

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

FORM 10-Q

(Mark one)

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

For quarterly period ending March 31, 1998

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-7945

DELUXE CORPORATION  
(Exact name of registrant as specified in its charter)

MINNESOTA 41-0216800  
(State or other jurisdiction of (IRS Employer Identification No.)  
incorporation or organization)

3680 Victoria St., N. St. Paul, Minnesota 55126-2966  
(Address of principal executive offices) (Zip Code)

(612) 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  No

The number of shares outstanding of registrant's common stock, par value \$1.00 per share, at May 6, 1998 was 80,826,968.

ITEM I. FINANCIAL STATEMENTS

PART I. FINANCIAL INFORMATION  
DELUXE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in Thousands)

<TABLE>  
<CAPTION>

	March 31, 1998 (Unaudited)	December 31, 1997
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	\$ 153,459	\$ 171,438
Marketable securities	13,696	8,021
Trade accounts receivable	135,640	151,201
Inventories:		
Raw material	19,742	22,950
Semi-finished goods	10,817	9,132
Finished goods	17,786	23,768
Supplies	11,080	11,146
Deferred advertising	10,135	15,763
Deferred income taxes	50,351	50,345
Prepaid expenses and other current assets	51,972	48,849
	-----	-----
Total current assets	474,678	512,613
	-----	-----

LONG-TERM INVESTMENTS	51,892	52,910
PROPERTY, PLANT, AND EQUIPMENT		
Land	38,349	38,832
Buildings and improvements	283,762	288,270
Machinery and equipment	557,432	562,637
Construction in progress	3,583	346
	-----	-----
Total	883,126	890,085
Less accumulated depreciation	479,511	475,077
	-----	-----
Property, plant, and equipment - net	403,615	415,008
INTANGIBLES		
Cost in excess of net assets acquired - net	55,177	54,435
Internal use software - net	89,156	74,584
Other intangible assets - net	39,656	38,814
	-----	-----
Total intangibles	183,989	167,833
	-----	-----
TOTAL ASSETS	\$ 1,114,174	\$ 1,148,364
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 76,940	\$ 73,516
Accrued liabilities:		
Wages, including vacation pay	63,058	62,513
Employee profit sharing and pension	9,480	40,517
Accrued income taxes	41,904	31,960
Accrued rebates	35,944	36,708
Other	122,693	129,263
Long-term debt due within one year	6,724	7,078
	-----	-----
Total current liabilities	356,743	381,555
	-----	-----
LONG-TERM DEBT	111,008	109,986
DEFERRED INCOME TAXES	6,353	6,040
OTHER LONG-TERM LIABILITIES	39,554	40,535
SHAREHOLDERS' EQUITY		
Common shares - \$1 par value (authorized 500,000,000 shares; issued: 1998 - 80,613,944 shares; 1997 - 81,325,925 shares)	80,614	81,326
Additional paid-in capital		4,758
Retained earnings	520,744	525,302
Unearned compensation	(397)	(649)
Cumulative translation adjustment	(445)	(489)
	-----	-----
Total shareholders' equity	600,516	610,248
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,114,174	\$ 1,148,364
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in Thousands Except per Share Amounts)  
(Unaudited)

	QUARTER ENDED MARCH 31, 1998	1997
	-----	-----
NET SALES	\$ 488,970	\$ 490,104
OPERATING EXPENSES		
Cost of sales	223,612	227,195
Selling, general and administrative	193,841	196,767
	-----	-----
Total	417,453	423,962
	-----	-----
INCOME FROM OPERATIONS	71,517	66,142
OTHER INCOME (EXPENSE)		
Other income	3,312	5,632
Interest expense	(2,223)	(2,385)
	-----	-----
INCOME BEFORE INCOME TAXES	72,606	69,389
PROVISION FOR INCOME TAXES	29,035	27,964
	-----	-----
NET INCOME	\$ 43,571	\$ 41,425

	=====	=====
NET INCOME PER COMMON SHARE - Basic and Diluted	\$ 0.54	\$ 0.50
CASH DIVIDENDS PER COMMON SHARE	\$ 0.37	\$ 0.37

See Notes to Consolidated Financial Statements

DELUXE CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Quarter Ended March 31, 1998 and 1997  
(Dollars in Thousands)  
(Unaudited)

<TABLE>  
<CAPTION>

	1998	1997
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 43,571	\$ 41,425
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	15,150	14,120
Amortization of intangibles	5,393	6,920
Stock purchase discount	1,620	1,735
Net loss (gain) on sales of businesses	558	(3,500)
Changes in assets and liabilities, net of effects from discontinued operations and sales of businesses:		
Trade accounts receivable	15,051	(10,804)
Inventories	6,168	7,309
Accounts payable	3,666	(1,688)
Other assets and liabilities	(29,339)	(272)
	-----	-----
Net cash provided by continuing operations	61,838	55,245
Net cash used by discontinued operations		(206)
	-----	-----
Net cash provided by operating activities	61,838	55,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	8,000	
Purchases of marketable securities with maturities of more than 3 months	(13,674)	(8,000)
Purchases of capital assets	(24,652)	(21,510)
Net proceeds from sales of businesses and discontinued operations, net of cash sold	1,284	797
Other	5,798	(308)
	-----	-----
Net cash used in investing activities	(23,244)	(29,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	292	
Payments on long-term debt	(1,709)	(1,643)
Payments to retire common stock	(32,087)	(4,899)
Proceeds from issuing stock under employee plans	7,096	5,674
Net payments on short-term debt		(15,950)
Cash dividends paid to shareholders	(30,165)	(30,423)
	-----	-----
Net cash used in financing activities	(56,573)	(47,241)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,979)	(21,223)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	171,438	142,571
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 153,459	\$ 121,348
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of March 31, 1998 and the consolidated statements of income and the consolidated statements of cash flows

for the quarters ended March 31, 1998 and 1997 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements are included. Other than those discussed in the notes below, such adjustments consist only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The consolidated financial statements and notes are presented in accordance with instructions for Form 10-Q, and do not contain certain information included in the Company's consolidated annual financial statements and notes.

2. As of March 31, 1998, the Company had uncommitted bank lines of credit of \$170 million available at variable interest rates. As of that date, there were no amounts drawn on those lines. The Company also had a \$150 million committed line of credit available for borrowing and as support for commercial paper. As of March 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed line of credit. Additionally, the Company had a shelf registration in place for the issuance of up to \$300 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of March 31, 1998, no such notes were issued or outstanding.

3. During April 1998, the Company announced that it had reached an agreement to sell PaperDirect, Inc. ("PaperDirect") and the Social Expressions component ("Social Expressions") of Current, Inc. The closing is currently expected to take place in the second quarter. The Company does not expect to report any material gain or loss on the sale. These businesses, along with the international component of Deluxe Electronic Payment Systems, are currently held for sale and are accounted for in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". These businesses contributed revenue of approximately \$72 million and \$67 million in the first quarters of 1998 and 1997, respectively. They contributed no material operating profit or loss in the first quarter of 1998 and contributed operating profit of approximately \$3.6 million in the first quarter of 1997. The direct mail check printing business of Current is not part of the sale agreement and will remain with Deluxe. The sale of PaperDirect and Social Expressions is subject to certain contingencies. See "Part II, Item 5 - Other Information - Sales of Businesses."

4. Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," which requires disclosure of comprehensive income and its components in the Company's financial statements. The Company's total comprehensive income for the quarters ended March 31, 1998 and 1997 was \$43.6 million and \$40.9 million, respectively. The Company's comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

5. During 1998, the Company will adopt Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires the disclosure of financial and descriptive information about the reportable operating segments of the Company. The Company will also adopt Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" during 1998, which revises employers' disclosures about pensions and other postretirement benefit plans.

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

	Three Months Ended March 31,	
	1998	1997
-----		
Net income per share-basic:		
Net income	\$43,571	\$41,425
Weighted average shares outstanding	80,967	82,125
Net income per share-basic	\$.54	\$.50
=====		
Net income per share-diluted:		
Net income	\$43,571	\$41,425
-----		
Weighted average shares outstanding	80,967	82,125
Dilutive impact of options	191	80
Shares contingently issuable	3	6
-----		
Weighted average shares and potential dilutive shares outstanding	81,161	82,211
-----		

7. The Company's balance sheets reflect restructuring accruals of \$32.2 million and \$39.5 million as of March 31, 1998 and December 31, 1997, respectively, for employee severance costs, and \$3.7 million as of both dates for estimated losses on asset dispositions. The majority of the severance costs are expected to be paid in 1998 and early 1999 with cash generated from the Company's operations.

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

### Company Profile

The Company has organized its many business units into three reporting segments, Deluxe Financial Services, Deluxe Electronic Payment Systems and Deluxe Direct. Through Deluxe Financial Services, the Company provides check printing, direct marketing assistance, business forms and related services to financial institutions and their customers in the United States and Canada and payment systems protection services, including check authorization, account verification, and collection services to financial institutions and retailers. Through Deluxe Electronic Payment Systems, the Company provides electronic funds transfer and other software services to financial institutions and electronic benefit transfer services to state governments. Through Deluxe Direct, the Company provides specialty papers to small businesses and direct mail greeting cards, gift wrap, and related products to households.

### Results of Operations - Quarter Ended March 31, 1998 Compared to the Quarter Ended March 31, 1997

Net sales were \$489 million for the first quarter of 1998, relatively even with the first quarter of 1997, when sales were \$490.1 million. Deluxe Financial Services' revenue decreased slightly from the first quarter of 1997 due to decreased volume in the check printing and database marketing businesses. These decreases were partially offset by increased volume in the payment protection businesses, increased prices in the check printing business, and revenue from a new practice of charging check printing customers for placing orders via telephone as opposed to electronic channels. Deluxe Electronic Payment Systems' revenue increased over 20% from the first quarter of 1997 due to increased volume in a variety of product lines. Deluxe Direct's revenue decreased approximately 7% from the first quarter of 1997 due primarily to lower volume and sales of businesses.

Cost of sales decreased \$3.6 million, or 1.6%, from the first quarter of 1997. Deluxe Financial Services' costs of sales decreased approximately 4% from the first quarter of 1997 due primarily to decreased volume in the check printing and database marketing businesses, a more profitable product mix and productivity improvements within the check printing business. Deluxe Electronic Payment Systems' cost of sales increased just over 18% from the first quarter of 1997 primarily due to increased sales volume. Deluxe Direct's cost of sales decreased approximately 6%, consistent with the reduced sales.

Selling, general and administrative expense decreased \$2.9 million or 1.5% from the first quarter of 1997. Deluxe Financial

Services' selling, general and administrative expense decreased slightly from the first quarter of 1997 due mainly to a decrease in marketing expenses. Deluxe Electronic Payment Systems' selling, general and administrative expense increased 13% over 1997 due to increased marketing and selling expenses and costs of correcting its computer systems to address the Year 2000 problem. Deluxe Direct's selling, general and administrative expense decreased approximately 3% from 1997, due to sales of businesses.

Net income for the first quarter of 1998 increased 5.2% to \$43.6 million, compared to net income of \$41.4 million for the first quarter of 1997. This increase in net income is primarily the result of the changes discussed above offset somewhat by a \$3.5 million non-operating pretax gain recognized in 1997 for the sale of a business.

### Financial Condition - Liquidity

Cash provided by operations was \$61.8 million for the first quarter of 1998, compared with \$55.0 million for the first quarter of 1997. Cash from operations represents the Company's primary source of working capital for financing capital expenditures and paying cash dividends. The Company's working capital on March 31, 1998 was \$117.9 million compared to \$131.1 million on December 31, 1997. The Company's current ratio on both March 31, 1998 and December 31, 1997 was 1.3 to 1.

### Financial Condition - Capital Resources

Purchases of capital assets totaled \$24.7 million for the first quarter of 1998 compared to \$21.5 million during the comparable period one year ago. As of March 31, 1998, the Company had uncommitted bank lines of credit of \$170 million available at variable interest rates. As of that date, there were no amounts drawn on those lines. The Company also had a \$150 million committed line of credit available for borrowing and as support for commercial paper. As of March 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed line of credit. Additionally, the Company had a shelf registration in place for the issuance of up to \$300 million in medium-term notes. Such notes could be used for general corporate purposes, including working capital, capital expenditures, possible acquisitions and repayment or repurchase of outstanding indebtedness and other securities of the Company. As of March 31, 1998, no such notes were issued or outstanding. Cash dividends totaled \$30.2 million in the first three months of 1998 compared to \$30.4 million in the first three months of 1997.

#### Year 2000

In 1996, the Company initiated a companywide program to prepare its computer systems and applications for the year 2000. During 1997, the Company identified the systems affected, determined a resolution strategy for each affected system, and began executing these resolution strategies. The Company expects either to modify or upgrade existing systems or replace some systems through other development projects. The Company expects to incur expense of approximately \$17 million over the next two years, consisting of both internal staff costs and consulting expenses, as it continues to implement its resolution strategy.

Because of the nature of the Company's business, the Year 2000 issue would, if unaddressed, pose a significant business risk for the Company. The Company presently believes that with the planned modifications to existing systems and the replacement of other systems, the Year 2000 compliance issue will be resolved in a timely manner and will not pose significant operational problems for the Company. Additionally, the Company has communicated with its suppliers and customers to determine their year 2000 readiness and the extent to which the Company is vulnerable to any third party Year 2000 issues. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be converted in a timely manner or in a manner that is compatible with the Company's systems. A failure by such a company to convert their systems in a timely manner or a conversion that renders such systems incompatible with those of the Company could have a material adverse effect on the Company.

#### Outlook

In 1998, the Company will continue its efforts to reduce costs and improve productivity throughout the organization. At the same time, the Company will continue to invest in major infrastructure improvements. The Company also expects to complete its divestiture program by selling its remaining non-strategic businesses.

