

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 September 30, 1999

or

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

For the transition period from _____ to _____

Commission file number: 1-7945

DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

MINNESOTA

41-0216800

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

3680 Victoria St., N. St. Paul, Minnesota

55126-2966

(Address of principal executive offices)

(Zip Code)

(651) 483-7111

(Registrant's telephone number, including area code)

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

Yes No

The number of shares outstanding of registrant's common stock, par value \$1.00 per share, at November 5, 1999 was 73,402,534.

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ITEM I. FINANCIAL STATEMENTS

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

December 31, 1998	September 30, 1999
	(Unaudited)

<S>	<C>
CURRENT ASSETS	<C>
Cash and cash equivalents	\$ 74,501
268,934	\$
Marketable securities	38,864
41,133	138,373
Trade accounts receivable	138,373
145,079	2,051
Inventories:	6,101
Raw material	2,051
2,619	6,101
Semi-finished goods	6,101

7,401				
	Finished goods		1,290	
1,981	Supplies		15,582	
17,400	Deferred advertising		11,981	
7,939				
	Deferred income taxes		56,819	
56,554	Prepaid expenses and other current assets		73,357	
62,961				
-----			-----	-----
	Total current assets		418,919	
612,001				
-----			-----	-----
	LONG-TERM INVESTMENTS		41,938	
45,208				
	PROPERTY, PLANT, AND EQUIPMENT			
	Land and land improvements		41,566	
46,826	Buildings and building improvements		168,602	
209,416	Machinery and equipment		521,436	
507,680				
-----			-----	-----
	Total		731,604	
763,922	Less accumulated depreciation		415,219	
423,845				
-----			-----	-----
	Property, plant, and equipment - net		316,385	
340,077				
	INTANGIBLES			
	Cost in excess of net assets acquired - net		80,240	
42,836	Internal use software - net		137,563	
116,734	Other intangible assets - net		14,868	
14,663				
-----			-----	-----
	Total intangibles		232,671	
174,233				
-----			-----	-----
	TOTAL ASSETS		\$ 1,009,913	\$
1,171,519			=====	
-----			-----	-----
	LIABILITIES AND SHAREHOLDERS' EQUITY			
	CURRENT LIABILITIES			
	Accounts payable		\$ 57,425	\$
53,555	Accrued liabilities:			
	Wages, including vacation pay		51,321	
60,540	Employee profit sharing and pension		26,484	
41,762	Accrued income taxes		65,787	
33,075	Accrued rebates		29,593	
34,712	Accrued contract/relationship losses		13,013	
14,697	Other		129,539	
185,022	Long-term debt due within one year		2,900	
7,332				
-----			-----	-----
	Total current liabilities		376,062	
430,695				
-----			-----	-----
	LONG-TERM DEBT		119,856	
106,321				

DEFERRED INCOME TAXES		24,797	
27,519			
OTHER LONG-TERM LIABILITIES		9,312	
419			
SHAREHOLDERS' EQUITY			
80,481	Common shares - \$1 par value (authorized 500,000,000 shares; issued: 1999 - 75,389,569 shares; 1998 - 80,480,526 shares)	75,390	
	Additional paid-in capital		
6,822			
	Retained earnings	405,631	
519,742			
	Unearned compensation	(92)	
(238)			
	Accumulated other comprehensive income	(1,043)	
(242)			
-----		-----	-----
	Shareholders' equity	479,886	
606,565			
-----		-----	-----
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,009,913	\$
1,171,519		=====	

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

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

<TABLE>
<CAPTION>

	QUARTERS ENDED SEPTEMBER 30, -----		NINE MONTHS ENDED SEPTEMBER 30, -----	
	1999 ----	1998 ----	1999 ----	1998 ----
<S>	<C>	<C>	<C>	<C>
NET SALES	\$ 417,114	\$ 469,770	\$ 1,239,033	\$ 1,433,531
OPERATING EXPENSES				
Cost of sales	182,718	259,188	541,901	702,371
Selling, general and administrative	161,031	210,898	468,608	591,933
	-----	-----	-----	-----
Total	343,749	470,086	1,010,509	1,294,304
	-----	-----	-----	-----
INCOME (LOSS) FROM OPERATIONS	73,365	(316)	228,524	139,227
OTHER INCOME (EXPENSE)				
Other income	6,483	5,433	10,606	13,626
Interest expense	(2,164)	(2,135)	(5,623)	(6,293)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	77,684	2,982	233,507	146,560
PROVISION FOR INCOME TAXES	28,627	3,097	88,638	60,849
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 49,057	\$ (115)	\$ 144,869	\$ 85,711
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE - Basic	\$ 0.65	\$ 0.00	\$ 1.86	\$ 1.06
NET INCOME PER COMMON SHARE - Diluted	\$ 0.65	\$ 0.00	\$ 1.85	\$ 1.06
CASH DIVIDENDS PER COMMON SHARE	\$ 0.37	\$ 0.37	\$ 1.11	\$ 1.11

</TABLE>

See Notes to Unaudited Consolidated Financial Statements

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DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 144,869	\$
85,711		
Net income		
Adjustments to reconcile net income to net cash provided by		
operating activities:		
Depreciation	41,026	
43,263		
Asset impairment charge	925	
26,252		
Amortization of intangibles	20,785	
18,385		
Stock purchase discount	3,640	
4,514		
Net gain on sales of businesses		
(3,383)		
Changes in assets and liabilities, net of effects from		
acquisitions and sales of businesses:		
Trade accounts receivable	10,321	
(9,958)		
Inventories	2,559	
240		
Accounts payable	2,757	
(2,901)		
Other assets and liabilities	(67,948)	
15,936		
-	-----	-----
Net cash provided by operating activities	158,934	
178,059		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	19,763	
12,198		
Purchases of marketable securities with maturities of more than 3 months	(17,915)	
(21,374)		
Purchases of capital assets	(78,722)	
(88,496)		
Payments for acquisitions, net of cash acquired	(35,666)	
Net proceeds from sales of businesses, net of cash sold	23,809	
12,319		
Proceeds from sales of capital assets	50,824	
20,500		
Loans to others	(32,500)	
349		
Other	2,636	
-	-----	-----
Net cash used in investing activities	(67,771)	
(64,504)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments on short-term debt	(1,394)	
Proceeds from long-term debt	2,770	
Payments on long-term debt	(9,554)	
(5,210)		
Payments to retire common stock	(216,745)	
(60,260)		
Proceeds from issuing stock under employee plans	25,712	
20,634		
Cash dividends paid to shareholders	(86,385)	
(89,939)		
-	-----	-----
Net cash used in financing activities	(285,596)	
(134,775)		
-	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(194,433)	
(21,220)		
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	268,934	
171,438		
-	-----	-----

CASH AND CASH EQUIVALENTS AT END OF PERIOD
150,218

\$ 74,501 \$

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</TABLE>

See Notes to Unaudited Consolidated Financial Statements

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of September 30, 1999, the consolidated statements of income for the quarters and nine months ended September 30, 1999 and 1998, and the consolidated statements of cash flows for the nine months ended September 30, 1999 and 1998 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. The consolidated financial statements and notes appearing in this Report should be read in conjunction with the Company's consolidated audited financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (as amended by Amendment No. 1 filed on Form 10-K/A, the "1998 10-K/A").

