

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

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**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 14, 2006

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**DELUXE CORPORATION**

(Exact name of registrant as specified in its charter)

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**Minnesota**  
(State or Other Jurisdiction  
of Incorporation)

**1-7945**  
(Commission  
File Number)

**41-0216800**  
(I.R.S. Employer  
Identification No.)

**3680 Victoria St. North, Shoreview, Minnesota**  
(Address of Principal Executive Offices)

**55126-2966**  
(Zip Code)

Registrant's telephone number, including area code: (651) 483-7111

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Section 1 – Registrant's Business and Operations**

**Item 1.01 Entry into a Material Definitive Agreement.**

On February 14, 2006, the Compensation Committee of the Company's Board of Directors approved the performance criteria to be utilized in assessing the Company's performance under its annual incentive plan (for the 2006 performance period), and also approved the issuance of equity-based grants under its long-term incentive program (or "LTIP"). All of the Company's executive officers, together with other designated key employees, are eligible to participate in the Annual Incentive Plan (the "AIP") and to receive equity-based grants under the Deluxe Corporation Stock Incentive Plan (the "SIP"), both of which plans have been approved by our shareholders.

Under the AIP, cash bonuses are based on the achievement of objective, predetermined performance criteria for the fiscal year, as determined by the Compensation Committee. For fiscal 2006, the performance criteria include metrics based on operating income and revenue. Depending on whether a participant has a specific business unit affiliation, the criteria used to determine their bonus eligibility may include a combination of consolidated and business unit operating income and revenues, based in all cases upon weightings established by the Compensation Committee. Each participant in the AIP has a targeted payout eligibility expressed as a percentage of base salary and may earn bonuses ranging from 0% to 200% of the targeted amount, according to pre-approved payout scales for each performance criterion. For the Company's Chief Executive Officer, the target bonus opportunity is 100% of base salary, and for all other executive officers to be named in the Company's proxy statement, the target bonus opportunity is 50% of base salary. If threshold performance levels are not achieved, participants are not eligible for bonuses under the AIP.

For 2006, the Company's LTIP includes grants of non-qualified stock options having an exercise price equal to the fair market value of the Company's common stock on the date of grant, as well as performance accelerated restricted stock. All such grants approved by the Compensation Committee on February 14, 2006, are governed by standard forms of award agreements, copies of which are attached as exhibits 10.1 and 10.2 to this Form 8-K. The grants approved by the Compensation Committee on February 14 for the Company's executive officers also include restricted stock that will vest after a two-year retention period, which grants are governed by award agreements in the form attached as exhibit 10.3 to this Form 8-K.

**Section 9 – Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

- 10.1 Form of Non-Qualified Stock Option Agreement (as amended February 2006)
- 10.2 Form of Performance Accelerated Restricted Stock Award Agreement (2006 grants)
- 10.3 Form of Restricted Stock Award Agreement (Two-Year Retention Term)

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 hereunto duly authorized.

Date: February 21, 2006

DELUXE CORPORATION

/s/ Anthony C. Scarfone

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Anthony C. Scarfone  
Senior Vice President,  
General Counsel and Secretary

**INDEX TO EXHIBITS**

Exhibits

- 10.1 Form of Non-Qualified Stock Option Agreement (as amended February 2006)
- 10.2 Form of Performance Accelerated Restricted Stock Award Agreement (2006 grants)
- 10.3 Form of Restricted Stock Award Agreement (Two-Year Retention Term)



**DELUXE  
CORPORATION****NON-QUALIFIED STOCK OPTION AGREEMENT**

GRANTED TO	GRANT DATE	# OF DELUXE CORP COMMON SHARES	OPTION PRICE PER SHARE
	EXPIRATION DATE		

**GRANT**

Deluxe Corporation ("Deluxe") hereby grants to you the right to purchase the above stated number of shares of its common stock, par value \$1.00 per share, at the price stated above.

**DURATION AND EXERCISABILITY**

You may not exercise any portion of this Option prior to one year from the date of grant set forth above (the "Grant Date"), and the Option expires seven years after the Grant Date (the "Expiration Date"). Commencing one year after the Grant Date you may exercise this Option in cumulative installments of 33-1/3 percent on and after the first, second, and third anniversaries of the Grant Date. This entire Option will vest earlier and become exercisable upon your Qualified Retirement, Disability or Death, your termination without Cause or, subject to the limitations provided herein, upon a Change of Control. "Qualified Retirement," "Disability," "Cause" and "Change of Control" are hereinafter defined.