The Company's ongoing changes related to organizational improvements and growth opportunities may require additional charges to earnings. These charges, should, however, lessen as the Company completes its reorganization and focuses on its growth opportunities.

## PART II - OTHER INFORMATION

### Item 5. Other Information

#### RISK FACTORS AND CAUTIONARY STATEMENTS.

When used in this Quarterly Report on Form 10-Q and in future filings by the Company with the Securities and Exchange Commission, in the Company's press releases and in oral statements made with the approval of an authorized executive officer, the words or phrases "should result," "are expected to," "will continue," "will approximate," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are necessarily subject to certain risks and uncertainties, including those discussed below, that could cause actual results to differ materially from the Company's historical experience and its present expectations or projections. Caution should be taken not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The factors listed below could affect the Company's financial performance and could cause the Company's actual results for future periods to differ from any opinions or statements expressed with respect thereto. Such differences could be material and adverse.

The Company will not undertake and specifically declines any obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances occurring after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. This discussion supersedes the discussion in Exhibit 99.1

to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Earnings Estimates. From time to time, the authorized representatives of the Company may make predictions or forecasts regarding the Company's future results, including estimated earnings or earnings from operations. Any forecast, including the Company's current statement that it expects to achieve at least 3 to 6 percent annual growth in revenues and 5 to 9 percent annual growth in earnings in 1998, regarding the Company's future performance reflects various assumptions. These assumptions are subject to significant uncertainties and, as a matter of course, many of them will prove to be incorrect. Further, the achievement of any forecast depends on numerous factors (including those described in this discussion), many of which are beyond the Company's control. As a result, there can be no assurance that the Company's performance will be consistent with any management forecasts and the variation from such forecasts may be material and adverse. Investors are cautioned not to base their entire analysis of the Company's business and prospects upon isolated predictions, but instead are encouraged to utilize the entire available mix of historical and forward-looking information made available by the Company and other information affecting the Company and its products when evaluating the Company's prospective results of operations.

In addition, authorized representatives of the Company may occasionally comment on the perceived reasonableness of published reports by independent analysts regarding the Company's projected future performance. Such comments should not be interpreted as an endorsement or adoption of any given estimate or range of estimates or the assumptions and methodologies upon which such estimates are based. Generally speaking, the Company does not make public its own internal projections, budgets or estimates. Undue reliance should not be placed on any comments regarding the conformity, or lack thereof, of any independent estimates with the Company's own present expectations regarding its future results of operations.

The methodologies employed by the Company in arriving at its own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. Although the Company may presently perceive a given estimate to be reasonable, changes in the Company's business, market conditions or the general economic climate may have varying effects on the results obtained through the use of differing analyses and

assumptions. The Company expressly disclaims any continuing responsibility to advise analysts or the public markets of its view regarding the current accuracy of the published estimates of outside analysts. Persons relying on such estimates should pursue their own independent investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

Sales of Businesses. The Company has a continuing intention to divest the remaining businesses comprising its Deluxe Direct segment. Although the Company has entered into a divestiture agreement for the sale of PaperDirect and the Social Expressions business with a potential buyer, that agreement is currently terminable by either of the parties due to the failure of the buyer to provide the necessary assurances of its ability to fund the purchase of these businesses prior to an agreed-upon date. The possibility exists that the potential buyer will not obtain the needed financing in a timely manner, or at all. In addition, either party could elect to abandon the proposed transaction at any time. The occurrence of either of these events would materially delay the anticipated sale and could result in further write-offs by the Company, some of which could be significant. In addition, delays in the execution of these sales could cause the Company to incur continued operating losses from the businesses sought to be divested or make unanticipated investments in those businesses. Any such delay would also postpone the receipt and use by the Company of the proceeds expected to be generated thereby.

Other Dispositions and Acquisitions. In connection with its ongoing restructuring, the Company may also consider divesting or discontinuing the operations of various business units and assets and the Company may undertake one or more significant acquisitions. Any such divestiture or discontinuance could result in write-offs by the Company, some or all of which could be significant. In addition, a significant acquisition could result in future earnings dilution for the Company's shareholders.

Effect of Financial Institution Consolidation. There is an ongoing trend towards increasing consolidation within the banking industry that has resulted in increased competition and pressure on check prices. This concentration greatly increases the importance to the Company of retaining its major customers and attracting significant additional customers in an increasingly competitive environment. Although the Company devotes considerable efforts towards the development of a competitively priced, high quality suite of products for the financial services and retail industries, there can be no assurance that significant customers will not be lost nor that any such loss can be

counterbalanced through the addition of new customers or by expanded sales to the Company's remaining customers.

Raw Material Postage Costs and Delivery Costs. Increases in the price of paper and the cost of postage can adversely affect the profitability of the Company's printing and mail order businesses. Events such as the 1997 UPS strike can also adversely impact the Company's margins by imposing higher delivery costs. Competitive pressures and overall trends in the marketplace may have the effect of inhibiting the Company's ability to reflect increased costs of production in the retail prices of its products.

Competition. Although the Company believes it is the leading check printer in the United States, it faces considerable competition from other smaller companies in both its traditional marketing channel to financial institutions and from direct mail marketers of checks. From time to time, one or more of these competitors reduce the prices of their products in an attempt to gain market share. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins in the past and there can be no assurance that similar pressures will not be exerted in the future.

Check printing is, and is expected to continue to be, an essential part of the Company's business and the principal source of its operating income for at least the next several years. A wide variety of alternative payment delivery systems, including credit cards, debit cards, smart cards, ATM machines, direct deposit and bill paying services, home banking applications and Internet-based retail services, are in various stages of maturity or development and additional systems will likely be introduced. Although the Company expects that there will continue to be a substantial market for checks for the foreseeable future, the rate and the extent to which these alternative systems will achieve consumer acceptance and replace checks cannot be predicted. A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for the Company's primary products and its account verification, payment protection and collection services. The creation of these alternative payment methodologies has also resulted in an increased interest in transaction processing as a source of revenue, which has led to increased competition for the Company's transaction processing businesses.

HCL Joint Venture. There can be no assurance that the software, transaction processing services and products and software development services proposed to be offered by the Company's joint venture with HCL Corporation of New Delhi, India will achieve market acceptance in either the United States or India. In addition, the Company has no operational experience in India and only limited international exposure to date. Operations in foreign countries are subject to numerous potential obstacles including, among other things, cultural differences, political unrest, export controls, governmental interference or regulation (both domestic and foreign), currency fluctuations, personnel issues and varying competitive conditions. In addition, it is possible that the United States government may impose economic or trade sanctions upon India that may affect the joint venture as a result of India's recent nuclear tests.

There can be no assurance that one or more of these factors, or additional causes or influences, many of which are likely to have been unanticipated and beyond the ability of the Company to control, will not operate to inhibit the success of the venture. As a result, there can be no assurance that the HCL joint venture will generate significant revenues or profits or provide an adequate return on any investment by the Company.

Debit Bureau. The Company has recently announced an alliance with several entities that is intended to offer decision support tools for retailers and financial institutions that offer or accept direct debit-based products, such as checking accounts, ATM cards and debit cards. To date, this effort has primarily been directed towards the creation of the supporting data warehouse and research regarding the utility and value of the data available to the Company for use in this area. There can be no assurance that this effort will result in the introduction of a significant number of new products or the generation of incremental revenues in material amounts. In any event, the continued development of the debit bureau is expected to require a significant level of investment by the Company.

Timing and Amount of Anticipated Cost Reductions. With regard to the results of the Company's ongoing cost reduction efforts, there can be no assurance that the anticipated cost savings will be fully realized or will be achieved within the time periods expected. The implementation of the printing plant closures is, in large part, dependent upon the successful development of the software needed to streamline the check ordering process and redistribute the resultant order flow among the Company's remaining printing plants. Because of the complexities inherent in the development of software products as sophisticated as those needed to accomplish this task, there can be no assurance that unanticipated development or conversion delays will not occur or that the prior delays experienced by the Company in connection with such development and the conversion will not recur. Any such event could adversely affect the planned consolidation of the Company's printing facilities and delay the realization or

reduce the amount of the anticipated expense reductions.

In addition, the achievement of the expected level of cost savings is dependent upon the successful execution of a variety of other cost reduction strategies. These additional efforts include the consolidation of the Company's purchasing process, the disposition of unprofitable or low-margin businesses and other efforts. The optimum means of realizing many of these strategies is, in some cases, still being evaluated by the Company. Unexpected delays, complicating factors and other hindrances are common in these types of endeavors and can arise from a variety of sources, some of which are likely to have been unanticipated. A failure to timely achieve one or more of the Company's primary cost reduction objectives could materially reduce the benefit to the Company of its cost savings programs and strategies or substantially delay the full realization of their expected benefits.

Further, there can be no assurance that increased expenses attributable to other areas of the Company's operations or to increases in raw material, labor, equipment or other costs will not offset some or all of the savings expected to be achieved through the cost reduction efforts. Competitive pressures and other market factors may also require the Company to share the benefit of some or all of any savings with its customers or otherwise adversely affect the prices it receives or the market for its products. As a result, even if the expected cost reductions are fully achieved in a timely manner, such reductions are not likely to be fully reflected by commensurate gains in the Company's net income, cash position, dividend rate or the price of its Common Stock.

Limited Source of Supply. The Company's check printing business utilizes a paper printing plate material that is available from only a limited number of sources. The Company believes it has a reliable source of supply for this material and that it maintains an inventory sufficient to avoid any production disruptions in the event of an interruption of its supply. In the event, however, that the Company's current supplier becomes unwilling or unable to supply the required printing plate material at an acceptable price and the Company is unable to locate a suitable alternative source within a reasonable time

frame, the Company would be forced to convert its facilities to an alternative printing process. Any such conversion would require the unanticipated investment of significant sums and there can be no assurance that the conversion could be accomplished without production delays.

Seasonality. A significant portion of the revenues and earnings of the Company's Deluxe Direct segment is dependent upon its results of operations during the fourth quarter. As a result, the results reported for this division during the first three quarters of any given year are not necessarily indicative of those which may be expected for the entire year.

Year 2000. In 1996, the Company initiated a companywide program to prepare its computer systems and applications for the year 2000. During 1997, the Company identified the systems affected, determined a resolution strategy for each affected system, and began executing these resolution strategies. The Company expects either to modify or upgrade existing systems or replace some systems through other development projects. The Company expects to incur expenses of \$17 million over the next two years, consisting of both internal staff costs and consulting expenses, as it continues to implement its resolution strategy.

Because of the nature of the Company's business, the year 2000 issue would, if it is not successfully resolved, pose a significant business risk for the Company. The Company presently believes that with the planned modifications to existing systems and the replacement of other systems, the year 2000 compliance issue will be resolved in a timely manner and will not pose significant operational problems for the Company, but the Company's ultimate success in this endeavor cannot be assured. Additionally, the Company has communicated with its suppliers and customers to determine their year 2000 readiness and the extent to which the Company is vulnerable to any third party year 2000 issues. However, there can be no assurances that the systems of other companies on which the Company's systems rely will be converted in a timely manner or in a manner that is compatible with the Company's systems. A failure by such a company to convert their systems in a timely manner or a conversion that renders such systems incompatible with those of the Company could have a material adverse effect on the Company.

## PART II. OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K

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

<TABLE>

<CAPTION>

Exhibit No. -----	Description -----	Method of Filing -----
<S>	<C>	<C>
10.1	Separation Agreement, effective as of April 6, 1998, by and between Deluxe Corporation ("Deluxe") and Gregory J. BJORNDahl	Filed herewith
10.2	Separation Agreement, effective as of April 23, 1998 between Deluxe and Gregory J. BJORNDahl	Filed herewith
10.3	Executive Retention Agreement, dated as of January 9, 1998, by and between Deluxe and John A. Blanchard III	Filed herewith
10.4	Executive Retention Agreement, dated as of January 9, 1998, by and between Deluxe and Gregory J. BJORNDahl	Filed herewith
10.5	Executive Retention Agreement, dated as of January 9, 1998, by and between Deluxe and Ronald E. Eilers	Filed herewith
10.6	Executive Retention Agreement, dated as of January 9, 1998, by and between Deluxe and John H. LeFevre	Filed herewith
10.7	Executive Retention Agreement, dated as of January 9, 1998, by and between Deluxe and Lawrence J. Mosner	Fled herewith
10.8	Schedule identifying other Executive Retention Agreements omitted for this Report on Form 10-Q and the differences between such Agreements and those filed herewith	Filed herewith
12.1	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.1	Financial Data Schedule	Filed herewith

</TABLE>

(b) The registrant did not, and was not required to, file any reports on form 8-K during the quarter for which this report is filed.

#### SIGNATURES

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

DELUXE CORPORATION  
(Registrant)

Date May 15, 1998 /s/ J.A. Blanchard III  
J.A. Blanchard III, President  
and Chief Executive Officer  
(Principal Executive Officer)

Date May 15, 1998 /s/ Thomas W. VanHimbergen  
Thomas W. VanHimbergen, Senior  
Vice President  
and Chief Financial Officer  
(Principal Financial Officer)

#### INDEX TO EXHIBITS

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<CAPTION>

Exhibit No. -----	Description -----	Page Number -----
<S>	<C>	<C>
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SEPARATION AGREEMENT

This Separation Agreement is made and entered into April 3 , 1998, between Gregory J. Bjorndahl (Employee) and Deluxe Corporation, a Minnesota corporation having its principal offices at 3680 Victoria Street North, Shoreview, Minnesota 55126 (Deluxe).

WHEREAS, Employee has been employed by Deluxe for several years; and

WHEREAS, the parties agree to set forth herein the terms and conditions under which such employment is terminated.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein the parties agree as follows:

1. Termination. Employee and Deluxe agree that Employee voluntarily terminates his employment with Deluxe on March 31, 1998 (Termination Date).