2. As of September 30, 1999, the Company had uncommitted bank lines of credit of \$115 million available at variable interest rates. The average amount drawn on these lines during the first nine months of 1999 was \$1.5 million at a weighted average interest rate of 5.12%. As of September 30, 1999, no amounts were outstanding under these lines of credit. No amounts were drawn on these lines during 1998 and there was no outstanding balance at December 31, 1998. The Company also had committed lines of credit of \$650 million available for borrowing and as support for commercial paper. As of September 30, 1999 and December 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed lines of credit. Additionally, the Company had a shelf registration in place to issue 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 September 30, 1999 and December 31, 1998, no such notes were issued or outstanding.

3. The Company's total comprehensive income for the quarters ended September 30, 1999 and 1998 was \$49.6 million and \$.1 million, respectively. Total comprehensive income for the first nine months of 1999 and 1998 was \$144.1 million and \$86.2 million, respectively. The Company's total comprehensive income consists of net income, unrealized holding gains and losses on securities and foreign currency translation adjustments.

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

<TABLE>
<CAPTION>

	Quarters Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net income per share-basic:				
Net income (loss)	\$ 49,057	\$ (115)	\$144,869	\$ 85,711
Weighted average shares outstanding	75,588	80,498	77,835	80,721
Net income per share-basic	\$ 0.65	\$ 0.00	\$ 1.86	\$ 1.06
=====				
Net income per share-diluted:				
Net income (loss)	\$ 49,057	\$ (115)	\$144,869	\$ 85,711
Weighted average shares outstanding	75,588	80,498	77,835	80,721
Dilutive impact of options	398		316	176
Shares contingently issuable	27		19	10
Weighted average shares and potential dilutive shares outstanding	76,013	80,498	78,170	80,907

this sale. This amount is reflected as prepaid expenses and other current assets in the September 30, 1999 consolidated balance sheet and is reflected as loans to others in the consolidated statement of cash flows for the nine months ended September 30, 1999. This loan is due in April 2000.

9. The Company's consolidated balance sheets reflect restructuring accruals of \$25.3 million and \$45.7 million as of September 30, 1999 and December 31, 1998, respectively, for employee severance costs, and \$3.4 million and \$6.8 million as of September 30, 1999 and December 31, 1998, respectively, for estimated losses on asset dispositions.

During the third quarter of 1998, the Company recorded pretax restructuring charges of \$39.5 million. The restructuring charges included costs associated with the Company's initiative to reduce its selling, general and administrative expenses (SG&A), the outsourcing of production of the Deluxe Direct Response segment's direct mail products, as well as the closing of four additional financial institution check printing plants. The Company anticipated eliminating 800 SG&A positions within sales and marketing, finance and accounting, human resources, and information services. Discontinuing production of direct mail products was expected to result in the elimination of 60 positions. The four financial institution check printing plant closures were expected to occur in 1999 and early 2000, affecting approximately 870 employees. The restructuring charges consisted of employee severance costs of \$31.2 million and \$8.3 million for expected losses on the disposition of assets. Expenses of \$10.9 million were included in cost of sales, \$21.1 million in SG&A expense and \$7.5 million in other expense in the consolidated statements of income for the quarter and nine months ended September 30, 1998.

During the second quarter of 1999, restructuring accruals of \$4.2 million were reversed. This amount related to the Company's initiatives to reduce its selling, general and administrative expenses (SG&A) and to discontinue production of direct mail products. The excess accrual amount occurred when the Company determined that it was able to use in its ongoing operations a greater portion of the assets used in the production of direct mail products than originally anticipated, as well as changes in the SG&A reduction plans due to a recently announced plan to reorganize the Company into four operating units. As noted below, this reorganization plan could, however, lead to subsequent restructuring charges in later periods. Additionally, the Company recorded a restructuring accrual of \$.8 million for employee severance and \$.8 million for estimated losses on asset dispositions related to the planned closing of one collections office and planned employee reductions in another collections office within the Deluxe Payment Protection Systems segment. This accrual reversal and the new restructuring accrual are reflected as cost of sales of \$.9 million, a reduction of \$1.2 million in SG&A, and other income of \$2.3 million in the consolidated income statement for the nine months ended September 30, 1999.

The status of the severance portion of the Company's restructuring accruals as of September 30, 1999 is as follows (dollars in millions):

<TABLE>
<CAPTION>

	Check Printing Plant Closings		SG&A Initiative & Direct Mail Production		Collection Center Closing/Reduction		Total	
	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount	No. of employees affected	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Original accrual	4,970	\$68.0	860	\$21.2	70	\$ 0.8	5,900	\$90.0
Severance paid	(3,400)	(55.8)	(280)	(5.9)	(70)	(0.6)	(3,750)	(62.3)
Adjustments to accrual			(160)	(2.4)			(160)	(2.4)
Balance, September 30, 1999	1,570	\$12.2	420	\$12.9	0	\$ 0.2	1,990	\$25.3

</TABLE>

The majority of the remaining severance costs are expected to be paid in 1999 and 2000 with cash generated from the Company's operations. Severance payments for a portion of the reserve for check printing plant closings are expected to be delayed from the prior estimated 1999 closing dates to the last half of 2000 due to a planned slow-down in the roll-out of the

Company's new order processing and customer service system. This slow-down is due to the fact that financial institutions do not want to implement the system

in late 1999 or early 2000 due to the efforts they are expending on year 2000 issues. As a result, the last conversions are now currently scheduled for October 2000.

The status of the estimated loss on asset dispositions portion of the Company's restructuring accruals as of September 30, 1999 is as follows (dollars in millions):

<TABLE>
<CAPTION>

	Check Printing Plant Closings	SG&A Initiative & Direct Mail Production	Collection Center Closing/Reductions	Total
<S>	<C>	<C>	<C>	<C>
Original accrual	\$15.0	\$ 5.2	\$ 0.8	\$21.0
Losses realized	(11.8)	(3.4)	(0.6)	(15.8)
Adjustments to accrual		(1.8)		(1.8)
Balance, September 30, 1999	\$ 3.2	\$ 0.0	\$ 0.2	\$ 3.4

</TABLE>

The check printing plant closures are expected to be completed in October 2000. The collection center closing and reductions were substantially completed in the third quarter of 1999.

10. Asset impairment charges of \$.4 million and \$26.3 million were recorded in the third quarters of 1999 and 1998, respectively, to write-down the carrying value of long-lived assets of the Deluxe Government Services segment. Total asset impairment charges of \$.9 million have been recorded during the first nine months of 1999 on the assets of this segment. The assets consist of point-of-sale equipment, internal-use software and capitalized installation costs utilized in the electronic benefits transfer (EBT) activities of this segment. During the third quarter of 1998, management concluded that the operating losses incurred by this business would continue. This is primarily due to the fact that the variable costs associated with supporting benefit recipient activity are higher than originally anticipated and actual transaction volumes are below original expectations. In calculating the impairment charge, the Company determined that the assets utilized by this business have no fair market value. The point-of-sale equipment was purchased via capital leases. The lease buy-out prices for this equipment plus the deinstallation costs exceed the amount equipment resellers are willing to pay for the equipment. The utility of the internal-use software is limited to its use in supporting the EBT business, and the installation costs could not be resold. Thus, the long-lived assets of this business were reduced to a carrying value of \$0. These impairment charges are reflected in cost of sales in the consolidated statements of income (loss) for the quarters and nine months ended September 30, 1999 and 1998.