**RETIREMENT, DISABILITY, DEATH OR TERMINATION**

Upon your Qualified Retirement, you will have three years from the date of your retirement to exercise this Option. If you die while employed, the representative of your estate or your heirs will have one year from the date of your death to exercise this Option. If your employment terminates due to Disability, you will have one year from the date of your termination to exercise this Option. If your employment is terminated without Cause by Deluxe or an Affiliate (as hereinafter defined), you will have three months from the date of your termination to exercise this Option. If you resign or otherwise voluntarily terminate your employment with Deluxe or an Affiliate, you will have three months from the date of your termination to exercise this Option, to the extent the Option had vested as of your termination date. In no case, however, may this Option be exercised after the Expiration Date. If your employment with Deluxe or its Affiliates is terminated for Cause, the entire unexercised portion of this Option will be canceled as of your last date of employment.

**TERMS AND CONDITIONS**

This Option Agreement does not guarantee your continued employment or, subject to the provisions of any other written agreement between you and Deluxe or its Affiliates, alter the right of Deluxe or its Affiliates to terminate your employment at any time. You have no rights in the shares subject to this Option until such shares are received upon exercise of this Option. This Option is issued pursuant to the Deluxe Corporation 2000 Stock Incentive Plan, as amended (the "Plan"), and is subject to its terms. In the event of any conflict between the provisions of the Plan and this Option Agreement, the provisions of the Plan shall prevail. Please refer to additional terms and conditions on the attachment to this Option Agreement.

By your acceptance of this option award, you acknowledge receipt of a copy of the Prospectus for the Plan and your agreement to the terms and conditions of the Plan and this Option Agreement.

**DELUXE CORPORATION**

By \_\_\_\_\_

RETAIN THIS DOCUMENT FOR YOUR RECORDS

NQSO 2000-06

Ver. 2/06

**ATTACHMENT TO  
NON-QUALIFIED STOCK OPTION AGREEMENT**

For the purposes hereof the terms used herein shall have the following meanings:

"Qualified Retirement" shall mean any termination of employment that the Compensation Committee of Deluxe's Board of Directors approves as a qualified retirement.

"Disability" shall mean your permanent disability as defined by the provisions of the long term disability plan of Deluxe or any Affiliate by which you are employed at the time of such disability. In the event that any such Affiliate does not have a long term disability plan in effect at such time, you shall be deemed disabled for the purposes hereof if you would have qualified for long term disability payments under Deluxe's long term disability plan had you then been an employee of Deluxe.

"Cause" shall mean:

- (i) You have breached your obligations of confidentiality to Deluxe or any of its Affiliates;
- (ii) You have otherwise failed to perform your employment duties and do not cure such failure within thirty (30) days after receipt of written notice thereof;

- (iii) You commit an act, or omit to take action, in bad faith which results in material detriment to Deluxe or any of its Affiliates;
- (iv) You have had excessive absences unrelated to illness or vacation (“excessive” shall be defined in accordance with local employment customs);
- (v) You have committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with Deluxe or any of its Affiliates or its or their businesses;
- (vi) You have been convicted or have pleaded guilty or nolo contendere to criminal misconduct constituting a felony or a gross misdemeanor, which gross misdemeanor involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of Deluxe or its Affiliates;
- (vii) Your use of narcotics, liquor or illicit drugs has had a detrimental effect on your performance of employment responsibilities; or
- (viii) You are in material default under any agreement between you and Deluxe or any of its Affiliates following any applicable notice and cure period.

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:

- (I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person, any securities acquired directly from Deluxe or its Affiliates or in connection with a transaction described in clause (a) of paragraph III below; or

## ATTACHMENT TO NON-QUALIFIED STOCK OPTION AGREEMENT

- (II) individuals who at the Grant Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Deluxe) whose appointment or election by the Board or nomination for election by Deluxe’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the Grant Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or
- (III) there is consummated a merger or consolidation of Deluxe or any Affiliate with any other company, other than (a) a merger or consolidation which would result in the voting securities of Deluxe outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any Affiliate, at least 65% of the combined voting power of the voting securities of Deluxe or such surviving entity or parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of Deluxe (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities; or
- (IV) the shareholders of Deluxe approve a plan of complete liquidation of Deluxe or there is consummated an agreement for the sale or disposition by Deluxe of all or substantially all Deluxe’s assets, other than a sale or disposition by Deluxe of all or substantially all of Deluxe’s assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of Deluxe in substantially the same proportions as their ownership of Deluxe immediately prior to such sale.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Deluxe immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Deluxe immediately following such transaction or series of transactions.