2. Payments and Benefits. Deluxe and Employee agree that the following payments and benefits, less applicable payroll and any supplemental deductions, shall be provided by Deluxe to Employee:

- A. Two Hundred Six Thousand and 00/100 Dollars (\$206,000.00) in three installments of Sixty-Eight Thousand Six Hundred Sixty-Six and 66/100 Dollars (\$68,666.66), at the time described in the last paragraph of this Section, Sixty-Eight Thousand Six Hundred Sixty-Six and 66/100 Dollars (\$68,666.66) on April 8, 1999 and Sixty-Eight Thousand Six Hundred Sixty-Six and 68/100 Dollars (\$68,666.68) on April 8, 2000, respectively.
- B. All accrued vacation pay as of Termination Date.
- C. Accrued amounts in Employee's Stock Purchase Plan Account as of Termination Date, if any.
- D. Payment to Employee of his accrued balance in the Deferred Compensation Plan, if any, in accordance with the terms of the Plan.
- E. Payment to Employee of his accrued balance in his Supplemental Retirement Plan Account, if any, in accordance with the terms of the Plan.

Except as otherwise provided, the payments and benefits described in this Section shall be provided by Deluxe to Employee upon receipt of the signed Separation Agreement and a Release in the form attached as Exhibit A, but no earlier than five (5) nor later than seven (7) days after the expiration of the rescission period referred to in Section 7. Such payments shall be reduced by any amount Employee owes Deluxe for outstanding credit card or other charges.

3. Full Compensation. The payments that will be made to Employee pursuant to this Separation Agreement shall compensate him for and extinguish any and all claims he may have arising out of his employment with Deluxe or his employment termination as of the effective date of the Release, including but not limited to claims for attorneys' fees and costs, and any and all claims for any type of legal or equitable relief.

4. Insurance. If Employee rescinds this Separation Agreement pursuant to Section 7 below, Employee will still have the right to continue his health, dental, vision and life plans as provided by law.

5. Benefits. Employee is a participant in various employee benefit plans sponsored by Deluxe. Unless otherwise agreed hereunder, the payment or cancellation of benefits, including the amounts and the timing thereof, will be governed by the terms of the employee benefit plans. Deluxe will provide Employee the same assistance given other participants in employee benefit plans so long as he is entitled to benefits thereunder.

6. Records, Documents and Property. Employee will return to Deluxe all of its property including, but not limited to its records, correspondence and documents as well as all computers, keys, pagers and corporate charge cards.

7. Rescission. Employee acknowledges that he has had a period of twenty-one (21) days in which to consider this Separation Agreement and the Release referred to in Section 8 and deliver signed originals of them to the

officer and at the address set out below in this Section. Once this Separation Agreement and the Release are executed, Employee may rescind this Separation Agreement and the Release within seven (7) calendar days to reinstate federal claims and fifteen (15) days to release Minnesota claims. To be effective, any rescission within the relevant time periods must be in writing and delivered to Deluxe Corporation, in care of Sonia St. Charles, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the respective periods. If sent by mail, the rescission must be (1) postmarked within the respective periods (2) properly addressed to Deluxe Corporation; and (3) sent by certified mail, return receipt requested.

8. General Release. In consideration of the payments and other undertakings stated herein, the parties shall sign a separate Release in the form attached hereto as Exhibit A at the time each signs this Separation Agreement.

9. Confidential Deluxe Information. Employee agrees that for a period of two (2) years after execution of this Agreement, Employee will not use or disclose Confidential Information of Deluxe.

"Confidential Information" means all confidential or proprietary information of Deluxe or any affiliate or subsidiary, including without limitation, financial data, trade secrets, customer and mailing lists, business plans, sales and marketing plans, business acquisition or divestiture plans, data processing systems, books and records, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, which Employee may have acquired or obtained during the course of Employee's employment with Deluxe.

10. Standstill. Employee agrees that for a period of two (2) years after Termination Date, Employee will not directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person or entity to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in (i) any acquisition, sale, breakup or auction of more than one percent of the outstanding securities (or beneficial ownership thereof) or any assets (except in the ordinary course of business) of Deluxe or any of its subsidiaries or affiliates; (ii) any takeover bid, tender offer, merger or other business combination involving Deluxe or any of its subsidiaries or affiliates; (iii) except as a creditor, any recapitalization, restructuring, liquidation, dissolution, or other extraordinary transaction with respect to Deluxe or any of its subsidiaries or affiliates; (iv) any solicitation of proxies to vote any common shares of Deluxe; or (v) negotiate, execute or perform any agreement, arrangement or understanding with any person or entity regarding a possible transaction of the type described above involving Deluxe or any of its subsidiaries or affiliates; (b) take any action which might compel Deluxe to make a public announcement regarding any of the types of matters referred to in clause

(a); (c) form, join, or in any way participate in a group of persons or entities acting jointly or in concert with respect to Deluxe or any of its subsidiaries or affiliates as to any of the types of matters referred to in clauses (a) or (b); (d) otherwise act alone or in concert with others, to seek to control or influence the management, board of directors or policies of Deluxe or any of its subsidiaries or affiliates with respect to any of the foregoing; or (e) enter into discussions or arrangements with any other person or entity with respect to any of the foregoing, unless Employee has acquired the explicit prior written consent of the President of Deluxe to engage in such foregoing activity.

11. Confidentiality. The terms of this Separation Agreement and the Release shall be treated as confidential by both Employee and Deluxe and neither party shall disclose its terms to anyone, except Employee may disclose the terms of this Separation Agreement and the Release to his immediate family, legal counsel and accountant. Deluxe may disclose the terms of this Separation Agreement and the Release to its officers and directors, outside auditors, and to employees who have a legitimate need to know the terms in the course of performing their duties and either party may disclose the terms of this Separation Agreement and the Release if requested or ordered by a governmental agency or court of competent jurisdiction. Each party recognizes and agrees that this confidentiality provision was a significant inducement for the other to enter into this Separation Agreement and Release.

12. Non-Recruitment. For a period of two (2) years after Termination Date, Employee shall not for himself or any other person or entity either, directly or indirectly, recruit for employment any person who at any time during the period one (1) year prior to Termination Date through expiration of the non-recruitment period is or was an employee of Deluxe or any of its affiliates or subsidiaries.

13. Non-Disparagement. The parties mutually agree that they shall not disparage or defame each other in any respect or make any such comments concerning the employment relationship between them.

14. Non-Competition. Employee agrees that for a period of two (2) years after Termination Date, Employee will not (a) serve as an officer, principal, advisor, agent, partner, director, stockholder, employee or consultant of any corporation or other business enterprise that engages in activities, directly or through an affiliate, that are directly competitive with the commercial activities of Deluxe from which it derives a significant portion of its revenue and which were engaged in by Deluxe at the time of the termination of Employee's employment without the prior written consent of the President and Chief Executive Officer of Deluxe Corporation; or (b) with respect to such activities that are directly competitive, cause customers, distributors or suppliers under contract or doing business with Deluxe at any time within one year prior to and including the Termination Date to modify their business relationships with Deluxe in any material respect.

Ownership by Employee of less than one percent (1%) of the outstanding shares of capital stock of any corporation, for investment purposes, shall not constitute a breach of this provision.

For commercial activities to be "directly competitive" with those of Deluxe within the meaning of this Agreement, such activities must consist of selling or attempting to sell the same types of products or services from which Deluxe Corporation now derives at least one percent (1%) of its revenue or which are the subject of business development plans (which the parties agree are the following general categories: (a) check products used by financial institutions and their customers; (b) check and check transaction security features; (c) check related printed forms products; (d) direct marketing services for financial institutions; (e) market research information services for financial institutions; (f) electronic funds transfers services of the type provided by Deluxe or any of its subsidiaries or similar to any payment risk management services provided by Deluxe or any of its affiliates; and (g) direct marketing sales of check products to the same classes of customers).

14. Reference Letter. In consideration for Employee's agreement to the Non-Competition provision described above, Deluxe agrees that in the event the parties agree upon the text of a reference

letter on or before April 6, 1998 a copy of it shall be attached and incorporated by reference as Exhibit B and Employee may provide a copy of such letter to any prospective employer. Deluxe agrees that any communication by John A. Blanchard III, President, concerning Employee's employment with Deluxe shall in tone and content not be inconsistent with the statements contained in any Exhibit B.

15. Non-Assignment. The parties agree that this Separation Agreement and the Release will not be assigned by either party unless the other party agrees to such assignment in writing.

16. Merger. This Separation Agreement and the Release, and the employee benefit plans in which Employee is a participant supersede all prior oral and written agreements and communications between the parties. Employee and Deluxe agree that any and all claims which either might have had against the other are fully released and discharged by this Separation Agreement and the Release, and that the only claims which either may hereafter assert against the other will be derived only from an alleged breach of the terms of the Separation Agreement or the Release or, as against Deluxe, or any employee benefit plan in which Employee is a participant.

17. Entire Agreement. This Separation Agreement and Release constitute the entire agreement between the parties with respect to the termination of Employee's employment relationship with Deluxe, and the parties agree that there were no inducements or representations leading to the execution of this Separation Agreement or Release except as herein contained.

18. Voluntary and Knowing Action. Employee acknowledges that he has been advised of his right to be represented by his own attorney, that he has read and understands the terms of this Separation Agreement and the Release, and that he is voluntarily entering into the Separation Agreement and the Release.

19. Governing Law. This Separation Agreement and the Release will be construed and interpreted in accordance with the laws of the State of Minnesota.

20. Counterparts. This Separation Agreement and the Release may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one of the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Separation Agreement as of the day and year first above written.

By: /s/ J.A. Blanchard III  
J. A. Blanchard III  
President

By: /s/ Gregory J. Bjordahl  
Gregory J. Bjordahl

STATE OF MINNESOTA

COUNTY OF RAMSEY

I, Deborah J. Cramlet , a Notary Public, do hereby certify that Gregory J. Bjordahl personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal this 3rd day of April, 1998.

/s/ Deborah J. Cramlet  
Notary Public

STATE OF MINNESOTA

COUNTY OF RAMSEY

The foregoing instrument was acknowledged before me this 6th day of April, 1998 by J. A. Blanchard III, the President of Deluxe Corporation, a Minnesota corporation, on behalf of the Corporation.

/s/ Lorraine E. Houle  
Notary Public

Exhibit A

RELEASE

Definitions. We intend all words used in this Release to have their plain meaning in ordinary English. Technical legal words are not needed to describe what we mean. Specific terms we use in this Release have the following meanings:

A. We, as used herein, includes Deluxe Corporation defined at B and Employee, as defined at C.

B. Deluxe Corporation, as used herein, shall at all times mean Deluxe Corporation, its subsidiaries, successors and assigns, their affiliated companies, their successors and assigns, their affiliated and predecessor companies and the present or former officers, employees and agents of any of them, whether in their individual or official capacities, and the current and former trustees or administrators of any profit sharing, pension or other benefit plan applicable to the employees or former employees of Deluxe Corporation, in their official and individual capacities.

C. Employee, as used herein, means Gregory J. Bjordahl or anyone who has or obtains any legal rights or claims through him.

D. Employee's Claims means any rights Employee has now or hereafter to any relief of any kind from Deluxe Corporation whether or not Employee knows now about those rights, arising out of his employment with Deluxe Corporation, and his employment termination, including, but not limited to, claims for breach of contracts; fraud or misrepresentation; violation of the Minnesota anti-discrimination laws, the Americans with Disabilities Act, or other federal, state, or local civil rights laws based on disability or other protected class status; defamation; intentional or negligent infliction of emotional distress; breach of the covenant of good faith and fair dealing; promissory estoppel; negligence; wrongful termination of employment; and any other claims for unlawful employment practices. However, this Release shall not affect any claims which Employee could have made under any welfare benefit plan or any profit sharing, pension or retirement plan through Deluxe Corporation or which may arise under the Agreement to which this Release is attached.

Agreement to Release Claims. Employee agrees that he is receiving a substantial amount of money paid by Deluxe Corporation. Employee agrees to give up all Employee's Claims against Deluxe Corporation in exchange for those payments. Employee will not bring any lawsuits, file any charges, complaints, or notices,

or make any other demands against Deluxe Corporation based on Employee's Claims. Employee agrees that the money and benefits Employee is receiving are full and fair compensation for the release of all Employee's Claims. Employee agrees that Deluxe Corporation does not owe Employee anything in addition to what Employee will be receiving.

Employee understands that he may rescind (that is, cancel) this Release within seven (7) calendar days of signing it to reinstate federal claims and within fifteen (15) days to reinstate state claims. To be effective, Employee's rescission must be in writing and delivered to Deluxe Corporation in care of Sonia St. Charles, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the relevant period. If sent by mail, the rescission must be postmarked within the relevant period, properly addressed to Deluxe Corporation, and sent by certified mail, return receipt requested.

Deluxe Corporation agrees to give up any claim against Employee that Deluxe Corporation may have now or hereafter arising from or in connection with Employee's employment with Deluxe Corporation, except as may arise under the Agreement to which this Release is attached.

We acknowledge that we have read this Release carefully and understand all its terms. In agreeing to sign this Release, we have not relied on any statements or explanations made by either of us.

We agree that this Release shall be effective as of the last date set out below. Deluxe Corporation and Employee understand and agree that this Release, the Agreement and the Deluxe Corporation employee benefit plans in which Employee is a participant, contain all of the agreements between Deluxe Corporation and Employee. We have no other written or oral agreements.