11. During the third quarter of 1998, the Company recorded a charge of \$14.7 million to reserve for expected future losses on existing long-term contracts and relationships of the Deluxe Government Services segment. This charge is reflected in cost of sales in the consolidated statements of income (loss) for the quarter and nine months ended September 30, 1998. This segment provides electronic benefits transfer services to state governments and online medical eligibility verification services to the State of New York. Due to a continuing strong economy, record low unemployment and welfare reform, the actual transaction volumes and expected future revenues of this business are well below original expectations. Additionally, actual and expected future telecommunications, installation, help desk and other costs are significantly higher than originally anticipated, resulting in expected future losses on the existing electronic benefits transfer contracts and relationships of this business. This charge was calculated in accordance with the Company's policy on long-term service contracts as stated in the Company's 1998 10-K/A. During the third quarter of 1999, \$.3 million of contract losses were applied against the reserve.

The Company has recently been notified that the prime contractor for a number of states and state coalitions for which the Company provides switching services does not intend to renew its switching agreement with the Company. The Company is currently negotiating with the contractor regarding the timing and cost of this transition and the subsequent conversion of the switching services to a third party. The Company will adjust the charge described above when the results of these negotiations are reasonably estimable, but it is possible that the loss of this agreement and revenue stream will require the Company to record an additional accrual.

12. The Company has organized its business units into seven operating segments based on the nature of the products and services offered by each: Deluxe Paper Payment Systems; Deluxe Payment Protection Systems; Deluxe Electronic Payment Systems; Deluxe Government Services; iDLX Technology

Partners; Deluxe Direct Response; and Deluxe Direct. Deluxe Paper Payment Systems provides check printing services to financial services companies and markets checks and business forms directly to households and small businesses. Deluxe Payment Protection Systems provides payment protection, electronic check conversion, collection and risk management services to financial institutions and retailers. Deluxe Electronic Payment Systems provides electronic funds transfer processing and software services to the financial and retail industries. Deluxe Government Services provides electronic benefits transfer services to state governments and online medical eligibility verification services to the State of New York. iDLX Technology Partners provides information technology development and support services and business process outsourcing services to financial services companies and to the Company's businesses. Deluxe Direct Response, which was sold in 1998, provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct, which was sold in 1998, primarily sold greeting cards, stationery, and specialty paper products through direct mail. Most segments operate primarily in the United States. Deluxe Electronic Payment Systems and iDLX Technology Partners also have international operations.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies as presented in the Company's notes to the consolidated annual financial statements included in the 1998 10-K/A. In evaluating segment performance, management focuses on income from operations. This measurement excludes special charges (e.g., certain restructuring charges, asset impairment charges, charges for legal proceedings, etc.), interest expense, investment income, income tax expense and other non-operating items, such as gains or losses from asset disposals. Corporate expenses are generally allocated to the segments as a fixed percentage of segment revenues. This allocation includes expenses for various support functions such as human resources, information services and finance and includes depreciation and amortization expense related to corporate assets. The corresponding corporate asset balances are not allocated to the segments. Generally, intersegment sales are based on current market pricing. Segment information for the quarters and nine months ended September 30, 1999 and 1998 is as follows (dollars in thousands):

<TABLE>
<CAPTION>

QUARTER ENDED SEPTEMBER 30, 1999	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	\$ 311,519	\$ 54,851	\$ 34,486	\$ 13,167	\$ 3,091			\$ 417,114
Intersegment sales		163	371		2,852			3,386
Operating income (loss)	76,069	(1,860)	2,752	1,303	(3,064)			75,200
Segment assets	399,121	133,055	138,658	16,997	34,360			722,191
Depreciation and Amortization expense	10,926	1,674	3,296		617			16,513
Capital purchases	11,300	5,999	2,591	228	1,255			21,373

</TABLE>

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<TABLE>
<CAPTION>

QUARTER ENDED SEPTEMBER 30, 1998	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales from external customers	\$ 316,200	\$ 54,463	\$ 32,366	\$ 10,952		\$ 12,121	\$ 43,668	\$ 469,770
Intersegment sales		391	523			119		1,033
Operating income (loss) excluding special charges	75,632	7,500	1,113	(2,506)		(3,177)	(1,524)	77,038
Special charges	11,099	623	1,381	41,180		2,513		56,796

Operating income (loss) including special charges	64,533	6,877	(268)	(43,686)	(5,690)	(1,524)	20,242
Segment assets	407,810	104,992	119,467	21,140	39,172	114,734	807,315
Depreciation and amortization expense	9,425	2,696	3,259	1,624			17,004
Capital purchases	15,259	2,655	3,860	50	139	540	22,503

</TABLE>

<TABLE>
<CAPTION>

NINE MONTHS ENDED SEPTEMBER 30, 1999	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>	<C>			<C>
Net sales from external customers	\$ 927,403	\$ 173,768	\$ 97,105	\$ 36,360	\$ 4,397			\$1,239,033
Intersegment sales		446	602		3,804			4,852
Operating income (loss)	228,274	6,558	5,636	1,560	(4,058)			237,970
Segment assets	399,121	133,055	138,658	16,997	34,360			722,191
Depreciation and amortization expense	30,306	6,876	10,321		814			48,317
Capital purchases	36,244	13,408	9,557	417	1,608			61,234

</TABLE>

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<TABLE>
<CAPTION>

NINE MONTHS ENDED SEPTEMBER 30, 1998	Deluxe Paper Payment Systems	Deluxe Payment Protection Systems	Deluxe Electronic Payment Systems	Deluxe Government Services	iDLX Technology Partners	Deluxe Direct Response	Deluxe Direct	Total Segments
<S>	<C>	<C>	<C>	<C>		<C>	<C>	<C>
Net sales from external customers	\$ 959,256	\$161,451	\$ 95,127	\$ 30,939		\$ 35,008	\$151,750	\$1,433,531
Intersegment sales	1,996	1,121	1,050			614		4,781
Operating income (loss) excluding special charges	231,957	23,110	(1,463)	(7,430)		(15,353)	(5,672)	225,149
Special charges	11,099	623	1,381	41,180		2,513		56,796
Operating income (loss) including special charges	220,858	22,487	(2,844)	(48,610)		(17,866)	(5,672)	168,353
Segment assets	407,810	104,992	119,467	21,140		39,172	114,734	807,315
Depreciation and amortization expense	27,591	6,996	9,795	4,225		2,213		50,820
Capital purchases	37,335	9,361	11,284	299		829	1,130	60,238

</TABLE>

Segment information reconciles to consolidated amounts as follows (dollars in thousands):

<TABLE>
<CAPTION>

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1999	1998	1999	1998
OPERATING INCOME				

<S>	<C>	<C>	<C>	<C>
Total segment operating income including special charges	\$ 75,200	\$ 20,242	\$ 237,970	\$ 168,353
Elimination of intersegment profits		40		(84)
Unallocated corporate expenses	(1,835)	(20,598)	(9,446)	(29,042)
Total consolidated operating income (loss) including special charges	\$ 73,365	\$ (316)	\$ 228,524	\$ 139,227

</TABLE>

1999 unallocated corporate expenses consist of charges for certain corporate liabilities which are not allocated to the segments. 1998 unallocated corporate expenses consist primarily of corporate special charges.