“Person” shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) Deluxe or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Deluxe in substantially the same proportions as their ownership of stock of Deluxe.

“Beneficial Owner” shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

“Affiliate” shall mean a company controlled directly or indirectly by Deluxe, 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.

In the event that Deluxe is a party to a transaction which is otherwise intended to qualify for “pooling of interests” accounting treatment then (i) the Change of Control provisions contained in this Option Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (ii) to the extent that the application of clause (i) of this paragraph does not preserve the availability of such accounting treatment, then, Deluxe may modify or limit the effect of the provisions of this Option Agreement relating to Change of Control to the extent necessary to qualify the transaction as a “pooling transaction” and provide you with benefits as nearly equivalent as possible to those you would have received absent such modification or limitation, provided, however, to the extent that any of the Change of Control provisions of this Option Agreement would disqualify the transaction as a “pooling” transaction and cannot otherwise be modified or limited, such provisions shall be null and void as of the date hereof. All determinations under this paragraph shall be made by the accounting firm whose opinion with respect to “pooling of interests” is required as a condition to the consummation of such transaction.

**DELUXE CORPORATION**

**PERFORMANCE ACCELERATED RESTRICTED STOCK AWARD AGREEMENT**

AWARDED TO	AWARD DATE	NUMBER OF SHARES OF RESTRICTED STOCK	MARKET PRICE ON DATE OF AWARD

1. **The Award.** Deluxe Corporation, a Minnesota corporation (“Deluxe”), hereby grants to you as of the above Award Date the above number of restricted shares of Deluxe common stock, par value \$1.00 per share (the “Shares”) on the terms and conditions contained in this Restricted Stock Award Agreement (this “Agreement”) and the Deluxe Corporation 2000 Stock Incentive Plan, as amended (the “Plan”).
2. **Restricted Period.** The Shares are subject to the restrictions contained in this Agreement and the Plan for a period (the “Restricted Period”) commencing on the Award Date and ending on the third anniversary of the Award Date, subject to the provisions of Section 4 below.
3. **Restrictions.** The Shares shall be subject to the following restrictions during the Restricted Period:
  - (a) The Shares shall be subject to forfeiture to Deluxe as provided in this Agreement and the Plan.
  - (b) The Shares may not be sold, assigned, transferred or pledged during the Restricted Period. You may not transfer the right to receive the Shares, other than by will or the laws of descent and distribution, and any such attempted transfer shall be void.
  - (c) The Shares will be issued in your name, either by book-entry registration or issuance of a stock certificate, which certificate will be held by Deluxe. If any certificate is issued, the certificate will bear an appropriate legend referring to the restrictions applicable to the Shares.
  - (d) Any stock dividends or other non-cash distributions paid on the Shares during the Restricted Period shall be held by Deluxe until the end of the Restricted Period, at which time Deluxe will pay you all such dividends and other distributions, less any applicable tax withholding amounts. If the Shares are forfeited as described in Section 4 of this Agreement, then all rights to such payments shall also be forfeited.
4. **Forfeiture/Acceleration**
  - (a) The restrictions with respect to fifty percent (50%) of the Shares will lapse, and such Shares shall thereupon become non-forfeitable and transferable, as of the first anniversary of the Award Date, provided (i) you are an employee of the Company on such anniversary date and (ii) the Company has achieved the Performance Threshold set forth in the Addendum to this Agreement, as determined by the Compensation Committee of Deluxe’s Board of Directors.
  - (b) In the event your employment with the Company is terminated prior to the third anniversary of the Award Date, your rights to all of the Shares then subject to restrictions shall be immediately and irrevocably forfeited, unless your termination is by reason of (i) involuntary termination without Cause, (ii) death, (iii) Disability, or (iv) Qualified Retirement (as those capitalized terms are defined in the Addendum to this Agreement).
  - (c) In the event your employment with the Company is terminated by reason of death, Disability or Qualified Retirement prior to the third anniversary of the Award Date, the restrictions with respect to all of the Shares shall lapse and the Shares shall become non- forfeitable and transferable as of the date of such termination. In the event your employment is terminated during the Restricted Period by reason of involuntary termination without Cause, a pro-rata portion of the Shares then subject to restrictions shall vest and become non-forfeitable and transferable as of the date of such termination. In the event of a Change in Control (as defined in the Addendum to this Agreement) during the Restricted Period, a pro-rata portion of the Shares then subject to restrictions shall vest and become non-forfeitable and transferable as of the date of the Change in Control.
5. **Rights.** Upon issuance of the Shares, you shall, subject to the restrictions of this Agreement and the Plan, have all of the rights of a shareholder with respect to the Shares, including the right to vote the Shares and receive any cash dividends and any other distributions thereon, unless and until the Shares are forfeited. Cash dividends will be paid to you at the time such dividends are paid on shares of Deluxe common stock, less any applicable tax withholding amounts, and may, at Deluxe’s discretion, be paid through its normal payroll process.
6. **Income Taxes.** You are liable for any federal and state income or other taxes applicable upon the grant of the Restricted Stock if you make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, within 30 days of the date of grant, or upon the lapse of the restrictions on the Shares, and the subsequent disposition of the Shares, and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Upon the lapse of the restrictions on the Shares, you shall promptly pay to Deluxe in cash, or in previously acquired shares of Deluxe common stock having a fair market value equal to the amount of, all applicable taxes required by Deluxe to be withheld or collected upon the lapse of the restrictions on the Shares. In the alternative, prior to the end of the Restricted Period, you may direct Deluxe to withhold from the Shares the number of Shares having a fair market value equal to the amount of all applicable taxes required by Deluxe to be withheld upon the lapse of the restrictions on the Shares.
7. **Terms and Conditions.** This Agreement does not guarantee your continued employment or alter the right of Deluxe or its affiliates to terminate your employment at any time. This Award is granted pursuant to the Plan and is subject to its terms. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