Dated: April 3 , 1998 /s/ Gregory J. Bjorndahl  
Gregory J. Bjorndahl

Witnesses:

/s/ Sonia St. Charles

/s/ Jean M. Tackman

DELUXE CORPORATION

Dated: April 6 , 1998 By: /s/ J.A. Blanchard III  
J. A. Blanchard III  
President

Witnesses:

/s/ Cheryl J. Yursi

/s/ Sharon R. Maylath

Exhibit B

To Whom It May Concern:

Greg Bjorndahl left the employment of Deluxe Corporation on March 31, 1998. Mr. Bjorndahl indicated to me his desire to move on to new personal and professional challenges.

Greg made many major contributions in the two and one-half years that he was with us. He led the reorganization and improved the level of professionalism of our product management, marketing and sales organizations. He initiated and created a united brand strategy for the many divisions, products and services of Deluxe. He also helped to set our strategic direction.

However, as we began to evolve our organization to implement our strategy it became apparent that his position as Senior Vice President of Sales and Marketing would change, a change that Greg led and with which he agreed. Those changes would alter his role in the company and as a result Greg felt it would be best if he pursued other opportunities.

Sincerely,

J. A. Blanchard III  
President

SEPARATION AGREEMENT

This Separation Agreement is made and entered into April 23, 1998, between Gregory J. BJORNDahl (Employee) and Deluxe Corporation, a Minnesota corporation having its principal offices at 3680 Victoria Street North, Shoreview, Minnesota 55126 (Deluxe).

WHEREAS, Employee has been employed by Deluxe for several years; and

WHEREAS, the parties agree to set forth herein the terms and conditions under which such employment is terminated.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein the parties agree as follows:

1. Termination. Employee and Deluxe agree that Employee voluntarily terminates his employment with Deluxe on March 31, 1998 (Termination Date).

2. Payments and Benefits. Deluxe and Employee agree that the following payments and benefits, less applicable payroll and any supplemental deductions, shall be provided by Deluxe to Employee:

- A. Two Hundred Six Thousand and 00/100 Dollars (\$206,000.00) in one installment of One Hundred Thirty Thousand and 00/100 Dollars (\$130,000.00), at the time described in the last paragraph of this Section and one installment of Seventy-Six Thousand and 00/100 Dollars (\$76,000.00) on or about April 8, 1999, respectively.
- B. All accrued vacation pay as of Termination Date.
- C. Accrued amounts in Employee's Stock Purchase Plan Account as of Termination Date, if any.
- D. Payment to Employee of his accrued balance in the Deferred Compensation Plan, if any, in accordance with the terms of the Plan.
- E. Payment to Employee of his accrued balance in his Supplemental Retirement Plan Account, if any, in accordance with the terms of the Plan.

Except as otherwise provided, the payments and benefits described in this Section shall be provided by Deluxe to Employee upon receipt of the signed Separation Agreement and a Release in the form attached as Exhibit A, but no earlier than five (5) nor later than seven (7) days after the expiration of the rescission period referred to in Section 7. Such payments shall be reduced by any amount Employee owes Deluxe for outstanding credit card or other charges.

3. Full Compensation. The payments that will be made to Employee pursuant to this Separation Agreement shall compensate him for and extinguish any and all claims he may have arising out of his employment with Deluxe or his employment termination as of the effective date of the Release, including but not limited to claims for attorneys' fees and costs, and any and all claims for any type of legal or equitable relief.

4. Insurance. If Employee rescinds this Separation Agreement pursuant to Section 7 below, Employee will still have the right to continue his health, dental, vision and life plans as provided by law.

5. Benefits. Employee is a participant in various employee benefit plans sponsored by Deluxe. Unless otherwise agreed hereunder, the payment or cancellation of benefits, including the amounts and the timing thereof, will be governed by the terms of the employee benefit plans. Deluxe will provide Employee the same assistance given other participants in employee benefit plans so long as he is entitled to benefits thereunder.

6. Records, Documents and Property. Employee will return to Deluxe all of its property including, but not limited to its records, correspondence and documents as well as all computers, keys, pagers and corporate charge cards.

7. Rescission. Employee acknowledges that he has had a period of twenty-one (21) days in which to consider this Separation Agreement and the Release referred to in Section 8 and deliver signed originals of them to the officer and at the address set out below in this Section. Once this Separation Agreement and the Release are executed, Employee may rescind this Separation

Agreement and the Release within seven (7) calendar days to reinstate federal claims and fifteen (15) days to release Minnesota claims. To be effective, any rescission within the relevant time periods must be in writing and delivered to Deluxe Corporation, in care of Sonia St. Charles, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the respective periods. If sent by mail, the rescission must be (1) postmarked within the respective periods (2) properly addressed to Deluxe Corporation; and (3) sent by certified mail, return receipt requested.

8. General Release. In consideration of the payments and other undertakings stated herein, the parties shall sign a separate Release in the form attached hereto as Exhibit A at the time each signs this Separation Agreement.

9. Confidential Deluxe Information. Employee agrees that for a period of two (2) years after execution of this Agreement, Employee will not use or disclose Confidential Information of Deluxe.

"Confidential Information" means all confidential or proprietary information of Deluxe or any affiliate or subsidiary, including without limitation, financial data, trade secrets, customer and mailing lists, business plans, sales and marketing plans, business acquisition or divestiture plans, data processing systems, books and records, research and development activities relating to existing commercial activities and new products, services and offerings under active consideration, which Employee may have acquired or obtained during the course of Employee's employment with Deluxe.

10. Standstill. Employee agrees that for a period of two (2) years after Termination Date, Employee will not directly or indirectly, (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or cause or participate in or in any way assist any other person or entity to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in (i) any acquisition, sale, breakup or auction of more than one percent of the outstanding securities (or beneficial ownership thereof) or any assets (except in the ordinary course of business) of Deluxe or any of its subsidiaries or affiliates; (ii) any takeover bid, tender offer, merger or other business combination involving Deluxe or any of its subsidiaries or affiliates; (iii) except as a creditor, any recapitalization, restructuring, liquidation, dissolution, or other extraordinary transaction with respect to Deluxe or any of its subsidiaries or affiliates; (iv) any solicitation of proxies to vote any common shares of Deluxe; or (v) negotiate, execute or perform any agreement, arrangement or understanding with any person or entity regarding a possible transaction of the type described above involving Deluxe or any of its subsidiaries or affiliates; (b) take any action which might compel Deluxe to make a public announcement regarding any of the types of matters referred to in clause (a); (c) form, join, or in any way participate in a group of persons or entities acting jointly or in concert with respect to Deluxe or any of its subsidiaries or affiliates as to any of the types of matters referred to in clauses (a) or (b); (d) otherwise act alone or in concert with others, to seek to control or influence the management, board of directors or policies of Deluxe or any of its subsidiaries or affiliates with respect to

any of the foregoing; or (e) enter into discussions or arrangements with any other person or entity with respect to any of the foregoing, unless Employee has acquired the explicit prior written consent of the President of Deluxe to engage in such foregoing activity.

11. Confidentiality. The terms of this Separation Agreement and the Release shall be treated as confidential by both Employee and Deluxe and neither party shall disclose its terms to anyone, except Employee may disclose the terms of this Separation Agreement and the Release to his immediate family, legal counsel and accountant. Deluxe may disclose the terms of this Separation Agreement and the Release to its officers and directors, outside auditors, and to employees who have a legitimate need to know the terms in the course of performing their duties and either party may disclose the terms of this Separation Agreement and the Release if requested or ordered by a governmental agency or court of competent jurisdiction. Each party recognizes and agrees that this confidentiality provision was a significant inducement for the other to enter into this Separation Agreement and Release.

12. Non-Recruitment. For a period of two (2) years after Termination Date, Employee shall not for himself or any other person or entity either, directly or indirectly, recruit for employment any person who at any time during the period one (1) year prior to Termination Date through expiration of the non-recruitment period is or was an employee of Deluxe or any of its affiliates or subsidiaries.

13. Non-Disparagement. The parties mutually agree that they shall not disparage or defame each other in any respect or make any such comments concerning the employment relationship between them.

14. Reference Letter. Deluxe agrees that in the event the parties agree

upon the text of a reference letter on or before April 6, 1998 a copy of it shall be attached and incorporated by reference as Exhibit B and Employee may provide a copy of such letter to any prospective employer. Deluxe agrees that any communication by John A. Blanchard III, President, concerning Employee's employment with Deluxe shall in tone and content not be inconsistent with the statements contained in any Exhibit B.

15. Non-Assignment. The parties agree that this Separation Agreement and the Release will not be assigned by either party unless the other party agrees to such assignment in writing.

16. Merger. This Separation Agreement and the Release, and the employee benefit plans in which Employee is a participant supersede all prior oral and written agreements and communications between the parties. Employee and Deluxe agree that any and all claims which either might have had against the other are fully released and discharged by this Separation Agreement and the Release, and that the only claims which either may hereafter assert against the other will be derived only from an alleged breach of the terms of the Separation Agreement or the Release or, as against Deluxe, or any employee benefit plan in which Employee is a participant.

17. Entire Agreement. This Separation Agreement and Release constitute the entire agreement between the parties with respect to the termination of Employee's employment relationship with Deluxe, and the parties agree that there were no inducements or representations leading to the execution of this Separation Agreement or Release except as herein contained.

18. Voluntary and Knowing Action. Employee acknowledges that he has been advised of his right to be represented by his own attorney, that he has read and understands the terms of this Separation Agreement and the Release, and that he is voluntarily entering into the Separation Agreement and the Release.

19. Governing Law. This Separation Agreement and the Release will be construed and interpreted in accordance with the laws of the State of Minnesota.

20. Counterparts. This Separation Agreement and the Release may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one of the same instrument.

21. Supersession. This Agreement supersedes the agreement between the parties dated April 3, 1998.

IN WITNESS WHEREOF, the parties hereto have executed this Separation Agreement as of the day and year first above written.

DELUXE CORPORATION

EMPLOYEE

By: /s/ J.A. Blanchard III  
J. A. Blanchard III  
President

By: /s/ Gregory J. Bjorndahl  
Gregory J. Bjorndahl

STATE OF MINNESOTA

COUNTY OF RAMSEY

I, Lorraine E. Houle , a Notary Public, do hereby certify that Gregory J. Bjorndahl personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and official seal this 23rd day of April, 1998.

/s/ Lorraine E. Houle  
Notary Public

STATE OF MINNESOTA

COUNTY OF RAMSEY

The foregoing instrument was acknowledged before me this 23rd day of April, 1998 by J. A. Blanchard III, the President of Deluxe Corporation, a Minnesota corporation, on behalf of the Corporation.

EXHIBIT A

RELEASE

Definitions. We intend all words used in this Release to have their plain meaning in ordinary English. Technical legal words are not needed to describe what we mean. Specific terms we use in this Release have the following meanings:

A. We, as used herein, includes Deluxe Corporation defined at B and Employee, as defined at C.

B. Deluxe Corporation, as used herein, shall at all times mean Deluxe Corporation, its subsidiaries, successors and assigns, their affiliated companies, their successors and assigns, their affiliated and predecessor companies and the present or former officers, employees and agents of any of them, whether in their individual or official capacities, and the current and former trustees or administrators of any profit sharing, pension or other benefit plan applicable to the employees or former employees of Deluxe Corporation, in their official and individual capacities.

C. Employee, as used herein, means Gregory J. Bjorndahl or anyone who has or obtains any legal rights or claims through him.

D. Employee's Claims means any rights Employee has now or hereafter to any relief of any kind from Deluxe Corporation whether or not Employee knows now about those rights, arising out of his employment with Deluxe Corporation, and his employment termination, including, but not limited to, claims for breach of contracts; fraud or misrepresentation; violation of the Minnesota anti-discrimination laws, the Americans with Disabilities Act, or other federal, state, or local civil rights laws based on disability or other protected class status; defamation; intentional or negligent infliction of emotional distress; breach of the covenant of good faith and fair dealing; promissory estoppel; negligence; wrongful termination of employment; and any other claims for unlawful employment practices. However, this Release shall not affect any claims which Employee could have made under any welfare benefit plan or any profit sharing, pension or retirement plan through Deluxe Corporation or which may arise under the Agreement to which this Release is attached.

Agreement to Release Claims. Employee agrees that he is receiving a substantial amount of money paid by Deluxe Corporation. Employee agrees to give up all Employee's Claims against Deluxe Corporation in exchange for those payments. Employee will not bring any lawsuits, file any charges, complaints, or notices, or make any other demands against Deluxe Corporation based on Employee's Claims. Employee agrees that the money and benefits Employee is receiving are full and fair compensation for the release of all Employee's Claims. Employee agrees that Deluxe Corporation does not owe Employee anything in addition to what Employee will be receiving.

Employee understands that he may rescind (that is, cancel) this Release within seven (7) calendar days of signing it to reinstate federal claims and within fifteen (15) days to reinstate state claims. To be effective, Employee's rescission must be in writing and delivered to Deluxe Corporation in care of Sonia St. Charles, Vice President, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126, either by hand or by mail within the relevant period. If sent by mail, the rescission must be postmarked within the relevant period, properly addressed to Deluxe Corporation, and sent by certified mail, return receipt requested.

Deluxe Corporation agrees to give up any claim against Employee that Deluxe Corporation may have now or hereafter arising from or in connection with Employee's employment with Deluxe Corporation, except as may arise under the Agreement to which this Release is attached.

We acknowledge that we have read this Release carefully and understand all its terms. In agreeing to sign this Release, we have not relied on any statements or explanations made by either of us.

We agree that this Release shall be effective as of the last date set out below. Deluxe Corporation and Employee understand and agree that this Release, the Agreement and the Deluxe Corporation employee benefit plans in which Employee is a participant, contain all of the agreements between Deluxe Corporation and Employee. We have no other written or oral agreements.

