stock and Deferral Plan attached hereto as Annex I and hereby made a part hereof.

Section 8. Amendment and Termination; Adjustments.

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an award agreement or in the plan:

(a) *Amendments to the Plan*. The board of directors of the Company may amend, alter, suspend, discontinue or terminate the plan; provided, however, that, notwithstanding any other provision of the plan or any award agreement, without the approval of the shareholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that:

(i) would amend section 4(a), 4(d) or 6(a)(i) of the plan;

(ii) absent such approval, would violate the rules or regulations of the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc., that are applicable to the Company; or

(iii) absent such approval, would cause the Company to be unable, under the Code, to grant incentive stock options under the plan.

The board of directors shall be entitled to delegate to the committee the power to amend such terms of the plan and for such purposes as the board of directors shall from time to time determine.

(b) *Waivers*. The committee may waive any conditions of or rights of the Company under any outstanding award, prospectively or retroactively.

(c) *Limitations on Amendments*. Neither the committee nor the Company may amend, alter, suspend, discontinue or terminate any outstanding award, prospectively or retroactively, without the consent of the participant or holder or beneficiary thereof, except as otherwise provided herein or in the award agreement.

(d) *Correction of Defects, Omissions and Inconsistencies*. The committee may correct any defect, supply any omission or reconcile any inconsistency in the plan or any award in the manner and to the extent it shall deem desirable to carry the plan into effect.

Section 9. Income Tax Withholding.

In order to comply with all applicable federal or state income tax laws or regulations, the committee may establish such policy or policies as it deems appropriate with respect to such laws and regulations, including without limitation the establishment of policies to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a participant, are withheld or collected from such participant. In order to assist a participant in paying all or a portion of the federal and state taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an award, the committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the participant to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the payment or transfer otherwise to be made upon exercise or receipt of (or the lapse of restrictions relating to) such award with a fair market value equal to the amount of such taxes or (ii) delivering to the Company shares or other property other than shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such award with a fair market value equal to the amount of such taxes. The election, if any, must be on or before the date that the amount of tax to be withheld is determined.

Section 10. General Provisions.

(a) *No Rights to Awards*. No eligible person, participant or other person shall have any claim to be granted any award under the plan, and there is no obligation for uniformity of treatment of eligible persons, participants or holders or beneficiaries of awards under the plan.

The terms and conditions of awards need not be the same with respect to any participant or with respect to different participants.

(b) *Award Agreements.* No participant will have rights under an award granted to such participant unless and until an award agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the participant.

(c) *No Limit on Other Compensation Arrangements.* Nothing contained in the plan shall prevent the Company or any affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) *No Right to Employment.* The grant of an award shall not be construed as giving a participant the right to be retained in the employ of the Company or any affiliate, nor will it affect in any way the right of the Company or the affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an affiliate may at any time dismiss a participant from employment free from any liability or any claim under the plan, unless otherwise expressly provided in the plan or in any award agreement.

(e) *Governing Law.* The validity, construction and effect of the plan or any award, and any rules and regulations relating to the plan or any award, shall be determined in accordance with the laws of the State of Minnesota.

(f) *Severability.* If any provision of the plan or any award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the plan or any award under any law deemed applicable by the committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the committee, materially altering the purpose or intent of the plan or the award, such provision shall be stricken as to the plan or such jurisdiction or award, and the remainder of the plan or any such award shall remain in full force and effect.

(g) *No Trust or Fund Created.* Neither the plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and a participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any affiliate pursuant to an award, such right shall be no greater than the right of any unsecured general creditor of the Company or any affiliate.

(h) *No Fractional Shares.* No fractional shares shall be issued or delivered pursuant to the plan or any award, and the committee shall determine whether cash shall be paid in lieu of any fractional shares or whether such fractional shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) *Headings.* Headings are given to the sections and subsections of the plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the plan or any provision thereof.

(j) *Other Benefits*. No compensation or benefit awarded to or realized by any participant under the plan shall be included for the purpose of computing such participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

Section 11. Effective Date of the Plan.

The plan shall be effective as of January 1, 2001, subject to approval by the shareholders of the Company.

Section 12. Term of the Plan.