**DELUXE CORPORATION**

By: \_\_\_\_\_

For the purposes hereof the terms used herein shall have the following meanings:

“Company” shall mean Deluxe and its Affiliates, as herein defined.

The “Performance Threshold” for purposes of section 4(a) of this Agreement shall be as follows: net cash provided by operating activities of continuing operations equal to or exceeding \$267 million for the Company’s 2006 fiscal year, as derived from the Company’s Consolidated Statement of Cash Flows for the year ended December 31, 2006.

“Qualified Retirement” shall mean any termination of employment that the Compensation Committee of Deluxe’s Board of Directors approves as a qualified retirement.

“Disability” shall mean your permanent disability as defined by the provisions of the long term disability plan of Deluxe or any Affiliate by which you are employed at the time of such disability. In the event that any such Affiliate does not have a long term disability plan in effect at such time, you shall be deemed disabled for the purposes hereof if you would have qualified for long term disability payments under Deluxe’s long term disability plan had you then been an employee of Deluxe.

“Cause” shall mean:

- (i) You have breached your obligations of confidentiality to Deluxe or any of its Affiliates;
- (ii) You have otherwise failed to perform your employment duties and do not cure such failure within thirty (30) days after receipt of written notice thereof;
- (iii) You commit an act, or omit to take action, in bad faith which results in material detriment to Deluxe or any of its Affiliates;
- (iv) You have had excessive absences unrelated to illness or vacation (“excessive” shall be defined in accordance with local employment customs);
- (v) You have committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with Deluxe or any of its Affiliates or its or their businesses;
- (vi) You have been convicted or have pleaded guilty or nolo contendere to criminal misconduct constituting a felony or a gross misdemeanor, which gross misdemeanor involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of Deluxe or its Affiliates;
- (vii) Your use of narcotics, liquor or illicit drugs has had a detrimental effect on your performance of employment responsibilities; or
- (viii) You are in material default under any agreement between you and Deluxe or any of its Affiliates following any applicable notice and cure period.