SEPTEMBER 30,

TOTAL ASSETS	1999	1998
Total segment assets	\$ 722,191	\$ 807,315
Unallocated corporate assets	287,722	310,977
Total consolidated assets	\$1,009,913	\$1,118,292

Unallocated corporate assets consist primarily of cash, investments, and fixed assets and intangibles utilized by the corporate support functions.

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<TABLE>
<CAPTION>

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
DEPRECIATION AND AMORTIZATION EXPENSE	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Total segment depreciation and amortization expense	\$16,513	\$17,004	\$48,317	\$50,820
Depreciation and amortization of unallocated corporate assets	4,675	5,004	13,494	10,828
Total consolidated depreciation and amortization expense	\$21,188	\$22,008	\$61,811	\$61,648

</TABLE>

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
CAPITAL PURCHASES	1999	1998	1999	1998
Total segment capital purchases	\$21,373	\$22,503	\$61,234	\$60,238
Corporate capital purchases	5,757	5,876	17,488	28,258
Total consolidated capital purchases	\$27,130	\$28,379	\$78,722	\$88,496

1999 corporate capital purchases consist primarily of a new human resources information system and various other information system enhancements. 1998 corporate capital purchases consist primarily of SAP financial software implementation and various other information system enhancements.

Revenues are attributed to geographic areas based on the location of the assets producing the revenues. The Company's operations by geographic area are as follows (in thousands):

<TABLE>
<CAPTION>

	NET SALES FROM EXTERNAL CUSTOMERS				LONG-LIVED ASSETS	
	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,		SEPTEMBER 30,	
	1999	1998	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	\$ 411,997	\$ 463,724	\$1,223,630	\$1,412,096	\$ 310,790	\$ 391,863
Foreign countries	5,117	6,046	15,403	21,435	5,595	3,823
Total consolidated	\$ 417,114	\$ 469,770	\$1,239,033	\$1,433,531	\$ 316,385	\$ 395,686

</TABLE>

13. In April 1999, the Company announced that it will be selling National Revenue Corporation, its collections business which is included in the Deluxe Payment Protection Systems segment. This business contributed net sales of \$28.2 million and \$30.6 million for the quarters ended September 30, 1999 and 1998, respectively, and net sales of \$94.5 million and \$91.3 million for the nine months ended September 30, 1999 and 1998, respectively. The sale is currently expected to be completed in 1999 or early 2000.

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

Company Profile

The Company has organized its business units into seven operating segments based on the nature of the products and services offered by each: Deluxe Paper Payment Systems; Deluxe Payment Protection Systems; Deluxe Electronic Payment Systems; Deluxe Government Services; iDLX Technology Partners; Deluxe Direct Response; and Deluxe Direct. Deluxe Paper Payment Systems provides check printing services to financial services companies and markets checks and business forms directly to households and small businesses. Deluxe Payment Protection Systems provides payment protection, collection, electronic check conversion and risk management services to financial institutions and retailers. Deluxe Electronic Payment Systems provides electronic funds transfer processing and software services to the financial and retail industries. Deluxe Government Services provides electronic benefits transfer services to state governments and online medical eligibility verification services to the State of

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New York. iDLX Technology Partners provides information technology development and support services and business process outsourcing services to financial services companies and to the Company's businesses. Deluxe Direct Response, which was sold in 1998, provided direct marketing, customer database management, and related services to the financial industry and other businesses. Deluxe Direct, which was sold in 1998, primarily sold greeting cards, stationery, and specialty paper products through direct mail. Most segments operate primarily in the United States. Deluxe Electronic Payment Systems and iDLX Technology Partners also have international operations.

Results of Operations - Quarter and Nine Months Ended September 30, 1999 Compared to the Quarter and Nine Months Ended September 30, 1998

NET SALES - Net sales were \$417.1 million for the third quarter of 1999, down 11.2% from the third quarter of 1998 when sales were \$469.8 million. Net sales were \$1,239.0 million for the first nine months of 1999, down 13.6% from the first nine months of 1998 when sales were \$1,433.5 million. These decreases are primarily due to discontinuing production of direct mail products and the sale of the remaining businesses in the Deluxe Direct Response and Deluxe Direct segments in 1998. These segments contributed net sales of \$55.8 million and \$186.8 million in the third quarter and first nine months of 1998, respectively. Deluxe Paper Payment Systems net sales decreased 1.5% to \$311.5 million in the third quarter of 1999, as compared to \$316.2 million in the third quarter of 1998. Sales for this segment decreased 3.5% to \$927.4 million in the first nine months of 1999, as compared to \$961.3 million in the first nine months of 1998. These decreases were primarily due to lower volume in the financial institution check printing business due to lost customers. The loss of business was due to competitive pricing requirements that fell below the Company's revenue and profitability per unit targets. This volume decrease was partially offset by increased volume for both the direct check printing business and the business forms business and increased revenue per unit for all businesses. Deluxe Electronic Payment Systems net sales increased 6.0% to \$34.9 million in the third quarter of 1999, as compared to \$32.9 million in the third quarter of 1998. Nine month sales for this segment increased 1.6% in 1999 to \$97.7 million from \$96.2 million during the same period last year. Increased volume in processing related revenues was partially offset by decreased software sales due to customer reluctance to make significant software changes prior to the turn of the century. Third quarter net sales for Deluxe Payment Protection Systems were flat compared to the third quarter of 1998 (\$55.0 million in 1999 versus \$54.9 million in 1998). Increased volume and revenue per inquiry for the Company's authorization businesses was offset by decreased volume for the Company's collections business. Nine month sales for this segment increased 7.2% from \$162.6 million in 1998 to \$174.2 million in 1999. This increase was due to increased volume, higher revenue per inquiry and price increases within the authorization businesses, as well as increased volume within the collections business. Net sales for the Deluxe Government Services segment increased 20.2%, or \$2.2 million, to \$13.2 million in the third quarter of 1999 and increased 17.5%, or \$5.4 million, to \$36.4 million in the first nine months of 1999. These increases were due to the roll out of additional states during the latter half of 1998 and the first nine months of 1999, increased transaction volume, and price increases on contract extensions and rebids. iDLX Technology Partners net sales to external customers of \$3.1 million and \$4.4 million in the third quarter and first nine months of 1999, respectively, represents an increase over 1998, as this segment was acquired in the second quarter of 1999.