Unless the plan shall have been discontinued or terminated as provided in Section 8(a), the plan shall terminate on December 31, 2008. No award shall be granted after the termination of the plan. However, unless otherwise expressly provided in the plan or in an applicable award agreement, any award theretofore granted may extend beyond the termination of the plan, and the authority of the committee provided for hereunder with respect to the plan and any awards, and the authority of the board of directors of the Company to amend the plan, shall extend beyond the termination of the plan.

ANNEX I

DELUXE CORPORATION
NON-EMPLOYEE DIRECTOR STOCK AND DEFERRAL PLAN
("PLAN")

1. Purpose of the Plan. The purpose of the Deluxe Corporation Non-Employee Director Stock and Deferral Plan (the "Plan") is to provide an opportunity for non-employee members of the Board of Directors (the "Board") of Deluxe Corporation ("Deluxe" or the "Company") to increase their ownership of Deluxe Common Stock, $1.00 par value ("Common Stock"), and thereby align their interest in the long-term success of the Company with that of the other shareholders. This will be accomplished by allowing each participating director to elect voluntarily to receive all or a portion of his or her Retainer (as hereinafter defined) in the form of shares of Common Stock and to allow each of them to defer the receipt of such shares until a later date pursuant to elections made by him or her under this Plan.

2. Eligibility. Directors of the Company who are not also officers or other employees of the Company or its subsidiaries are eligible to participate in this Plan ("Eligible Directors").

3. Administration. This Plan will be administered by or under the direction of the Secretary of the Company (the "Administrator"). Since the issuance of shares of Common Stock pursuant to this Plan is based on elections made by Eligible Directors, the Administrator's duties under this Plan will be limited to matters of interpretation and administrative oversight. All questions of interpretation of this Plan will be determined by the Administrator, and each determination, interpretation or other action that the Administrator makes or takes pursuant to the provisions of this Plan will be conclusive and binding for all purposes and on all persons. The Administrator will not be liable for any action or determination made in good faith with respect to this Plan.

4. Election to Receive Stock and Stock Issuance.

4.1. Election to Receive Stock in Lieu of Cash. On forms provided by the Company and approved by the Administrator, each Eligible Director may irrevocably elect ("Stock Election") to receive, in lieu of cash, shares of Common Stock having a Fair Market Value, as defined in Section 4.6, equal to 50% or more of the annual cash retainer and all meeting fees (including all committee retainers and meeting fees, the "Retainer") payable to that director for services rendered as a director. From and after January 1, 2001, all Eligible Directors will be deemed to have made such a Stock Election to receive shares of Common Stock with respect to no less than 50% of such Retainer and shall be deemed to be a participating director under this Plan ("Participating Director") to at least such extent. Except as provided in the preceding sentence, to be effective, any Stock Election must be filed with the Company (the date of such filing being the date of such election) no later than May 31 of each year (or by such other date as the Administrator shall determine) and shall apply only with respect to services as a director provided for the period of July 1 of that year through June 30 of the year following ("Fiscal

Year"); provided, however, that an Eligible Director whose initial election to the Board of Directors occurs after May 31, shall have 30 days following such election to make a Stock Election, which shall apply only with respect to services as a director provided following the filing of such Stock Election with the Company during the then current or the ensuing Fiscal Year, as specified in the Stock Election. Following the implementation of the Plan upon the expiration of the existing Deluxe Corporation Non-Employee Director Stock and Deferral Plan, effective as of October 31, 1997, Eligible Directors shall continue to be bound by the Stock Elections previously made by them for the Fiscal Year ending June 30, 2001 with respect to their services as a director during the period from January 1, 2001 through June 30, 2001. In the event that an Eligible Director shall fail to file with the Company the required form for making a Stock Election, such director shall be deemed to have made the same Stock Election that such director made with respect to the then current Fiscal Year, or in the absence of having made such Stock Election, to have elected to receive 50% of his or her Retainer in cash and 50% in Common Stock, and such election will be deemed to have been made on (i) May 31 in any year with respect to the ensuing Fiscal Year as aforesaid and (ii) the thirtieth day following initial election to the Board of new directors with respect to the current Fiscal Year only unless such date is within the period of May 31 through June 30 of that Fiscal Year, in which event the election shall be deemed made for both the current and next following Fiscal Years. Any Stock Election made in accordance with the provisions of this Section 4.1 shall be irrevocable for the period to which such election applies.