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:

- (I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person, any securities acquired directly from Deluxe or its Affiliates or in connection with a transaction described in clause (a) of paragraph III below; or

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## ADDENDUM TO RESTRICTED STOCK AWARD AGREEMENT

- (II) there is consummated a merger or consolidation of Deluxe or any Affiliate with any other company, other than (a) a merger or consolidation which would result in the voting securities of Deluxe outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any Affiliate, at least 65% of the combined voting power of the voting securities of Deluxe or such surviving entity or parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of Deluxe (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities; or
- (III) individuals who at the Grant Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Deluxe) whose appointment or election by the Board or nomination for election by Deluxe’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the Grant Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or
- (IV) the shareholders of Deluxe approve a plan of complete liquidation of Deluxe or there is consummated an agreement for the sale or disposition by Deluxe of all or substantially all Deluxe’s assets, other than a sale or disposition by Deluxe of all or substantially all of Deluxe’s assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of Deluxe in substantially the same proportions as their ownership of Deluxe immediately prior to such sale.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Deluxe immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Deluxe immediately following such transaction or series of transactions.

“Person” shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) Deluxe or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Deluxe in substantially the same proportions as their ownership of stock of Deluxe.

“Beneficial Owner” shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

“Affiliate” shall mean a company controlled directly or indirectly by Deluxe, 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.



**DELUXE CORPORATION**

**RESTRICTED STOCK AWARD AGREEMENT  
(Two-Year Retention Term)**

AWARDED TO	AWARD DATE	NUMBER OF SHARES OF RESTRICTED STOCK	MARKET PRICE ON DATE OF AWARD

1. **The Award.** Deluxe Corporation, a Minnesota corporation (“Deluxe”), hereby grants to you as of the above Award Date the above number of restricted shares of Deluxe common stock, par value \$1.00 per share (the “Shares”) on the terms and conditions contained in this Restricted Stock Award Agreement (this “Agreement”) and the Deluxe Corporation 2000 Stock Incentive Plan, as amended (the “Plan”).
2. **Restricted Period.** The Shares are subject to the restrictions contained in this Agreement and the Plan for a period (the “Restricted Period”) commencing on the Award Date and ending on the second anniversary of the Award Date, subject to the provisions of Section 4 below.
3. **Restrictions.** The Shares shall be subject to the following restrictions during the Restricted Period:
  - (a) The Shares shall be subject to forfeiture to Deluxe as provided in this Agreement and the Plan.
  - (b) The Shares may not be sold, assigned, transferred or pledged during the Restricted Period. You may not transfer the right to receive the Shares, other than by will or the laws of descent and distribution, and any such attempted transfer shall be void.
  - (c) The Shares will be issued in your name, either by book-entry registration or issuance of a stock certificate, which certificate will be held by Deluxe. If any certificate is issued, the certificate will bear an appropriate legend referring to the restrictions applicable to the Shares.
  - (d) Any stock dividends or other non-cash distributions paid on the Shares during the Restricted Period shall be held by Deluxe until the end of the Restricted Period, at which time Deluxe will pay you all such dividends and other distributions, less any applicable tax withholding amounts. If the Shares are forfeited as described in Section 4 of this Agreement, then all rights to such payments shall also be forfeited.
4. **Forfeiture/Acceleration.** In the event your employment is terminated prior to the second anniversary of the Award Date, your rights to all of the Shares shall be immediately and irrevocably forfeited, unless your termination is by reason of (a) involuntary termination without Cause, (b) death, (c) Disability, or (d) Qualified Retirement (as those capitalized terms are defined in the Addendum to this Agreement).  
  