Dated: April 23 , 1998

/s/ Gregory J. Bjorndahl  
Gregory J. Bjorndahl

Witnesses:

/s/ Mary Ann Bjorndahl

/s/ Catalina Vasquez

DELUXE CORPORATION

Dated: April 23 , 1998

By: /s/ J.A. Blanchard III  
J. A. Blanchard III  
President

Witnesses:

/s/ Carol L. Schaaf

/s/ Terrie A. Shattuck

EXHIBIT B

To Whom It May Concern:

Greg Bjorndahl left the employment of Deluxe Corporation on March 31, 1998. Mr. Bjorndahl indicated to me his desire to move on to new personal and professional challenges.

Greg made many major contributions in the two and one-half years that he was with us. He led the reorganization and improved the level of professionalism of our product management, marketing and sales organizations. He initiated and created a united brand strategy for the many divisions, products and services of Deluxe. He also helped to set our strategic direction.

However, as we began to evolve our organization to implement our strategy it became apparent that his position as Senior Vice President of Sales and Marketing would change, a change that Greg led and with which he agreed. Those changes would alter his role in the company and as a result Greg felt it would be best if he pursued other opportunities.

Sincerely,

J. A. Blanchard III  
President

## EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and John A. Blanchard III (the "Executive") dated as of the 9th day of January, 1998.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company and to encourage the Executive's full support of and participation in implementing the Company's business strategy involving one or more significant acquisitions. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and by such acquisitions and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination (as defined below) which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- I. Certain Definitions.
  - A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.
  - B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.
  - C. "Business Combination" shall mean the occurrence of either a Change of Control or an Other Business Combination.
  - D. "Business Combination Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Business Combination Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Business Combination Period shall not be so extended.
  - E. "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:
    1. any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, in the securities acquired directly or beneficially by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below; or
    2. the individuals who at the date of this Agreement 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 consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company'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 as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or
    3. there is consummated a merger or consolidation of the Company

or any Affiliate with any other company, 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 or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof 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 is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or

4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
5. 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 the Company 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 the Company immediately following such transaction or series of transactions.

F. "Effective Date" shall mean the first date during the Business Combination Period on which a Business Combination occurs.

G. Other Business Combination" shall mean the occurrence of:

1. any merger, exchange, transfer, or other form of business combination or acquisition (but not including dispositions), whether involving assets, shares or any other form of ownership interest, by the Company or any of its Affiliates of or with one or more other corporations, partnerships or other entities in a single transaction or a series of related transactions for consideration aggregating \$500 million or more (regardless of the form of consideration or the method or time of payment), or
2. a sale or other similar divestiture for consideration by the Company of all or a substantial portion of its non-check printing assets, business units and/or Affiliates (excluding those assets, business units and Affiliates that have been offered for sale prior to the date of this Agreement) or the sale or other similar divestiture for consideration by the Company of all or a substantial portion of its check printing assets, business units and/or Affiliates.

H. "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) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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 the Company in substantially the same proportions as their ownership of stock of the Company.

II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 35 miles from such location.
2. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in

respect to the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. In considering any increase to Executive's Annual Base Salary, Executive will be treated in the same manner as other peer executives. For example, if the Company establishes the annual base salaries of other peer executives by reference to a percentile of comparative market data, the increase, if any, to Executive's Annual Base Salary shall be established in a like manner. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if annual incentive payments are paid to other peer executives under the Company's annual incentive plan, the target award for the Executive shall be established in the same manner as the target award for the other peer executives (e.g. by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings

per share or return of average capital employed) and performance measurements applied to the other peer executives. Notwithstanding the foregoing, (a) if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if the Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account (the "Recent Annual Incentive Payment") and (b) the Executive's annual target incentive or bonus opportunity shall in no event be less favorable to the Executive than that provided by the Company and its Affiliates to the Executive under its annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one time awards (such as those associated with a new hire or promotion) shall not be taken into account. Each such Annual Incentive Payment shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its

Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.

4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive

and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any

Person in control of the Company.

8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.

#### IV. Termination of Employment.

- A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section XI.B. of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after

such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

- B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:
1. the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or
  2. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its Affiliates.

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

Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

- C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:
1. except with Executive's written consent given in his or her discretion, the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  2. any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;
  4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For

purposes of this Agreement, no such purported termination shall be effective;

5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or
6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not admitted to practice.

For purposes of this Section IV.C., any good faith claim of "Good Reason" made by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;
- E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended to the date of termination (if applicable) provided in Section IV.F.
- F. Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the

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

- G. Compensation During Dispute. If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this

Agreement.

- H. Pre-Effective Date Actions. For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Business Combination ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Business Combination, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Business Combination ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Business Combination (whether or not a Business Combination ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

- V. Obligations of the Company upon Termination.

- A. Good Reason; Other Than for Cause. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:
  - (a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Recent Annual Incentive Payment and (II) the Annual Incentive Payment paid or payable, including any portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and
  - (b) the amount equal to the product of (i) three and (ii)

the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

- (c) an amount equal to the excess, if any, of (i) the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at the date (but in no event earlier than the third anniversary of the Date of Termination) as of which the actuarial equivalent of such annuity is greatest) which the Executive would have accrued under the terms of all Pension Plans (without regard to any amendment to any Pension Plan made subsequent to the Effective Date and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation

of retirement benefits thereunder), determined as if the Executive were fully vested thereunder and had accumulated (after the Date of Termination) thirty-six (36) additional months of service credit thereunder and had been credited under each Pension Plan during such period with compensation equal to the Executive's compensation (as defined in such Pension Plan) during the twelve (12) months immediately preceding the Date of Termination or, if higher, during the twelve months immediately prior to the Effective Date, over (ii) the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at the date (but in no event earlier than the Date of Termination) as of which the actuarial equivalent of such annuity is greatest) which the Executive had accrued pursuant to the provisions of the Pension Plans as of the Date of Termination. For purposes of this Section V.A.1.(c), (a) "Pension Plan" shall mean any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with supplemental retirement benefits (including, but not limited to the memorandum from the Company to the Executive dated October 11, 1995 (the "Memorandum")) and (b) "actuarial equivalent" shall be determined using the same assumptions utilized under the Memorandum immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Effective Date.

2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;
3. immediately following the Executive's Date of Termination and, if a Change of Control shall earlier occur, immediately following the Change of Control, the Company shall take all such action as may be required fully and immediately (but without duplication of benefits under this Section V.A.3.) to:
- (a) vest all outstanding, unvested options that may have been granted to the Executive under the Company' Stock

Incentive Plan (as amended) and as the same may be further amended and any successor or replacement plan (the "SIP") and, upon the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive a period equal to the lesser of five years following that Date of Termination or the remaining term of the applicable options to exercise such options in accordance with the provisions of the SIP and any applicable award agreement (as

modified or amended as a result of the actions required by this clause),

- (b) following the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive to earn and be awarded shares of the Company pursuant to awards previously made to the Executive under the Deluxe Corporation Performance Share Plan as if Executive had continued as a participant in such plan and an employee of the Company or the relevant Affiliate until the expiration of the performance period or periods applicable to each such award,
- (c) vest all other restricted shares and units theretofore granted the Executive under the SIP and any other stock-based compensation plan (other than the Performance Share Plan), and
- (d) in the case that the Company is not a surviving corporation, to provide the Executive with the economic equivalent of the value that the Executive would have received had the Company been the surviving corporation and taken the actions required in clauses (a) through (c) hereof.

- 4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the Executive in his or her sole discretion; and
- 5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.

C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other

Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect

generally with respect to other peer executives and their families at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families

- D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
- VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.
- VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.
- VIII. Certain Additional Payments by the Company.
- A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Business Combination or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to

such excise tax (such excise tax, together with any such interest and

penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section VIII.A., if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax benefit the Executive would receive if the Gross-Up Payment were eliminated and the Payments were reduced, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm (as defined below), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b) (4) (A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b) (1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b) (4) (B) of the Code) in excess of the "base amount" (as defined in Section 280G(b) (3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accounting Firm in accordance with the principals of Sections 280G(d) (3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section VIII.A.), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

- B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C. and the Executive thereafter is required to make a payment of

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

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

1. give the Company any information reasonably requested by the Company relating to such claim,
2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
3. cooperate with the Company in good faith in order to effectively contest such claim, and
4. permit the Company to participate in any proceedings relating to such claim;

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

D. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section VIII.C., the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section VIII.C.) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of any amount advanced by the Company

pursuant to Section VIII.C., a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

- E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).
- IX. Confidential Information. During the term of this Agreement and for a period of three (3) years thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.
- X. Successors.
- A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
- B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

- C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

Miscellaneous.

- A. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.
- B. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

John A. Blanchard III  
9869 Hidden Glade Road  
White Bear Lake, MN 55110

If to the Company:

Deluxe Corporation  
3680 Victoria Street North  
Shoreview, MN 55126

Attn: General Counsel

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

- C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.
- E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section IV.C. of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.
- F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer executives who leave the employment of the Company or any of its Affiliates. From and

after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (e.g., benefits accruing to the Executive upon termination of employment following a Business Combination), provided, however, in no event shall this Agreement supersede the provisions of the Memorandum.

- G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.
- H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. 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.
- I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.
- J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Business Combination, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors);

provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

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

Deluxe Corporation

Executive

By: /s/ John H. LeFevre  
Its: General Counsel

/s/ John A. Blanchard III

John H. LeFevre  
(Typed Name)

## EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and Gregory J. Bjorndahl (the "Executive") dated as of the 9th day of January, 1998.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company and to encourage the Executive's full support of and participation in implementing the Company's business strategy involving one or more significant acquisitions. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and by such acquisitions and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination (as defined below) which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- I. Certain Definitions.
  - A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.
  - B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.
  - C. "Business Combination" shall mean the occurrence of either a Change of Control or an Other Business Combination.
  - D. "Business Combination Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Business Combination Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Business Combination Period shall not be so extended.
  - E. "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:
    1. any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, in the securities acquired directly or beneficially by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below;

or

    2. the individuals who at the date of this Agreement 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 consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company'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 as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a

majority thereof; or

3. there is consummated a merger or consolidation of the Company or any Affiliate with any other company, 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 or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof 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 is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or
4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
5. 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 the Company 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 the Company immediately following such transaction or series of transactions.

F. "Effective Date" shall mean the first date during the Business Combination Period on which a Business Combination occurs.

G. "Other Business Combination" shall mean the occurrence of:

1. any merger, exchange, transfer, or other form of business combination or acquisition (but not including dispositions), whether involving assets, shares or any other form of ownership interest, by the Company or any of its Affiliates of or with one or more other corporations, partnerships or other entities in a single

transaction or a series of related transactions for consideration aggregating \$500 million or more (regardless of the form of consideration or the method or time of payment), or

2. a sale or other similar divestiture for consideration by the Company of all or a substantial portion of its non-check printing assets, business units and/or Affiliates (excluding those assets, business units and Affiliates that have been offered for sale prior to the date of this Agreement) or the sale or other similar divestiture for consideration by the Company of all or a substantial portion of its check printing assets, business units and/or Affiliates.

H. "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) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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 the Company in substantially the same proportions as their ownership of stock of the Company.

II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of

this Agreement, for the period commencing on

the Effective Date and ending on the third anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 35 miles from such location.
2. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in respect to the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. In considering any increase to Executive's Annual Base Salary, Executive will be treated in the same manner as other peer executives. For example, if the Company establishes the annual base salaries of other peer executives by reference to a percentile of comparative market data, the increase, if any, to Executive's Annual Base Salary shall be established in a like manner. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this

Agreement shall refer to Annual Base Salary as so increased.

2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if

annual incentive payments are paid to other peer executives under the Company's annual incentive plan, the target award for the Executive shall be established in the same manner as the target award for the other peer executives (e.g. by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings per share or return of average capital employed) and performance measurements applied to the other peer executives. Notwithstanding the foregoing, (a) if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account (the "Recent Annual Incentive Payment") and (b) the Executive's annual target incentive or bonus opportunity shall in no event be less favorable to the Executive than that provided by the Company and its Affiliates to the Executive under its annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account. Each such Annual Incentive Payment shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.
4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives

of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.
6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.
8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.

#### IV. Termination of Employment.

- A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section

XI.B. of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

- B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:
1. the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or
  2. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its Affiliates.

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

best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

- C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:
1. except with Executive's written consent given in his or her discretion, (a) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, provided that the Company may, in its discretion, transfer the Executive to another position (or positions) with the Company or its Affiliates that is generally, substantially equivalent to such position, or (b) any other action by the Company which results in a material diminution in the Executive's position (or positions) with the Company or its Affiliates, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  2. any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;
4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For purposes of this Agreement, no such purported termination shall be effective;
5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or
6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not

admitted to practice.

For purposes of this Section IV.C., any good faith claim of "Good Reason" made by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;
- E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's

employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended to the date of termination (if applicable) provided in Section IV.F.

- F. Dispute Concerning Termination. If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal

has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.

- G. Compensation During Dispute. If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

- H. Pre-Effective Date Actions. For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Business Combination ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Business Combination, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Business Combination ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Business Combination (whether or not a Business Combination ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

- V. Obligations of the Company upon Termination.