4.2. Issuance of Stock in Lieu of Cash. Shares of Deluxe Common Stock having a Fair Market Value equal to the amount of the Retainer so elected shall (i) be issued to each Participating Director or (ii) at the Participating Director's election pursuant to Section 4.3, be credited to such director's account (a "Deferred Stock Account"), on March 15, June 15, September 15 and December 15 for the calendar quarter ending on the last day of each such month (each such payment date, a "Payment Date"). The Company shall not issue fractional shares. Whenever, under the terms of this Plan, a fractional share would be required to be issued, the Company will round the number of shares (up or down) to the nearest integer. In the event that a Participating Director elects to receive less than 100% of each quarterly installment of the Retainer in shares of Common Stock (or Stock Units as defined and provided in Section 4.4), that Participating Director shall receive the balance of the quarterly installment in cash.

4.3. Manner of Making Deferral Election. A Participating Director may elect to defer payment of the Retainer otherwise payable in shares of Common Stock pursuant to this Plan by filing (the date of such filing being the date of such election), no later than May 31 of each year (or by such other date as the Administrator shall determine) with respect to payments in the ensuing Fiscal Year, an irrevocable election with the Administrator on a form (the "Deferral Election Form") provided by the Administrator for that purpose ("Deferral Election"). Any portion of the Retainer to be paid in cash may not be deferred pursuant to the Plan. The special Stock Election rules set forth in Section 4.1 with respect to new directors and continuing elections under the Plan during 2001 shall also apply to the corresponding Deferral Elections. Failure timely to file a Deferral Election shall conclusively be deemed to mean that no election to defer has been made for the applicable period. The Deferral Election shall be effective for the Retainer payable (i) during the ensuing Fiscal Year with respect to elections made on or before May 31 of each year as aforesaid and (ii) for the portion of the Fiscal Year after the date the Deferral Election is made or the ensuing Fiscal Year as specified in the Deferral Election with

respect to Deferral Elections made by new directors. Any Deferral Election made in accordance with the provisions of this Section shall be irrevocable for the period to which such election applies. The Deferral Election form shall specify the amount to be deferred expressed as a percentage of the Participating Director's Retainer.

4.4. Credits to Deferred Stock Account for Elective Deferrals. On each Payment Date, a Participating Director who has made a then effective Deferral Election shall receive a credit in the form of restricted stock units ("Stock Units") to his or her Deferred Stock Account. Each Stock Unit shall represent the right to receive one share of Common Stock. The number of Stock Units credited to a Participating Director's Deferred Stock Account shall be determined by dividing an amount equal to the Participating Director's Retainer payable on the Payment Date for the current calendar quarter and specified for deferral pursuant to Section 4.3, by the Fair Market Value of a share of Common Stock on such Payment Date. If that computation would result in a fractional Stock Unit being credited to a Participating Director's Deferred Stock Account, the Company will round the number of Stock Units so credited (up or down) to the nearest integer.

4.5. Dividend Equivalent Payments. Each time a dividend is paid on the Common Stock, the Participating Director who has a Deferred Stock Account shall receive a dividend equivalent payment on the dividend payment date equal to the amount of the dividend payable on a single share of Common Stock multiplied by the number of Stock Units credited to the Participating Director's Deferred Stock Account on the dividend record date.

4.6. Fair Market Value. The Fair Market Value of each share of Common Stock shall be equal to the closing price of one share of Common Stock on the New York Stock Exchange ("NYSE") on the relevant date as reported by the *Wall Street Journal, Midwest Edition;* provided that if, on such date, the NYSE is not open for business or there are no shares of Common Stock traded on such date, the Fair Market Value of a share of Common Stock shall be equal to the closing price of one share of Common Stock on the first day preceding such date on which the NYSE is open for business and has reported trades in the Common Stock.

4.7. Termination of Service as a Director. If a Participating Director leaves the Board before the conclusion of any quarter of a Fiscal Year, he or she will be paid the quarterly installment of the Retainer entirely in cash or Common Stock on the applicable Payment Date in accordance with such Participating Director's then effective Stock Election, notwithstanding that a Deferral Election is on file with the Company. The date of termination of a Participating Director's service as a director of the Company will be deemed to be the date of termination recorded on the personnel or other records of the Company.

5. Shares Available for Issuance. This Plan constitutes part of the Deluxe Corporation 2000 Stock Incentive Plan, as amended from time to time (the "SIP"), and is subject to the terms and conditions of the SIP. Any shares of Common Stock issued under this Plan shall be issued pursuant to the terms and conditions of the SIP, and any such shares so issued shall be subject to the limits set forth in the SIP, including, without limiting the generality of the foregoing, the limits contained in Section 4(a) of the SIP.