GROSS MARGIN - Gross margin for the Company was 56.2% in the third quarter of 1999 compared to 44.8% in the third quarter of 1998. Gross margin for the Company was 56.3% for the first nine months of 1999 compared to 51.0% for the first nine months of 1998. 1998 cost of sales for the third quarter and first nine months includes restructuring charges of \$10.9 million relating to discontinuing production of direct mail products and the planned closure of four additional financial institution check printing plants. Additionally, a charge of \$41.0 million was recorded for asset impairments and accrued contract/relationship losses relating to the Deluxe Government Services segment. With these charges excluded, the Company's gross margin was 55.8% and 54.6% for the third quarter and first nine months of 1998, respectively. The improvement from 1998 is partially due to discontinuing production of direct mail products and the sale of the remaining businesses within the Deluxe Direct Response and Deluxe Direct segments, which contributed gross margins of 27.5% and 51.4%, respectively, during the first nine months of 1998. Deluxe Paper Payment Systems gross margin increased to 64.4% in the third quarter of 1999 from 64.0% in the third quarter of 1998, and increased to 64.0% for the first nine months of 1999 from 62.1% for the first nine months of 1998. These increases were due to cost reductions realized from financial institution check printing plant closings, process improvements within all businesses, and the loss of lower margin customers within the financial institution check printing business. Gross margin for Deluxe Government Services increased to 20.2% in the third quarter of 1999 from a negative 6.7% in the third quarter of 1998 and increased to 14.5% in the first nine months of 1999 from a negative 7.4% in the first nine months of 1998. These increases are due to the application of loss contract accounting, for which a reserve was recorded in the third quarter of 1998 (see Note 11 to the Notes to Consolidated Financial

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Statements), as well as to lower depreciation and amortization expense due to the asset impairment charges recorded in the third quarter of 1998 (see Note 10 to the Notes to Consolidated Financial Statements). Gross margin for Deluxe Electronic Payment Systems increased to 33.1% in the third quarter of 1999 from 30.5% in the third quarter of 1998, and increased to 29.6% for the first nine months of 1999 from 27.9% for the first nine months of 1998, due primarily to the increased sales volume. Deluxe Payment Protection Systems gross margin decreased to 36.9% in the third quarter of 1999 from 42.9% in the third quarter of 1998, and decreased to 40.0% for the first nine months of 1999 from 45.6% for the first nine months of 1998. These decreases were primarily due to the product mix within the collections business. iDLX Technology Partners, which was acquired in the second quarter of 1999, contributed gross margins of 24.3% and 22.8% in the third quarter and first nine months of 1999, respectively.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE (SG&A) - SG&A decreased \$49.9 million, or 23.6%, from the third quarter of 1998 and \$123.3 million, or 20.8%, from the first nine months of 1998. 1998 SG&A includes restructuring charges relating to the Company's initiative to reduce its SG&A expenses and the planned closing of four additional financial institution check printing plants. With these charges excluded, SG&A decreased \$27.8 million, or 14.7%, from the third quarter of 1998 and \$101.3 million, or 17.8%, from the first nine months of 1998. The decrease is primarily due to discontinuing production of direct mail products and the sale of the remaining businesses within the Deluxe Direct Response and Deluxe Direct segments in 1998. These businesses had \$32.1 million and \$110.8 million of SG&A in the third quarter and the first nine months of 1998, respectively. Deluxe Paper Payment Systems SG&A decreased 1.7% from the third quarter of 1998 and was flat versus the first nine months of 1998. This reflects a decrease within the financial institution check printing business resulting from consolidation efforts and reductions in the number of employees. This decrease is offset by increased marketing expenses for the direct mail check business due to an increased emphasis on new customer acquisition. Deluxe Electronic Payment Systems' SG&A decreased 2.2% from the third quarter of 1998 and 16.0% from the first nine months of 1998 due primarily to initiatives designed to lower SG&A, as well as reductions in Corporate support SG&A expenses, which results in lower expenses allocated to the segments. SG&A for Deluxe Government Services decreased 23.7% from the third quarter of 1998 and 27.8% from the first nine months of 1998 due to the fact that Corporate support expenses were not allocated to this segment in 1999. SG&A for Deluxe Payment Protection Systems increased 38.4% from the third quarter of 1998 and 23.8% from the first nine months of 1998 due primarily to costs incurred in conjunction with the Company's development of its Debit Bureau(SM) capabilities.

OTHER INCOME - Other income increased \$1.0 million from the third quarter of 1998 due primarily to restructuring charges recorded in 1998 relating to discontinuing production of direct mail products and the planned closing of four additional financial institution check printing plants. These charges were partially offset by the reversal of a portion of the reserve for 1997 legal proceedings (see note 5 to the Notes to Consolidated Financial Statements) and a gain on the sale of the Company's card services business. Other income decreased \$2.4 million from the first nine months of 1998 due primarily to losses on the disposition of assets in 1999.

INCOME TAX EXPENSE - The Company's effective tax rate decreased to 38.0% for the

first nine months of 1999 from 41.5% for the comparable period in 1998 due primarily to decreased state tax expense as a result of various tax reduction initiatives undertaken by the Company.

NET INCOME (LOSS) - Net income for the third quarter of 1999 increased to \$49.1 million, compared to a net loss of \$.1 million for the third quarter of 1998. Net income for the first nine months of 1999 increased to \$144.9 million, compared to net income of \$85.7 million for the first nine months of 1998. The increase is due to the restructuring charges, asset impairment charges and accrued losses on long-term service contracts and relationships which were recorded in 1998 and which are discussed above and in the Notes to Consolidated Financial Statements. Excluding these charges and their related tax impacts, 1999 net income increased \$2.6 million, or 5.6%, from the third quarter of 1998, and increased \$12.6 million, or 9.5%, from the first nine months of 1998. The increase is due to the improvement in the Company's operating margin from 14.9% in the first nine months of 1998 to 18.4% in the first nine months of 1999. This improvement results from the better performance from ongoing operations which is more specifically discussed above, as well as from the sale of the businesses within the Deluxe Direct Response and Deluxe Direct segments in 1998.

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Financial Condition - Liquidity

Cash provided by operations was \$158.9 million for the first nine months of 1999, compared with \$178.1 million for the first nine months of 1998. The decrease is due to a payment of \$32.2 million in February 1999 for a judgement against one of the Company's subsidiaries (see Note 5 to Notes to Consolidated Financial Statements). This decrease was partially offset by decreased accounts receivable due to decreased sales and an increase in Automated Clearing House (ACH) processing of cash receipts within the Deluxe Paper Payment Systems segment. 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 September 30, 1999 was \$42.9 million compared to \$181.3 million on December 31, 1998. The Company's current ratio on September 30, 1999 was 1.1 to 1, compared to 1.4 to 1 on December 31, 1998. The decrease is due primarily to the use of cash during the first nine months of 1999 to repurchase stock of the Company and to complete two acquisitions (see Notes 6 and 7 to Notes to Consolidated Financial Statements).

Financial Condition - Capital Resources

Purchases of capital assets totaled \$78.7 million for the first nine months of 1999 compared to \$88.5 million during the comparable period one year ago. As of September 30, 1999, the Company had uncommitted bank lines of credit of \$115 million available at variable interest rates. The average amount drawn on these lines during the first nine months of 1999 was \$1.5 million at a weighted average interest rate of 5.12%. As of September 30, 1999, there were no amounts outstanding under these lines of credit. No amounts were drawn on these lines during 1998 and there was no outstanding balance at December 31, 1998. The Company also had committed lines of credit of \$650 million available for borrowing and as support for commercial paper. As of September 30, 1999 and December 31, 1998, the Company had no commercial paper outstanding and no indebtedness outstanding under its committed lines of credit. Additionally, the Company had a shelf registration in place to issue 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 September 30, 1999 and December 31, 1998, no such notes were issued or outstanding.