- A. Good Reason; Other Than for Cause. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:
  - (a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Recent Annual Incentive Payment and (II) the Annual Incentive Payment paid or payable, including any portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as

the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or

earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and

- (b) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and
  - (c) an amount equal to the product of three times the higher of (i) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount (defined below) to the Executive's account under (x) all of the Company's retirement plans, or if higher, the retirement plans of any Affiliate in which the Executive was eligible to participate immediately prior to the Effective Date and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate as of the Effective Date (the "ERISA Excess Plan") (the ERISA Excess Plan and such retirement plans, as amended, and any successor or replacement plans being referred to as the "Plans") as the Plans were in effect and funded for the fiscal year immediately preceding the Effective Date or (ii) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount, to the Company's Plans or, if higher, the Plans of an Affiliate in which the Executive was eligible to participate immediately prior to the Date of Termination as those Plans were in effect and funded for the fiscal year immediately preceding the Date of Termination. For the purposes hereof, the term "Reference Amount" shall mean an amount equal to one-third of the amount calculated in clause V.A.1.(b) without adjustment in the case of death or Disability.
2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;
3. immediately following the Executive's Date of Termination and, if a Change of Control shall earlier occur, immediately following the Change of Control, the Company shall take all such action as may be required fully and immediately (but without duplication of benefits under this Section V.A.3.) to:
- (a) vest all outstanding, unvested options that may have been granted to the Executive under the Company' Stock Incentive Plan (as amended) and as the same may be further amended and any successor or replacement plan

(the "SIP") and, upon the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive a period equal to the lesser of five years following that Date of Termination or the remaining term of the applicable options to exercise such options in accordance with the provisions of the SIP and any applicable award agreement (as modified or amended as a result of the actions required by this clause),

- (b) following the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive to earn and be awarded shares of the Company pursuant to awards previously made to the Executive under the Deluxe Corporation Performance Share Plan as if Executive had continued as a participant in such plan and an employee of the Company or the relevant Affiliate until the expiration of the performance period or periods applicable to each such award,
- (c) vest all other restricted shares and units theretofore granted the Executive under the SIP and any other stock-based compensation plan (other than the Performance Share Plan), and
- (d) in the case that the Company is not a surviving corporation, to provide the Executive with the economic equivalent of the value that the Executive would have received had the Company been the surviving corporation and taken the actions required in clauses (a) through (c) hereof.

- 4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the Executive in his or her sole discretion; and
- 5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period

immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.

C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal

to the most favorable of those generally provided by the Company and its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families.

- D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
- VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.
- VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company,

the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

VIII. Certain Additional Payments by the Company.

- A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Business Combination or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the

"Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section VIII.A., if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax benefit the Executive would receive if the Gross-Up Payment were eliminated and the Payments were reduced, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm (as defined below), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by the Accounting Firm in accordance with the principals of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of

Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section VIII.A.), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

- B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C. and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be

promptly paid by the Company to or for the benefit of the Executive.

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

1. give the Company any information reasonably requested by the Company relating to such claim,
2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
3. cooperate with the Company in good faith in order to effectively contest such claim, and
4. permit the Company to participate in any proceedings relating to such claim;

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

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

to the extent thereof, the amount of Gross-Up Payment required to be paid.

- E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under

this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

- IX. Confidential Information. During the term of this Agreement and for a period of three (3) years thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

X. Successors.

- A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
- B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.
- C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the

effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or

otherwise.

XI. Miscellaneous.

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

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

If to the Executive:

Gregory J. Bjorndahl  
19 Lake Court  
North Oaks, MN 55127

If to the Company:

Deluxe Corporation  
3680 Victoria Street North  
Shoreview, MN 55126

Attn: General Counsel

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

- C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.
- E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section IV.C. of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.
- F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer

executives who leave the employment of the Company or any of its Affiliates. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to

the subject matter hereof (e.g., benefits accruing to the Executive upon termination of employment following a Business Combination).

- G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.
- H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. 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.
- I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.
- J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Business Combination, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors); provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

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

Deluxe Corporation

Executive

By: /s/ John A. Blanchard III  
Its: Chief Executive Officer  
John A. Blanchard III  
(Typed Name)

/s/ Gregory J. BJORNDahl

## EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and Ronald E. Eilers (the "Executive") dated as of the 9th day of January, 1998.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company and to encourage the Executive's full support of and participation in implementing the Company's business strategy involving one or more significant acquisitions. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and by such acquisitions and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination (as defined below) which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- I. Certain Definitions.
  - A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.
  - B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.
  - C. "Business Combination" shall mean the occurrence of either a Change of Control or an Other Business Combination.
  - D. "Business Combination Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Business Combination Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Business Combination Period shall not be so extended.
  - E. "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:
    1. any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, in the securities acquired directly or beneficially by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below; or
    2. the individuals who at the date of this Agreement 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 consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company'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 as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

3. there is consummated a merger or consolidation of the Company or any Affiliate with any other company, 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 or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof 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 is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or
4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
5. 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 the Company 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 the Company immediately following such transaction or series of transactions.

F. "Effective Date" shall mean the first date during the Business Combination Period on which a Business Combination occurs.

G. Other Business Combination" shall mean the occurrence of:

1. any merger, exchange, transfer, or other form of business combination or acquisition (but not including dispositions), whether involving assets, shares or any other form of ownership interest, by the Company or any of its Affiliates of or with one or more other corporations, partnerships or other entities in a single transaction or a series of related transactions for consideration aggregating \$500 million or more (regardless of the form of consideration or the method or time of payment), or
2. a sale or other similar divestiture for consideration by the Company of all or a substantial portion of its non-check printing assets, business units and/or Affiliates (excluding those assets, business units and Affiliates that have been offered for sale prior to the date of this Agreement) or the sale or other similar divestiture for consideration by the Company of all or a substantial portion of its check printing assets, business units and/or Affiliates.

H. "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) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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 the Company in substantially the same proportions as their ownership of stock of the Company.

II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on

the Effective Date and ending on the third anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 35 miles from such location.
2. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in respect to the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. In considering any increase to Executive's Annual Base Salary, Executive will be treated in the same manner as other peer executives. For example, if the Company establishes the annual base salaries of other peer executives by reference to a percentile of comparative market data, the increase, if any, to Executive's Annual Base Salary shall be established in a like manner. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.
2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end

within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if annual incentive payments are paid to other peer executives under the Company's annual incentive plan, the target award for the Executive shall be

established in the same manner as the target award for the other peer executives (e.g. by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings per share or return of average capital employed) and performance measurements applied to the other peer executives. Notwithstanding the foregoing, (a) if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account (the "Recent Annual Incentive Payment") and (b) the Executive's annual target incentive or bonus opportunity shall in no event be less favorable to the Executive than that provided by the Company and its Affiliates to the Executive under its annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one time awards (such as those associated with a new hire or promotion) shall not be taken into account. Each such Annual Incentive Payment shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.
4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer

executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be,

shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.
8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the

Company and its Affiliates, as the case may be.

#### IV. Termination of Employment.

- A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section XI.B. of this Agreement of its intention to terminate the

Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

- B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:
1. the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or
  2. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its Affiliates.

For purposes of this provision, (a) no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

- C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:
1. except with Executive's written consent given in his or her discretion, (a) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, provided that the  
  
Company may, in its discretion, transfer the Executive to another position (or positions) with the Company or its Affiliates that is generally, substantially equivalent to such position, or (b) any other action by the Company which results in a material diminution in the Executive's position (or positions) with the Company or its Affiliates, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  2. any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;
4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For purposes of this Agreement, no such purported termination shall be effective;
5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or
6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not admitted to practice.

For purposes of this Section IV.C., any good faith claim of "Good Reason" made by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that,

in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;

- E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's

employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended to the date of termination (if applicable) provided in Section IV.F.

- F. **Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.
- G. **Compensation During Dispute.** If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.
- H. **Pre-Effective Date Actions.** For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Business Combination ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Business Combination, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Business Combination ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in

anticipation of a Business Combination (whether or not a Business Combination ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

- V. **Obligations of the Company upon Termination.**
- A. **Good Reason; Other Than for Cause.** If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:

1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:
  - (a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Recent Annual Incentive Payment and (II) the Annual Incentive Payment paid or payable, including any portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment

Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and

- (b) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and
  - (c) an amount equal to the product of three times the higher of (i) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount (defined below) to the Executive's account under (x) all of the Company's retirement plans, or if higher, the retirement plans of any Affiliate in which the Executive was eligible to participate immediately prior to the Effective Date and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate as of the Effective Date (the "ERISA Excess Plan") (the ERISA Excess Plan and such retirement plans, as amended, and any successor or replacement plans being referred to as the "Plans") as the Plans were in effect and funded for the fiscal year immediately preceding the Effective Date or (ii) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount, to the Company's Plans or, if higher, the Plans of an Affiliate in which the Executive was eligible to participate immediately prior to the Date of Termination as those Plans were in effect and funded for the fiscal year immediately preceding the Date of Termination. For the purposes hereof, the term "Reference Amount" shall mean an amount equal to one-third of the amount calculated in clause V.A.1.(b) without adjustment in the case of death or Disability.
2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company

shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;

3. immediately following the Executive's Date of Termination and, if a Change of Control shall earlier occur, immediately following the Change of Control, the Company shall take all such action as may be required fully and immediately (but without duplication of benefits under this Section V.A.3.) to:
- (a) vest all outstanding, unvested options that may have been granted to the Executive under the Company' Stock Incentive Plan (as amended) and as the same may be further amended and any successor or replacement plan (the "SIP") and, upon the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive

for Good Reason), permit the Executive a period equal to the lesser of five years following that Date of Termination or the remaining term of the applicable options to exercise such options in accordance with the provisions of the SIP and any applicable award agreement (as modified or amended as a result of the actions required by this clause),

- (b) following the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive to earn and be awarded shares of the Company pursuant to awards previously made to the Executive under the Deluxe Corporation Performance Share Plan as if Executive had continued as a participant in such plan and an employee of the Company or the relevant Affiliate until the expiration of the performance period or periods applicable to each such award,
- (c) vest all other restricted shares and units theretofore granted the Executive under the SIP and any other stock-based compensation plan (other than the Performance Share Plan), and
- (d) in the case that the Company is not a surviving corporation, to provide the Executive with the economic equivalent of the value that the Executive would have received had the Company been the surviving corporation and taken the actions required in clauses (a) through (c) hereof.

4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the Executive in his or her sole discretion; and

5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.

C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and

policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families

- D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
- VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates or subsequent to the Date of

Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

- VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

VIII. Certain Additional Payments by the Company.

- A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Business Combination or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest

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

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

- B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C. and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

- C. The Executive shall notify the Company in writing of any claim by

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

1. give the Company any information reasonably requested by the Company relating to such claim,
2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
3. cooperate with the Company in good faith in order to effectively contest such claim, and
4. permit the Company to participate in any proceedings relating to such claim;

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

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

- E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this

Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

- IX. Confidential Information. During the term of this Agreement and for a period of three (3) years thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

- X. Successors.

- A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
- B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.
- C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this

Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

XI. Miscellaneous.

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

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

If to the Executive:

Ronald E. Eilers  
4920 Neal Avenue North  
Stillwater, MN 55082

If to the Company:

Deluxe Corporation  
3680 Victoria Street North  
Shoreview, MN 55126

Attn: General Counsel

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

- C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.
- E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section IV.C. of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.
- F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer executives who leave the employment of the Company or any of its Affiliates. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (e.g., benefits accruing to the Executive upon termination of employment following a Business Combination).

- G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.
- H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. 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.
- I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.
- J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Business Combination, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors); provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

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

Deluxe Corporation

Executive

By: /s/ John A. Blanchard III  
Its: Chief Executive Officer  
John A. Blanchard III  
(Typed Name)

/s/ Ronald E. Eilers

## EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and John H. LeFevre (the "Executive") dated as of the 9th day of January, 1998.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company and to encourage the Executive's full support of and participation in implementing the Company's business strategy involving one or more significant acquisitions. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and by such acquisitions and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination (as defined below) which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- I. Certain Definitions.
  - A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.
  - B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.
  - C. "Business Combination" shall mean the occurrence of either a Change of Control or an Other Business Combination.
  - D. "Business Combination Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Business Combination Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Business Combination Period shall not be so extended.
  - E. "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:
    1. any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, in the securities acquired directly or beneficially by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below; or
    2. the individuals who at the date of this Agreement 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 consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company'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 as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

3. there is consummated a merger or consolidation of the Company or any Affiliate with any other company, 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 or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof 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 is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or
4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
5. 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 the Company 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 the Company immediately following such transaction or series of transactions.

F. "Effective Date" shall mean the first date during the Business Combination Period on which a Business Combination occurs.

G. Other Business Combination" shall mean the occurrence of:

1. any merger, exchange, transfer, or other form of business combination or acquisition (but not including dispositions), whether involving assets, shares or any other form of ownership interest, by the Company or any of its Affiliates of or with one or more other corporations, partnerships or other entities in a single transaction or a series of related transactions for consideration aggregating \$500 million or more (regardless of the form of consideration or the method or time of payment), or
2. a sale or other similar divestiture for consideration by the Company of all or a substantial portion of its non-check printing assets, business units and/or Affiliates (excluding those assets, business units and Affiliates that have been offered for sale prior to the date of this Agreement) or the sale or other similar divestiture for consideration by the Company of all or a substantial portion of its check printing assets, business units and/or Affiliates.

H. "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) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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 the Company in substantially the same proportions as their ownership of stock of the Company.

II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on

the Effective Date and ending on the third anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 35 miles from such location.
2. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in respect to the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. In considering any increase to Executive's Annual Base Salary, Executive will be treated in the same manner as other peer executives. For example, if the Company establishes the annual base salaries of other peer executives by reference to a percentile of comparative market data, the increase, if any, to Executive's Annual Base Salary shall be established in a like manner. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.
2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end

within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if annual incentive payments are paid to other peer executives under the Company's annual incentive plan, the target award for the Executive shall be

established in the same manner as the target award for the other peer executives (e.g. by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings per share or return of average capital employed) and performance measurements applied to the other peer executives. Notwithstanding the foregoing, (a) if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account (the "Recent Annual Incentive Payment") and (b) the Executive's annual target incentive or bonus opportunity shall in no event be less favorable to the Executive than that provided by the Company and its Affiliates to the Executive under its annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one time awards (such as those associated with a new hire or promotion) shall not be taken into account. Each such Annual Incentive Payment shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.
4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer

executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be,

shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.
8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the

Company and its Affiliates, as the case may be.