6. Deferral Payment.

6.1. Deferral Payment Election. At the time of making the Deferral Election and as a part thereof, each Participating Director shall make and file with the Company, a deferral payment election on the Deferral Election Form specifying one of the payment options described in Section 6.2. If a Participating Director fails to make a deferral payment election at the time any Deferral Election is made in accordance with this Plan, the Participating Director shall conclusively be deemed to have elected to receive the Common Stock represented by the Stock Units earned during the period covered by the Deferral Election in a lump sum payment at the time of the Participating Director's termination of service on the Board as provided in Section 6.2. The deferral payment election shall be irrevocable as to all amounts credited to the Participating Director's Deferred Stock Account during the period covered by the relevant Deferral Election.

6.2. Payment of Deferred Stock Accounts in a Lump Sum. Stock Units credited to a Participating Director's Deferred Stock Account shall be converted to an equal number of shares of Common Stock and issued in full to the Participating Director on the earlier of the tenth anniversary of February 1 of the year following the Participating Director's termination of service on the Board (or the first business day thereafter) or such other date as elected by the Participating Director by making a deferral payment election in accordance with the provisions of Section 6.1. All payments shall be made in whole shares of Common Stock (rounded as necessary to the nearest integer). Notwithstanding the foregoing, in the event of a Change of Control (as defined in Section 12), Stock Units credited to a Participating Director's Deferred Stock Account as of the business day immediately prior to the effective date of the transaction constituting the Change of Control shall be converted to an equal number of shares of Common Stock (rounded as necessary to the nearest integer) and issued in full to the Participating Director in whole shares of Common Stock on such date.

6.3. Payment to Estate. In the event that a Participating Director shall die before full distribution of his or her Deferred Stock Account, any shares that issue therefrom shall be issued to such Director's estate or beneficiaries, as the case may be.

7. Holding Period. All shares of Common Stock issued under this Plan, including shares that are issued as a result of distributions of a Participating Director's Deferred Stock Account, shall be held by the Participating Director receiving such shares for a minimum period of six months from the date of issuance or such longer period as may be required for compliance with Rule 16b-3, as amended or any successor rule ("Rule 16b-3"), promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Administrator may, in his or her discretion, require that shares of Common Stock issued pursuant to this Plan contain a suitable legend restricting trading in such shares during such holding period

8. Limitation on Rights of Eligible and Participating Directors.

8.1. Service as a Director. Nothing in this Plan will interfere with or limit in any way the right of the Company's Board or its shareholders not to nominate for re-election, elect or remove an Eligible or Participating Director from the Board. Neither this Plan nor any action taken pursuant to it will constitute or be evidence of any agreement or understanding, express or

implied, that the Company or its Board or shareholders have retained or will retain an Eligible or Participating Director for any period of time or at any particular rate of compensation.

8.2. Nonexclusivity of the Plan. Nothing contained in this Plan is intended to affect, modify or rescind any of the Company's existing compensation plans or programs or to create any limitations on the power of the Company's officers or Board to modify or adopt compensation arrangements as they or it may from time to time deem necessary or desirable.

9. Plan Amendment, Modification and Termination. The Board may suspend or terminate this Plan at any time. The Board may amend this Plan from time to time in such respects as the Board may deem advisable in order that this Plan will conform to any change in applicable laws or regulations or in any other respect that the Board may deem to be in the Company's best interests; provided, however, that no amendments to this Plan will be effective without approval of the Company's shareholders, if shareholder approval of the amendment is then required to exempt issuance or crediting of shares of Common Stock or Stock Units from Section 16 of the Exchange Act under Rule 16b-3, or pursuant to the rules of the New York Stock Exchange.

10. Effective Date and Duration of the Plan. This Plan shall become effective on January 1, 2001and shall continue, unless terminated by action of the Board, until the expiration or termination of the SIP, provided that the expiration or termination of this Plan shall not affect any rights of Participating Directors with respect to their Deferral Accounts which shall continue to be governed by the provisions of this Plan until the final distribution of all Deferral Accounts established under this Plan.