Year 2000 Readiness Disclosure

GENERAL APPROACH AND STATE OF READINESS - In 1996, the Company initiated a program to prepare its computer systems, applications and embedded chip equipment for the year 2000 and to evaluate the readiness of its third-party suppliers and customers for the millennium date change. The year 2000 issue affects the Company and most of the other companies and governmental agencies in the world. Historically, certain computer programs were written using two digits rather than four to define the applicable year. As a result, some programs may recognize a date which uses the two digits "00" as 1900 rather than the year 2000, which among other things may cause them to generate erroneous data, lose data elements and possibly fail.

The Company is using a multiphase approach in conducting its year 2000 remediation efforts. These phases are: assessment; analysis and formulation of remediation strategy; solution implementation; testing; and certification using internally developed criteria. The Company has divided its internal readiness review between "mission critical" systems and equipment and its other assets. The project is organized around nine types of computerized assets: internally developed applications; product-to-market software and systems; third-party purchased software; data centers; networks; environmental systems; purchased hardware (including embedded chip and desktop equipment); third-party

assessment; and external interfaces. During 1997, the Company assessed and prioritized all affected areas, defined appropriate resolution strategies and began execution of those strategies. The compliance strategies include renovation, replacement and retirement of systems and equipment.

As of September 30, 1999, overall project remediation was 100% complete for the Company's domestic operations, including mission critical areas and all areas regulated by the Federal Financial Institution Examination Council (FFIEC). The international operations of iDLX are completing their remediation efforts and should be certified as year 2000 compliant in November. Also during 1999, the project focus shifted toward ongoing post-certification review and contingency plan completion. As of September 30, 1999, contingency plan development across all computerized asset categories and Deluxe

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business units was approximately 90% complete. In June 1999, contingency planning was 100% complete for all areas within the Company regulated by the FFIEC.

As part of its year 2000 review, the Company also assessed the readiness of the embedded chip equipment in its domestic facilities. This assessment included all plant manufacturing equipment, HVAC systems, building security systems, personal computers and other office equipment such as printers, faxes and copy machines. The most frequent method of achieving compliance in this area is replacing non-compliant systems and equipment. This effort was completed in June 1999.

Another area of focus for the Company is the year 2000 readiness of its significant suppliers and customers, both from the standpoint of technology and product and service provision. These external organizations were contacted and they have provided responses to year 2000 assessment requests. Site visits were made and action plans were developed as appropriate, based on the importance of the organizations to the Company's ability to provide products and services. This category was completed in March 1999 and will be monitored going forward until the year 2000.

COSTS - The Company expects to incur project expenses of approximately \$28.4 million over the life of its year 2000 project, consisting of both internal staff costs and external consulting expenses, with \$24.5 million having been incurred through September 30, 1999. Funds for the initiative are provided from a separate budget of \$28.4 million for the remediation of all affected systems. The Company's SAP software implementation costs and other capital expenditures associated with replacing or improving affected systems are not included in these cost estimates. The Company has not deferred any material information technology project as a result of this initiative.

RISK AND CONTINGENCY - Because of the nature of the Company's business, the year 2000 issue would, if unaddressed, pose a material business risk for the Company. Business operations may be at risk, as would customer information interfaces and the provision of products and services. The risk is increased by the potential for the Company to fall out of compliance with policies set by the FFIEC, the National Credit Union Agency and other federal and regional regulatory bodies. The Company believes that with the completed modifications to existing systems and the replacement or retirement of other systems, the year 2000 compliance issue has been resolved in a timely manner and will not pose significant operational problems for the Company. In addition to the modifications, replacements and retirements, the Company has developed risk mitigation processes and is creating contingency plans in an effort to limit the inherent risk of the year 2000 issue. Manual fall-back processes and procedures are being identified and put in place, particularly in cases where vendor equipment or services begin to demonstrate the potential to be unavailable. The Company is also preparing plans to deploy internal teams to repair problems as they arise when the next century begins. Ongoing audit reviews are currently in progress and are scheduled to continue into 2000 to ensure that compliance control processes continue to be used. In addition, the Company is enhancing its existing business resumption plans.

Outlook

In 1999, the Company will continue its efforts to reduce costs and improve profitability by continuing with its plans to close financial institution check printing plants and complete the implementation of a new order processing and customer service system and post-press production process improvements. Additionally, the Company will continue with its plans to reduce SG&A expenses. At the same time, the Company will continue with major infrastructure improvements and expects to complete its year 2000 readiness project in a timely manner.

In April 1999, the Company announced the creation of a new business unit, eFunds. This business unit will be comprised of eFunds Corporation (f/k/a Deluxe Electronic Payment Systems, Inc.), Debit Bureau (SM), Chex Systems, Inc., Deluxe Payment Protection Systems, Inc. and eFunds Tustin, which was acquired in February 1999, under a single management group. The Company believes that combining these businesses into a single integrated unit will provide

opportunities for revenue and profit growth in excess of what would have been generated had they continued to operate independently. The Company also announced that it plans to reduce its Corporate support group and will be moving some Corporate resources into the Company's operating units in order to enable them to operate more independently. The implementation of this initiative could lead to a restructuring charge in future periods. The transition to this new business model is expected to be completed by January 1, 2000. In addition, the Company has stated that it will be selling National Revenue Corporation, the Company's collection business, as it does not fit into the Company's new business model.

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In April 1999, the Company's Board of Directors authorized the repurchase of up to 10 million shares of the Company's Common Stock. Through September 30, 1999, the Company purchased 4.7 million of the 10 million shares. Market conditions permitting and depending on the amount of cash available to the Company for this purpose and its other investment opportunities, additional share repurchases could occur in the fourth quarter of 1999.

The Company has recently been notified that the prime contractor for a number of states and state coalitions for which the Company's Deluxe Government Services business provides switching services does not intend to renew its switching agreement with the Company. The Company is currently negotiating with the contractor regarding the timing and cost of this transition and the subsequent conversion of the switching services to a third party. The Company will adjust the charge described in Note 11 to the Notes to Consolidated Financial Statements when the results of these negotiations are reasonably estimable, but it is possible that the loss of this agreement and revenue stream will require the Company to record an additional accrual.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As of September 30, 1999, the Company had an investment portfolio of fixed income securities, excluding those classified as cash and cash equivalents, of \$38.9 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. However, the Company has the ability to hold its fixed income investments until maturity and therefore would not expect to recognize an adverse impact on net income or cash flows in such an event.

The Company operates internationally, and so it is subject to potentially adverse movements in foreign currency rate changes. The Company does not enter into foreign exchange forward contracts to reduce its exposure to foreign currency rate changes on intercompany foreign currency denominated balance sheet positions. Historically, the effect of movements in the exchange rates have not been material to the consolidated operating results of the Company.

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 by the Company's representatives, the words or phrases "should result," "are expected to," "targeted," "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 Item 5 of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.

Earnings Estimates; Cost Reductions. From time to time, 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 statements that it expects to achieve a minimum of 11 percent annual growth in earnings in 1999 and 2000, report record operating earnings in 1999 and that it has a target of generating cumulative EBITDA (earnings before interest, income taxes, depreciation and amortization)

in excess of \$2.3 billion over the next five years, regarding the Company's future performance reflects various assumptions. These assumptions are subject to significant uncertainties, and,

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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. In addition, it is not expected that the earnings growth projected for 1999 and 2000 will be representative of results that may be achieved in subsequent years.