#### IV. Termination of Employment.

- A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section XI.B. of this Agreement of its intention to terminate the

Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

- B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:
1. the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or
  2. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its Affiliates.

For purposes of this provision, (a) no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

- C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:
1. except with Executive's written consent given in his or her discretion, the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  2. any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required

immediately prior to the Effective Date;

4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For purposes of this Agreement, no such purported termination shall be effective;
5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or
6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not admitted to practice.

For purposes of this Section IV.C., any good faith claim of "Good Reason" made by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which

contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;

- E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended to the date of termination (if applicable) provided in Section IV.F.

- F. **Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.
- G. **Compensation During Dispute.** If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.
- H. **Pre-Effective Date Actions.** For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Business Combination ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Business Combination, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Business Combination ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Business Combination (whether or not a Business Combination ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any

position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

- V. **Obligations of the Company upon Termination.**
- A. **Good Reason; Other Than for Cause.** If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:
1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:
    - (a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Recent Annual Incentive Payment and (II) the Annual Incentive Payment paid or payable, including any portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the

denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and

- (b) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and
  - (c) an amount equal to the product of three times the higher of (i) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount (defined below) to the Executive's account under (x) all of the Company's retirement plans, or if higher, the retirement plans of any Affiliate in which the Executive was eligible to participate immediately prior to the Effective Date and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate as of the Effective Date (the "ERISA Excess Plan") (the ERISA Excess Plan and such retirement plans, as amended, and any successor or replacement plans being referred to as the "Plans") as the Plans were in effect and funded for the fiscal year immediately preceding the Effective Date or (ii) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount, to the Company's Plans or, if higher, the Plans of an Affiliate in which the Executive was eligible to participate immediately prior to the Date of Termination as those Plans were in effect and funded for the fiscal year immediately preceding the Date of Termination. For the purposes hereof, the term "Reference Amount" shall mean an amount equal to one-third of the amount calculated in clause V.A.1.(b) without adjustment in the case of death or Disability.
2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices

and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;

3. immediately following the Executive's Date of Termination and, if a Change of Control shall earlier occur, immediately following the Change of Control, the Company shall take all such action as may be required fully and immediately (but without duplication of benefits under this Section V.A.3.) to:
- (a) vest all outstanding, unvested options that may have been granted to the Executive under the Company' Stock Incentive Plan (as amended) and as the same may be further amended and any successor or replacement plan (the "SIP") and, upon the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive a period equal to the lesser of five years following that Date of Termination or the remaining term of the applicable

options to exercise such options in accordance with the provisions of the SIP and any applicable award agreement (as modified or amended as a result of the actions required by this clause),

- (b) following the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive to earn and be awarded shares of the Company pursuant to awards previously made to the Executive under the Deluxe Corporation Performance Share Plan as if Executive had continued as a participant in such plan and an employee of the Company or the relevant Affiliate until the expiration of the performance period or periods applicable to each such award,
  - (c) vest all other restricted shares and units theretofore granted the Executive under the SIP and any other stock-based compensation plan (other than the Performance Share Plan), and
  - (d) in the case that the Company is not a surviving corporation, to provide the Executive with the economic equivalent of the value that the Executive would have received had the Company been the surviving corporation and taken the actions required in clauses (a) through (c) hereof.
- 4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the Executive in his or her sole discretion; and
  - 5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or

contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

- B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.
- C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time

during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families.

- D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
- VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.
- VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.
- VIII. Certain Additional Payments by the Company.
- A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Business Combination or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up

Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing provisions of this Section VIII.A., if it shall be determined that the Executive is entitled to a Gross-Up Payment, but that the Executive, after taking into account the Payments and the Gross-Up Payment, would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any Excise Tax) as compared to the net after-tax benefit the Executive would receive if the Gross-Up Payment were eliminated and the Payments were reduced, in the aggregate, to an amount (the "Reduced Amount") such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive and the Payments, in the aggregate, shall be reduced to the Reduced Amount. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the Accounting Firm (as defined below), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any non-cash

benefits or any deferred payment or benefit shall be determined by the Accounting Firm in accordance with the principals of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section VIII.A.), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

- B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C. and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.
- C. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business

days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he or she gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

1. give the Company any information reasonably requested by the Company relating to such claim,
2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
3. cooperate with the Company in good faith in order to effectively contest such claim, and
4. permit the Company to participate in any proceedings relating to such claim;

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

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

E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the

amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including,

without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

- IX. Confidential Information. During the term of this Agreement and for a period of three (3) years thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.
- X. Successors.
- A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
- B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.
- C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date,

except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

XI. Miscellaneous.

- A. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.
- B. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

John H. LeFevre  
2 Foster Place  
North Oaks, MN 55127

If to the Company:

Deluxe Corporation  
3680 Victoria Street North  
Shoreview, MN 55126

Attn: Chief Financial Officer

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

- C. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- D. The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.
- E. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section IV.C. of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.
- F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer executives who leave the employment of the Company or any of its Affiliates. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (e.g., benefits accruing to the Executive upon termination of employment following a Business Combination).
- G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total

performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.

- H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. 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.
- I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.
- J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Business Combination, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors); provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

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

Deluxe Corporation

Executive

By: /s/ John A. Blanchard III

/s/ John H. LeFevre

Its: Chief Executive Officer

John A. Blanchard III

(Typed Name)

## EXECUTIVE RETENTION AGREEMENT

AGREEMENT by and between Deluxe Corporation, a Minnesota corporation (the "Company") and Lawrence J. Mosner (the "Executive") dated as of the 9th day of January, 1998.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company and to encourage the Executive's full support of and participation in implementing the Company's business strategy involving one or more significant acquisitions. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks associated with a Change of Control and by such acquisitions and to encourage the Executive's full attention and dedication to the Company and its business strategies and to provide the Executive with compensation and benefits arrangements upon the occurrence of a Business Combination (as defined below) which ensure that the compensation and benefits expectations of the Executive will be satisfied in that event and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

- I. Certain Definitions.
  - A. "Affiliate" shall mean a company controlled directly or indirectly by the Company where "control" shall mean the right, either directly or indirectly, to elect a majority of the directors thereof without the consent or acquiescence of any third party.
  - B. "Beneficial Owner" shall have the meaning defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.
  - C. "Business Combination" shall mean the occurrence of either a Change of Control or an Other Business Combination.
  - D. "Business Combination Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Business Combination Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Business Combination Period shall not be so extended.
  - E. "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:
    1. any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding, at the time of their original acquisition, in the securities acquired directly or beneficially by such Person any securities acquired directly from the Company or its Affiliates or in connection with a transaction described in clause (a) of paragraph 3 below; or
    2. the individuals who at the date of this Agreement 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 consent, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company'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 as of the date of this Agreement or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

3. there is consummated a merger or consolidation of the Company or any Affiliate with any other company, 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 or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Affiliate, at least 65% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof 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 is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or
  4. the shareholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.
  5. 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 the Company 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 the Company immediately following such transaction or series of transactions.
- F. "Effective Date" shall mean the first date during the Business Combination Period on which a Business Combination occurs.
- G. Other Business Combination" shall mean the occurrence of:
1. any merger, exchange, transfer, or other form of business combination or acquisition (but not including dispositions), whether involving assets, shares or any other form of ownership interest, by the Company or any of its Affiliates of or with one or more other corporations, partnerships or other entities in a single transaction or a series of related transactions for consideration aggregating \$500 million or more (regardless of the form of consideration or the method or time of payment), or
  2. a sale or other similar divestiture for consideration by the Company of all or a substantial portion of its non-check printing assets, business units and/or Affiliates (excluding those assets, business units and Affiliates that have been offered for sale prior to the date of this Agreement) or the sale or other similar divestiture for consideration by the Company of all or a substantial portion of its check printing assets, business units and/or Affiliates.
- H. "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) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company 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 the Company in substantially the same proportions as their ownership of stock of the Company.
- II. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on

the Effective Date and ending on the third anniversary of such date (the "Employment Period").

III. Terms of Employment.

A. Position and Duties.

1. Except with Executive's written consent given in his or her discretion, during the Employment Period, (a) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 180-day period immediately preceding the Effective Date and (b) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or at a location less than 35 miles from such location.
2. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (a) serve on corporate, civic or charitable boards or committees, (b) deliver lectures, fulfill speaking engagements or teach at educational institutions and (c) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

B. Compensation.

1. Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid not less often than monthly, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its Affiliates in respect to the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. In considering any increase to Executive's Annual Base Salary, Executive will be treated in the same manner as other peer executives. For example, if the Company establishes the annual base salaries of other peer executives by reference to a percentile of comparative market data, the increase, if any, to Executive's Annual Base Salary shall be established in a like manner. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.
2. Annual Incentive Payment or Bonus. In addition to Annual Base Salary, the Executive shall be paid, for each fiscal year ending during the Employment Period (ratably apportioned in the case of any fiscal year included within the Employment Period but which does not end

within the Employment Period), an annual incentive payment or bonus (the "Annual Incentive Payment") in cash on the same basis as such incentive payments or bonuses are paid to other peer executives. For example, if annual incentive payments are paid to other peer executives under the Company's annual

incentive plan, the target award for the Executive shall be established in the same manner as the target award for the other peer executives (e.g. by reference to a percentile target based on comparative market data) and the performance criteria and performance measurements governing any payment earned by Executive shall be based on the same performance criteria (such as earnings per share or return of average capital employed) and performance measurements applied to the other peer executives. Notwithstanding the foregoing, (a) if the payment of a bonus to other peer executives is, in whole or part, not based on objective performance criteria, Executive's Annual Incentive Payment shall be at least equal to the average of Executive's Annual Incentive Payments for the last three full fiscal years prior to the Effective Date or, if Executive was not in the employment of the Company or its Affiliates during one or more of the last three full fiscal years, the average of Executive's Annual Incentive Payments during the number of full fiscal years prior to the Effective Date that the Executive was so employed (annualized, in either case, in the event that the Executive was not employed by the Company for the whole of any such fiscal year), provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account (the "Recent Annual Incentive Payment") and (b) the Executive's annual target incentive or bonus opportunity shall in no event be less favorable to the Executive than that provided by the Company and its Affiliates to the Executive under its annual incentive or bonus plans during the last fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account. Each such Annual Incentive Payment shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Annual Incentive Payment is awarded, unless the Executive shall elect to defer the receipt of such Annual Incentive Payment.

3. Stock Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in the Company's stock incentive, performance share and other stock-based incentive plans (if any), on the same basis as other peer executives. For example, if other peer executives are awarded stock options or performance shares based on references to comparative market data, Executive's awards shall be made on the same basis, and shall, in any event, contain the same terms and conditions, and if applicable, be subject to the same performance criteria, as applied to awards to other peer executives. Notwithstanding the foregoing, such long-term incentive opportunities for the Executive shall in no event be less favorable, in each case and in the aggregate, than those provided by the Company and its Affiliates for the Executive under such plans during the fiscal year immediately preceding the Effective Date, provided that any special or one-time awards (such as those associated with a new hire or promotion) shall not be taken into account.
4. Savings, Retirement and Other Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all other incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the Executive under such plans, practices, policies and programs as in effect at any time during the one year period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer

executives of the Company and its Affiliates, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be.

5. Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be,

shall be eligible for participation in and shall receive all benefits under all welfare benefit plans, practices, policies and programs provided by the Company and its Affiliates (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the Executive and/or the Executive's family, to the extent applicable generally to other peer executives of the Company and its Affiliates, as the case may be, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.

6. Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
7. Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, use or reimbursement for the use of an automobile, as the case may be, and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be, provided, however, that such benefits may be reduced pursuant to a general (across-the-board) reduction of such benefits similarly affecting all senior officers of the Company or its Affiliates, as the case may be, and all senior officers of any Person in control of the Company.
8. Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, not materially less favorable with respect to the foregoing provided to the Executive by the Company and its Affiliates at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliates, as the case may be.
9. Vacation. During the Employment Period, the Executive shall be entitled to paid vacation and holidays in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for the Executive at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the

Company and its Affiliates, as the case may be.

#### IV. Termination of Employment.

- A. Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may, give a Notice of Termination to the Executive in accordance with Section XI.B. of this Agreement of its intention to terminate the

Executive's employment. In such event, the Executive's employment with the Company or its Affiliates, as the case may be, shall terminate effective on the 30th day after receipt of the Notice of Termination by the Executive (unless such date is extended as provided in Section IV.F.), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company or its Affiliates, as the case may be, on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

- B. Cause. The Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:
1. the willful and continued failure of the Executive to perform substantially the Executive's material duties with the Company and its Affiliates (other than any such failure resulting from incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section IV.D. hereof), after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or
  2. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its Affiliates.

For purposes of this provision, (a) no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company and (b) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Committee (as defined in Section XI.J.) by clear and convincing evidence that Cause exists. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company (or if the Executive is counsel to the Company, based upon such Executive's own legal conclusions) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

- C. Good Reason. The Executive's employment during the Employment Period may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean:
1. except with Executive's written consent given in his or her discretion, (a) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section III.A. of this Agreement, provided that the Company may, in its discretion, transfer the Executive to another position (or positions) with the Company or its Affiliates that is generally, substantially equivalent to such position, or (b) any other action by the Company which results in a material diminution in the Executive's position (or positions) with the Company or its Affiliates, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;
  2. any failure by the Company to comply with any of the provisions of Section III.B. of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

3. the Company's requiring the Executive to be based at any location other than as provided in clause III.A.1(b) hereof or the Company's requiring the Executive to travel on Company business to a substantially greater extent than required immediately prior to the Effective Date;
4. any purported termination by the Company of the Executive's employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section IV.D hereof and otherwise expressly permitted by this Agreement. For purposes of this Agreement, no such purported termination shall be effective;
5. any failure by the Company to comply with and satisfy Section X.C. of this Agreement; or
6. any request or requirement by the Company of its Affiliates that the Executive take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120 day period prior to the Effective Date or any professional ethical guidelines or principles that may be applicable to the Executive or, if Executive is counsel to the Company, requesting or requiring Executive to practice in or under the laws of any jurisdiction or appear before any court or other tribunal to or before which Executive is not admitted to practice.