11. Participants are General Creditors of the Company. The Participating Directors and beneficiaries thereof shall be general, unsecured creditors of the Company with respect to any payments to be made pursuant to this Plan and shall not have any preferred interest by way of trust, escrow, lien or otherwise in any specific assets of the Company. If the Company shall, in fact, elect to set aside monies or other assets to meet its obligations hereunder (there being no obligation to do so), whether in a grantor's trust or otherwise, the same shall, nevertheless, be regarded as a part of the general assets of the Company subject to the claims of its general creditors, and neither any Participating Director nor any beneficiary thereof shall have a legal, beneficial or security interest therein.

12. Change of Control. A "Change of Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

A. Any Person (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities; or

B. During the period from the effective date of this Plan until final distribution to all Participating Directors of their Deferred Stock Accounts, individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a Person who has acquired securities of the Company or entered into an agreement

with the Company to effect a transaction constituting a Change of Control as described in paragraphs (A), (C) or (D) of this Section 12) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

C. The shareholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (a) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 51% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person acquires more than 40% of the combined voting power of the Company's then outstanding securities; or

D. The shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

E. For the purposes of this Section 12, the following terms shall have definitions ascribed herein to them:

(i) "Person" shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange.

(ii) "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Exchange Act.

(iii) "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.

13. Miscellaneous.

13.1. Securities Law and Other Restrictions. Notwithstanding any other provision of this Plan or any Stock Election or Deferral Election delivered pursuant to this Plan, the Company will not be required to issue any shares of Common Stock under this Plan and a Participating Director may not sell, assign, transfer or otherwise dispose of shares of Common Stock issued pursuant to this Plan, unless (a) there is in effect with respect to such shares a registration statement under the Securities Act of 1933, as amended (the "Securities Act") and any applicable state securities laws or an exemption from such registration under the Securities Act and applicable state securities laws, and (b) there has been obtained any other consent, approval or permit from any other regulatory body that the Administrator, in his or her sole discretion, deems necessary or advisable. The Company may condition such issuance, sale or transfer upon the

receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing shares of Common Stock, as may be deemed necessary or advisable by the Company, in order to comply with such securities law or other restriction.

13.2. Governing Law. The validity, construction, interpretation, administration and effect of this Plan and any rules, regulations and actions relating to this Plan will be governed by and construed exclusively in accordance with the laws of the State of Minnesota.

Deluxe Corporation
Computation of Ratio of Earnings to Fixed Charges

	Six Months Ended June 30, 2004	Year Ended December 31,				
		2003	2002	2001	2000	1999
Earnings:						
Income from continuing operations before income taxes	$152,118	$299,380	$340,722	$297,534	$273,429	$322,582
Interest expense (excluding capitalized interest)	10,378	19,241	5,079	5,691	11,900	8,852
Portion of rent expense under long-term operating leases representative of an interest factor	1,129	2,478	3,058	3,540	3,520	7,728
Total earnings	**$163,625**	**$321,099**	**$348,859**	**$306,765**	**$288,849**	**$339,162**
Fixed charges:						
Interest expense (including capitalized interest)	$ 10,437	$ 19,241	$ 5,139	$ 5,691	$ 11,900	$ 9,925
Portion of rent expense under long-term operating leases representative of an interest factor	1,129	2,478	3,058	3,540	3,520	7,728
Total fixed charges	**$ 11,566**	**$ 21,719**	**$ 8,197**	**$ 9,231**	**$ 15,420**	**$ 17,653**
Ratio of earnings to fixed charges	**14.1**	**14.8**	**42.6**	**33.2**	**18.7**	**19.2**

CEO CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Lawrence J. Mosner, Chief Executive Officer of Deluxe Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Deluxe Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004

/s/ Lawrence J. Mosner

Lawrence J. Mosner
Chief Executive Officer

CFO CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas J. Treff, Senior Vice President and Chief Financial Officer of Deluxe Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Deluxe Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2004

/s/ Douglas J. Treff

Douglas J. Treff
Senior Vice President and
Chief Financial Officer

CEO AND CFO CERTIFICATION OF PERIODIC REPORT

We, Lawrence J. Mosner, Chief Executive Officer of Deluxe Corporation (the "Company"), and Douglas J. Treff, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2004

/s/ Lawrence J. Mosner

Lawrence J. Mosner
Chief Executive Officer

/s/ Douglas J. Treff

Douglas J. Treff
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Deluxe Corporation and will be retained by Deluxe Corporation and furnished to the Securities and Exchange Commission or its staff upon request.