As a result, there can be no assurance that the Company's performance will be consistent with any management forecasts or that the variation from such forecasts will not 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, 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.

Recent Strategic Initiatives. The Company has recently announced the creation of eFunds, a new business unit comprised of eFunds Corporation (f/k/a Deluxe Electronic Payment Systems, Inc.), Debit Bureau(SM), Chex Systems, Inc., Deluxe Payment Protection Systems, Inc. and eFunds Tustin. It is hoped that combining these businesses into a single business unit will increase their opportunities for revenue and profit growth. The Company has also announced an intention to transfer certain resources and responsibilities from its corporate group to its operating units in an effort to enable them to more efficiently respond to market opportunities and conditions. The precise benefits, if any, that may result from these initiatives cannot presently be quantified. Further, accomplishing the goals of the reorganization is dependent upon identifying and developing new products and services, some or all of which may be directed at markets not now served by the Company. The successful execution of this strategy is also dependant upon identifying and retaining personnel and third parties with the expertise needed to develop and implement the Company's strategic initiatives. Portions of the initiative may also involve identifying and reaching agreements with strategic alliance partners and acquisition targets. Unexpected delays are common in endeavors of this type and can arise from a variety of sources, many of which will likely have been unanticipated. The likelihood that the reorganization will achieve its goal of incrementally increasing the revenues and profits of the businesses included in the eFunds business unit must be considered in light of the problems, expenses, complications and delays frequently encountered in connection with the development and execution of new business initiatives and the competitive, rapidly changing environment in which eFunds will operate. As a result, although the Company has set annual revenue growth targets for its eFunds business unit at 20 percent for the years 2000 and 2001, and hopes to achieve higher levels of growth in subsequent years, there can be no assurance that these targets will in fact be achieved. In addition, the implementation of these initiatives could lead to a restructuring charge in an amount that, although not yet quantified, may be material.

iDLX Technology Partners. There can be no assurance that the services proposed to be offered by the Company's iDLX Technology Partners (iDLX) business unit will achieve market acceptance in either the United States or India. To date, the operations of iDLX have not been profitable. In addition, the Company has only limited operational experience in India. The successful development of iDLX is subject to all of the risks inherent in the establishment of a new business enterprise, including the absence of an extended operating history, reliance on key personnel, a need to attract and retain qualified employees in a highly competitive labor market, a competitive environment characterized by numerous

well-established and well-capitalized competitors and the risk that the reputation of the business could be more adversely affected by any

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customer service issues or problems than would be the case with a more established firm. Further, in developing iDLX, the Company faces additional complexities arising from the maintenance of certain of its functions in India. In addition to the normal complications that arise in connection with the management of remote locations, 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. 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 iDLX. As a result, there can be no assurance that this business unit will achieve its announced 1999 and 2000 revenue targets of \$25 million and \$50 million, respectively (excluding intercompany sales), or that this unit will ever generate significant revenues or profits or provide an adequate return on the Company's investment.

Debit Bureau(SM). The Company has announced its intention to offer decision support tools and information to retailers and financial institutions that offer or accept direct debit-based products, such as checking accounts, ATM cards, debit cards and Internet payments. 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 the Company's Debit Bureau(SM) initiative will result in the introduction of a significant number of new products or services or that any new products or services introduced by the Company will generate revenues in material amounts. In any event, the continued development of Debit Bureau(SM) is expected to require a significant level of investment by the Company.

IDDA Initiative. The Company has recently announced a initiative to develop an Internet demand deposit account opening product. This product is not yet fully operational. Unanticipated delays and expenses are common in these types of product development efforts and there can be no assurance that the Company's planned development schedule will be achieved. Further, even if the product is successfully developed, there can be no assurance that the system will achieve widespread market acceptance or generate incremental revenues in material amounts. In addition, even if the product is successfully completed, technological change occurs at a rapid pace in the Internet applications area, and there can be no assurance that competing products or systems will not be introduced that will narrow or limit the market for the Company's system or render it obsolete.

Share Repurchase Program. In April 1999, the Board of Directors of the Company authorized the repurchase of up to 10,000,000 shares of the Company's Common Stock. Through September 30, 1999, the Company has purchased 4.7 million of the shares included in this authorization. The completion of this program is, however, dependant upon market conditions, including the availability of a sufficient number of shares at prices determined by management of the Company to be reasonable, the amount of cash available to the Company for this purpose and the Company's other investment opportunities. Accordingly, if appropriate conditions or circumstances do not prevail during the planned repurchase period, the Company will not purchase the entire allotment of shares authorized by the Board.

Timing and Amount of Anticipated Cost Reductions. With regard to the results of the Company's ongoing cost reduction efforts (including the Company's current review of its SG&A expense levels), there can be no assurance that the projected annual cost savings will be fully realized or will be achieved within the time periods expected. The implementation of the printing plant closures upon which some of the anticipated savings depend 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 and the implementation schedules of the Company's customers. The Company has previously experienced unanticipated delays in the planned roll-out of its on-line ordering system and Year 2000 moratoriums by the Company's customers have delayed the Company's original plant closing schedule. There can be no assurances that additional sources of delays will not be encountered. Any such event could adversely affect the planned consolidation of the Company's printing facilities and the achievement of the expected productivity improvements and delay the realization or reduce the amount of the anticipated expense reductions.

In addition, the achievement of the targeted level of cost savings is dependent upon the successful execution of a variety of other cost reduction strategies throughout the Company's operations. These additional efforts include the consolidation of the Company's purchasing process and certain administrative and sales support organizations, headcount reductions and other efforts. The optimum means of realizing many of these strategies is being evaluated by the Company in

view of the Company's recent efforts to transfer certain resources and responsibilities from its corporate group to its operating units. The

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goodwill amortization associated with the Company's recent acquisitions of eFunds Tustin and the remaining 50 percent ownership interest in its joint venture with HCL Corporation of India, as well as any future acquisitions, may also act to offset some of the benefits sought to be achieved through this program. Unexpected delays, complicating factors and other hindrances are common in the implementation of these types of endeavors and can arise from a variety of sources, some of which are likely to have been unanticipated. The Company may also incur additional charges against its earnings in connection with future programs. 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.

Other Dispositions and Acquisitions. In connection with its ongoing restructuring and growth initiatives, 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. Acquisitions accounted for as a purchase transaction could also adversely affect the Company's reported future earnings due to the amortization of the goodwill and other intangibles associated with the purchase.

The Company has announced its intention to divest National Revenue Corporation, the Company's collection business. This sale is currently expected to be completed in the fourth quarter of 1999 or early 2000. Delays and unforeseen difficulties are, however, common in transactions of this type and so there can be no assurance that this sale schedule can be achieved.

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 sales channel to financial institutions and from direct mail sellers of checks. From time to time, one or more of these competitors reduce the prices of their products in an attempt to gain volume. The corresponding pricing pressure placed on the Company has resulted in reduced profit margins for the Company's check printing business in the past and similar pressures can reasonably be expected in the future. The Company has also experienced some loss of business due to its refusal to meet competitive prices that fell below the Company's revenue and profitability per unit targets. The timing and amount of reduced revenues and profits that may result from these competitive pressures is not ascertainable.