For purposes of this Section IV.C., any good faith claim of "Good Reason" made by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that Good Reason does not exist. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute a consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- D. Notice of Termination. Any purported termination of the Executive's employment during the Employment Period (other than by reason of death) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section XI.B. of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (3) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that,

in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph B.1. or B.2. above, and specifying the particulars thereof in detail. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Disability, Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder;

- E. Date of Termination. "Date of Termination" means (1) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason or any other reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (2) if the Executive's employment is terminated during the Employment Period by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination, (3) if the Executive's employment is terminated by reason of death during the Employment Period, the Date of Termination shall be the

date of death of the Executive and (4) if the Executive's employment is terminated by the Company for Disability, the date Executive's employment is terminated as provided in Section IV.A., provided, however, the Date of Termination specified in this Section E. may be extended to the date of termination (if applicable) provided in Section IV.F.

- F. **Dispute Concerning Termination.** If within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this Section IV.F.), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be extended until the earlier of (i) the date on which the Employment Period ends or (ii) the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, that the Date of Termination shall be extended by a notice of dispute given by the Executive only if such notice is given in good faith and the Executive pursues the resolution of such dispute with reasonable diligence.
- G. **Compensation During Dispute.** If a purported termination occurs during the Employment Period and the Date of Termination is extended in accordance with Section IV.F. hereof, the Company shall continue to pay the Executive the full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, salary) and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was participating when the notice giving rise to the dispute was given, until the Date of Termination, as determined in accordance with Section IV.F. hereof. Amounts paid under this Section IV.G. are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.
- H. **Pre-Effective Date Actions.** For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated during the Employment Period by the Company without Cause or by the Executive with Good Reason, if (i) the Executive's employment is terminated by the Company without Cause prior to the Effective Date (whether or not a Business Combination ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Business Combination, (ii) the Executive terminates his employment for Good Reason prior to the Effective Date (whether or not a Business Combination ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person, or (iii) the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in

anticipation of a Business Combination (whether or not a Business Combination ever occurs). For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Executive shall be presumed to be correct unless the Company establishes to the Committee by clear and convincing evidence that such position is not correct.

- V. **Obligations of the Company upon Termination.**
- A. **Good Reason; Other Than for Cause.** If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or Disability or the Executive shall terminate employment for Good Reason:
1. the Company shall pay to the Executive in a lump sum in cash within 5 days after the Date of Termination the aggregate of the following amounts:
    - (a) the sum of (i) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (ii) the product of (x) the higher of (I) the Recent Annual Incentive Payment and (II) the Annual Incentive Payment paid or payable, including any portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was

employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which 365 and (iii) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (i), (ii) and (iii) shall be hereinafter referred to as the "Accrued Obligations"); and

- (b) the amount equal to the product of (i) three and (ii) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and
  - (c) an amount equal to the product of three times the higher of (i) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount (defined below) to the Executive's account under (x) all of the Company's retirement plans, or if higher, the retirement plans of any Affiliate in which the Executive was eligible to participate immediately prior to the Effective Date and (y) any excess or supplemental retirement plan in which the Executive was eligible to participate as of the Effective Date (the "ERISA Excess Plan") (the ERISA Excess Plan and such retirement plans, as amended, and any successor or replacement plans being referred to as the "Plans") as the Plans were in effect and funded for the fiscal year immediately preceding the Effective Date or (ii) the sum of the amounts that would have been contributed by the Company or any Affiliate based on the Reference Amount, to the Company's Plans or, if higher, the Plans of an Affiliate in which the Executive was eligible to participate immediately prior to the Date of Termination as those Plans were in effect and funded for the fiscal year immediately preceding the Date of Termination. For the purposes hereof, the term "Reference Amount" shall mean an amount equal to one-third of the amount calculated in clause V.A.1.(b) without adjustment in the case of death or Disability.
2. for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company

shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section III.B.5. of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates and their families, as the case may be, provided, however, that if the Executive becomes re-employed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary and supplemental to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree welfare benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period as a qualified retiree of the Company;

3. immediately following the Executive's Date of Termination and, if a Change of Control shall earlier occur, immediately following the Change of Control, the Company shall take all such action as may be required fully and immediately (but without duplication of benefits under this Section V.A.3.) to:
- (a) vest all outstanding, unvested options that may have been granted to the Executive under the Company' Stock Incentive Plan (as amended) and as the same may be further amended and any successor or replacement plan (the "SIP") and, upon the Date of Termination (if the

Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive a period equal to the lesser of five years following that Date of Termination or the remaining term of the applicable options to exercise such options in accordance with the provisions of the SIP and any applicable award agreement (as modified or amended as a result of the actions required by this clause),

- (b) following the Date of Termination (if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive for Good Reason), permit the Executive to earn and be awarded shares of the Company pursuant to awards previously made to the Executive under the Deluxe Corporation Performance Share Plan as if Executive had continued as a participant in such plan and an employee of the Company or the relevant Affiliate until the expiration of the performance period or periods applicable to each such award,
- (c) vest all other restricted shares and units theretofore granted the Executive under the SIP and any other stock-based compensation plan (other than the Performance Share Plan), and
- (d) in the case that the Company is not a surviving corporation, to provide the Executive with the economic equivalent of the value that the Executive would have received had the Company been the surviving corporation and taken the actions required in clauses (a) through (c) hereof.

4. the Company shall, at its sole expense as incurred, provide the Executive with out-placement services the scope and provider of which shall be selected by the Executive in his or her sole discretion; and

5. to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided to the Executive or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

B. Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.B. shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates, as the case may be, to the estates and beneficiaries of peer executives of the Company or such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliates, as applicable, and their beneficiaries.

C. Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section V.C. shall include, and the Executive shall be entitled after the Date of Termination to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and

its Affiliates, as applicable, to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the one year period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates, as applicable, and their families

- D. Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (1) his Annual Base Salary through the Date of Termination, (2) the amount of any compensation previously deferred by the Executive, and (3) Other Benefits, in each case to the extent theretofore unpaid. If the Executive terminates employment during the Employment Period, excluding a termination for Good Reason or Disability, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.
- VI. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which the Executive may qualify, nor, subject to Section XI. F., shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates or subsequent to the Date of

Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

- VII. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as specifically provided in Section V.A.2. hereof, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may incur in good faith as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

VIII. Certain Additional Payments by the Company.

- A. Anything in this Agreement to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any payment or benefit received or to be received by the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Business Combination or any Person affiliated with the Company or such Person, but determined without regard to any additional payments required under this Section VIII) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an

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

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

- B. Subject to the provisions of Section VIII. C., all determinations required to be made under this Section VIII, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by Ernst & Young or such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that a Payment has been made or will be required, as the case may be, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting a Business Combination, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section VIII., shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section VIII.C. and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

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

1. give the Company any information reasonably requested by the Company relating to such claim,
2. take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
3. cooperate with the Company in good faith in order to effectively contest such claim, and
4. permit the Company to participate in any proceedings relating to such claim;

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

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

to the extent thereof, the amount of Gross-Up Payment required to be paid.

- E. The Gross-Up Payment shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amount of such Gross-Up Payment, and the limitation on such payments set forth in Section VIII.A. hereof, cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Accounting Firm, of the minimum amount of such Gross-Up Payment to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in section 1274(b)(2)(B) of the Code). At the time that payments are made under this

Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Accounting Firm or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

- IX. Confidential Information. During the term of this Agreement and for a period of three (3) years thereafter, Executive will retain in confidence all proprietary and confidential information concerning the Company and its Affiliates, including, without limitation, customer lists, cost and pricing information, employee data, trade secrets and software and, shall return to the Company or destroy all copies and extracts thereof (however and on whatever medium recorded), without keeping any copies thereof. The foregoing obligation with respect to the protection of confidential information shall not apply to (A) any information which was known to the Executive prior to disclosure to the Executive by the Company or any of its Affiliates; (B) any information which was in the public domain prior to its disclosure to the Executive; (C) any information which comes into the public domain through no fault of the Executive; (D) any information which the Executive is required to disclose by a court or similar authority or under subpoena, provided that the Executive provides the Company with notice thereof and assists, at the Company's sole expense, any reasonable endeavor by the Company, using appropriate means, to obtain a protective order limiting the disclosure of such information; and (E) any information which is disclosed to the Executive by a third party which has a legal right to make such disclosure. In no event shall an asserted violation of the provisions of this Section X. constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

- X. Successors.

- A. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
- B. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.
- C. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the

Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after the Effective Date, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

XI. Miscellaneous.

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

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

If to the Executive:

Lawrence J. Mosner  
12000 Marion Lane, Suite 1102  
Minnetonka, MN 55305

If to the Company:

Deluxe Corporation  
3680 Victoria Street North  
Shoreview, MN 55126

Attn: General Counsel

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

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

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

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

F. The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, subject to Section IV.H. hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement, provided that nothing herein shall be construed to limit or prevent the Executive from receiving compensation and benefits from the Company or its Affiliates that are customarily paid and provided other peer executives who leave the employment of the Company or any of its Affiliates. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (e.g., benefits accruing to the Executive upon termination of employment following a Business Combination).

- G. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the term of this Agreement (including, without limitation, those under Section V. hereof) shall survive such expiration.
- H. In the event that the Company is a party to a transaction which is otherwise intended to qualify for "pooling of interests" accounting treatment then (A) this Agreement shall, to the extent practicable, be interpreted so as to permit such accounting treatment, and (B) to the extent that the application of clause (A) of this Section XI.H. does not preserve the availability of such accounting treatment, then, the Company may modify or limit the effect of the provisions of this Agreement to the extent necessary to qualify the transactions as a "pooling transaction" and provide the Executive with payments or benefits as nearly equivalent as possible to those the Executive would have received absent such modification or limitation, provided, however, to the extent that any provision of the Agreement would disqualify the transaction as a "pooling" transaction (including, if applicable, the entire Agreement) and cannot otherwise be modified or limited, such provision shall be null and void as of the date hereof. All determinations under this Section XI.H. 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.
- I. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Committee and shall be in writing. Any denial by the Committee of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Committee shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Committee a decision of the Committee within sixty (60) days after notification by the Committee that the Executive's claims has been denied.
- J. Notwithstanding any other provision in this Agreement to the contrary, the Board shall delegate the responsibilities, duties and powers specified under this Agreement to be observed or performed by the "Committee" to a committee (the "Committee") consisting of not less than three individuals who, on the date six months before a Business Combination, were directors of the Corporation ("Incumbent Directors"), provided that in the event that fewer than three Incumbent Directors are available at the time of such delegation or thereafter, the Committee's members may include such individual or individuals as may be appointed by the Incumbent Directors (including, for such purpose, by any individual or individuals who have been appointed to the Committee by the Incumbent Directors); provided further, however, the maximum number of individuals (including directors) appointed to the Committee shall not exceed five.

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

Deluxe Corporation

Executive

By: /s/ John A. Blanchard III  
Its: Chief Executive Officer  
John A. Blanchard III  
(Typed Name)

/s/ Lawrence J. Mosner

SCHEDULE IDENTIFYING OTHER  
EXECUTIVE RETENTION AGREEMENTS  
OMITTED FROM THIS REPORT ON FORM 10-Q

The Registrant has also entered into Executive Retention Agreements with Morris Goodwin Jr., Lois M. Martin and Thomas W. VanHimbergen. Apart from the names of the parties to such Agreements, these Agreements are substantially identical to the Agreements between the Registrant and John H. LeFevre, a copy of which was filed with this Quarterly Report on Form -10-Q as Exhibit 10.6.

DELUXE CORPORATION  
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>  
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	Three Months Ended	Years Ended December 31,				
	March 31, 1998	1997	1996	1995	1994	1993
----- 1992 -----						
<S> <C> Earnings	<C>	<C>	<C>	<C>	<C>	<C>
Income from Continuing Operations before Income Taxes \$324,783	\$ 72,606	\$115,150	\$118,765	\$169,319	\$246,706	\$235,913
Interest expense (excluding capitalized interest) 15,371	2,223	8,822	10,649	13,099	9,733	10,070
Portion of rent expense under long-term operating leases representative of an interest factor 12,923	3,405	\$ 13,621	13,467	14,761	13,554	13,259
Amortization of debt expense 84	30	122	121	84	84	84
----- TOTAL EARNINGS \$353,161	\$ 78,264	\$137,715	\$143,002	\$197,262	\$270,077	\$259,326
Fixed charges						
Interest Expense (including capitalized interest) \$ 15,824	\$ 2,702	\$ 9,742	\$ 11,978	\$ 14,714	\$ 10,492	\$ 10,555
Portion of rent expense under long-term operating leases representative of an interest factor 12,923	3,405	13,621	13,467	14,761	13,554	13,259
Amortization of debt expense 84	30	122	121	84	84	84
----- TOTAL FIXED CHARGES \$ 28,831	\$ 6,137	\$ 23,485	\$ 25,566	\$ 29,559	\$ 24,130	\$ 23,898
RATIO OF EARNINGS TO FIXED CHARGES: 12.2	12.8	5.9	5.6	6.7	11.2	10.9

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