 In the event your employment is terminated by reason of death, Disability or Qualified Retirement prior to the second anniversary of the Award Date, the restrictions with respect to all of the Shares shall lapse and the Shares shall become non-forfeitable and transferable as of the date of such termination. In the event your employment is terminated during the Restricted Period by reason of involuntary termination without Cause, a pro-rata portion of the Shares shall vest and become non-forfeitable and transferable as of the date of such termination. In the event of a Change in Control (as defined in the Addendum to this Agreement) during the Restricted Period, a pro-rata portion of the Shares shall vest and become non-forfeitable and transferable as of the date of the Change in Control.
5. **Rights.** Upon issuance of the Shares, you shall, subject to the restrictions of this Agreement and the Plan, have all of the rights of a shareholder with respect to the Shares, including the right to vote the Shares and receive any cash dividends and any other distributions thereon, unless and until the Shares are forfeited. Cash dividends will be paid to you at the time such dividends are paid on shares of Deluxe common stock, less any applicable tax withholding amounts, and may, at Deluxe’s discretion, be paid through its normal payroll process.
6. **Income Taxes.** You are liable for any federal and state income or other taxes applicable upon the grant of the Restricted Stock if you make an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, within 30 days of the date of grant, or upon the lapse of the restrictions on the Shares, and the subsequent disposition of the Shares, and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Upon the lapse of the restrictions on the Shares, you shall promptly pay to Deluxe in cash, or in previously acquired shares of Deluxe common stock having a fair market value equal to the amount of, all applicable taxes required by Deluxe to be withheld or collected upon the lapse of the restrictions on the Shares. In the alternative, prior to the end of the Restricted Period, you may direct Deluxe to withhold from the Shares the number of Shares having a fair market value equal to the amount of all applicable taxes required by Deluxe to be withheld upon the lapse of the restrictions on the Shares.
7. **Terms and Conditions.** This Agreement does not guarantee your continued employment or alter the right of Deluxe or its affiliates to terminate your employment at any time. This Award is granted pursuant to the Plan and is subject to its terms. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.

**DELUXE CORPORATION**

By: \_\_\_\_\_

**ADDENDUM TO  
RESTRICTED STOCK AWARD AGREEMENT**

For the purposes hereof the terms used herein shall have the following meanings:

“Qualified Retirement” shall mean any termination of employment that the Compensation Committee of Deluxe’s Board of Directors approves as a qualified retirement.

“Disability” shall mean your permanent disability as defined by the provisions of the long term disability plan of Deluxe or any Affiliate by which you are employed at the time of such disability. In the event that any such Affiliate does not have a long term disability plan in effect at such time, you shall be deemed disabled for the purposes hereof if you would have qualified for long term disability payments under Deluxe’s long term disability plan had you then been an employee of Deluxe.

“Cause” shall mean:

- (i) You have breached your obligations of confidentiality to Deluxe or any of its Affiliates;
- (ii) You have otherwise failed to perform your employment duties and do not cure such failure within thirty (30) days after receipt of written notice thereof;
- (iii) You commit an act, or omit to take action, in bad faith which results in material detriment to Deluxe or any of its Affiliates;
- (iv) You have had excessive absences unrelated to illness or vacation (“excessive” shall be defined in accordance with local employment customs);
- (v) You have committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with Deluxe or any of its Affiliates or its or their businesses;
- (vi) You have been convicted or have pleaded guilty or nolo contendere to criminal misconduct constituting a felony or a gross misdemeanor, which gross misdemeanor involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of Deluxe or its Affiliates;
- (vii) Your use of narcotics, liquor or illicit drugs has had a detrimental effect on your performance of employment responsibilities; or
- (viii) You are in material default under any agreement between you and Deluxe or any of its Affiliates following any applicable notice and cure period.

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:

- (I) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person, any securities acquired directly from Deluxe or its Affiliates or in connection with a transaction described in clause (a) of paragraph III below; or
- (II) individuals who at the Grant Date constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Deluxe) whose appointment or election by the Board or nomination for election by Deluxe’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the Grant Date or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or

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## ADDENDUM TO RESTRICTED STOCK AWARD AGREEMENT

- (III) there is consummated a merger or consolidation of Deluxe or any Affiliate with any other company, other than (a) a merger or consolidation which would result in the voting securities of Deluxe outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any Affiliate, at least 65% of the combined voting power of the voting securities of Deluxe or such surviving entity or parent thereof outstanding immediately after such merger or consolidation, or (b) a merger or consolidation effected to implement a recapitalization of Deluxe (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly of securities of Deluxe representing 20% or more of the combined voting power of Deluxe’s then outstanding securities; or
- (IV) the shareholders of Deluxe approve a plan of complete liquidation of Deluxe or there is consummated an agreement for the sale or disposition by Deluxe of all or substantially all Deluxe’s assets, other than a sale or disposition by Deluxe of all or substantially all of Deluxe’s assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of Deluxe in substantially the same proportions as their ownership of Deluxe immediately prior to such sale.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of Deluxe immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Deluxe immediately following such transaction or series of transactions.

“Person” shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) Deluxe or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Deluxe in substantially the same proportions as their ownership of stock of Deluxe.

“Beneficial Owner” shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

“Affiliate” shall mean a company controlled directly or indirectly by Deluxe, 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.