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, electronic and other bill paying services, home banking applications and Internet-based payment services, are in various stages of maturity or development and additional systems will likely be introduced. The Company believes that there will continue to be a substantial market for checks for the foreseeable future, although a reduction in the volume of checks used by consumers is expected. The rate and the extent to which alternative payment methods will achieve consumer acceptance and replace checks cannot, however, be predicted with certainty. A surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the demand for the Company's primary products and its account verification and payment protection services. Although the Company believes that its recent acquisition of eFunds Tustin may contribute to the continued viability of the paper check as a payment mechanism by accelerating processing times and reducing processing costs, there can be no assurance that the check conversion technology developed by this new subsidiary and its competitors will achieve widespread acceptance or have a measurable impact on the sales volume of the Company's principal products.

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The introduction of the alternative payment methodologies described above has

also resulted in an increased interest by third parties in transaction processing, authorization and verification, as well as other methods of effecting electronic payments, as a source of revenue. This increased interest level has led to increased competition for the Company's transaction processing and authorization businesses. The payment processing industry is characterized by continuously evolving technology and intense competition. Many participants in the industry have substantially greater capital resources and research and development capabilities than the Company. There can be no assurance that the Company's competitors and potential competitors will not succeed in developing and marketing technologies, services or products that are more accepted in the marketplace than those offered or envisioned by the Company. Such a development could result in the loss of significant customers by the Company's eFunds business unit, render the Company's technology and proposed products obsolete or noncompetitive or otherwise materially hinder the achievement of the growth targets established for this business unit. Initiatives that may be undertaken by the Company in connection with Internet commerce-based activities would be particularly susceptible to these types of competitive risks and the rapid development and deployment of Internet technologies, products and services may present unanticipated competitive risks to the Company's current business that may be material and adverse.

Effect of Financial Institution Consolidation. Recent consolidation within the banking industry has resulted in increased competition and consequent 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 industry, there can be no assurance that significant customers will not be lost or that any such loss can be counterbalanced through the addition of new customers or by expanded sales to the Company's remaining customers.

Revised Analytic Approach. The Company has announced that it is applying a new methodology for evaluating the Company's projected return on various forms of investment. The use of this methodology represents a revised analytic approach by the Company and the long-term benefits to be derived therefrom cannot presently be precisely determined.

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 or delivery in the prices of its products.

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.

Year 2000 Readiness Disclosure. In 1996, the Company initiated a company-wide program to prepare its computer systems, applications and embedded chip equipment for the year 2000 and to evaluate the readiness of its third-party suppliers/customers for the millennium date change. Although the Company presently believes that with the planned modifications to existing systems and the replacement or retirement 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, there can be no absolute assurances in this regard. The Company's business operations, as well as its ability to provide products and services to its customers without undue delay or interruption, could be at risk in the event unanticipated year 2000 issues arise. In addition, there can be no absolute assurances that unanticipated expenses related to the Company's ongoing year 2000 compliance efforts will not be incurred. The Company has communicated with its key 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. There can be no guarantee, however, 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 and there can be no assurance that any contingency plans developed by the Company

will adequately mitigate the effects of any third party noncompliance. In addition, it is unrealistic to assume that the Company could remain unaffected if the year 2000 issue results in a widespread economic downturn. It is also possible that the Company's insurance carriers could assert that its existing liability insurance programs do not cover liabilities arising out of any operational problems associated with the advent of the year 2000.

Further, although the Company's operations in India are not material to its business taken as a whole, it is reasonable to expect that disruptions caused by Year 2000 issues are more likely to occur in nations with a less well developed technology infrastructure. The Company believes it has developed appropriate contingency plans and remedial procedures for its Indian operations in the event of Year 2000 problems, but these plans and procedures could prove unsuccessful in the event of widespread or long-term disruptions caused by the millennium date change. In such an event, the Company would be required to develop long-term business resumption plans and procedures for its Indian operations and would likely incur expenditures that are not presently anticipated.

NEW 14a-4 NOTICE DEADLINE

Under the Company's amended Bylaws, the Company's Board of Directors may exclude proposals (including director nominations) from consideration at its annual shareholder's meeting if such proposals are not submitted on or before a date (the "Notice Date") at least 120 days prior to the date the Company's proxy statement was released to shareholders in connection with the previous year's annual meeting of shareholders. In addition, the proxies solicited by the Company's Board of Directors may confer discretionary authority upon the persons named therein to vote upon any matter submitted for consideration at any regular meeting of shareholders (without discussion of the matter in the Company's proxy statement) if the Company does not receive proper notice of such matter prior to the Notice Date. The Notice Date applicable to the Company's 2000 annual meeting of shareholders is December 3, 1999.

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit No. -----	Description -----	Method of Filing -----
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3(A) to the Company's Annual Report on Form 10-K for the year ended December 31, 1990)	*
3.2	Bylaws (as amended August 5, 1999)	Filed herewith
4.1	Amended and Restated Rights Agreement, dated as of January 31, 1997, by and between the Company and Norwest Bank Minnesota, National Association, as Rights Agent, which includes as Exhibit A thereto, the form of Rights Certificate (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 1 on Form 8-A/A-1 (File No. 001-07945) filed with the Securities and Exchange Commission (the "Commission") on February 7, 1997).	*
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4.2	Indenture, relating to up to \$150,000,000 of debt securities (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (33-32279) filed with the Commission on November 24, 1989).	*
4.3	Amended and Restated Credit Agreement, dated as of July 8, 1997, among the Company, Bank of America National Trust and Savings Association, as agent, and the other financial institutions party thereto related to a \$150,000,000 committed line of credit (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).	*

4.4	Credit Agreement, dated as of August 30, 1999, among the Company, Bank of America, N.A., as the sole and exclusive administrative agent, and the other financial institutions party thereto related to a \$500,000,000 revolving credit agreement.	Filed herewith
12.3	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.3	Financial Data Schedule	Filed herewith

 *Incorporated by reference

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

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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	November 12, 1999	/s/ J. A. Blanchard III ----- J.A. Blanchard III, President and Chief Executive Officer (Principal Executive Officer)
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Date	November 12, 1999	/s/ Thomas W. VanHimbergen ----- Thomas W. VanHimbergen Executive Vice President and Chief Financial Officer (Principal Financial Officer)
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INDEX TO EXHIBITS

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27.3	Financial Data Schedule	

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BYLAWS

OF

DELUXE CORPORATION
(AS AMENDED AUGUST 5, 1999)

ARTICLE I

OFFICES, CORPORATE SEAL

SECTION 1. REGISTERED OFFICE. The registered office of the corporation in the State of Minnesota shall be as set forth in the articles of incorporation as amended from time to time (the "articles of incorporation") or the most recent resolution of the board of directors of the corporation (the "board of directors") filed with the secretary of state of Minnesota changing the registered office.

SECTION 2. SEAL. The corporation shall not have a corporate seal.

ARTICLE II

MEETINGS OF SHAREHOLDERS

SECTION 1. REGULAR MEETINGS OF SHAREHOLDERS.

(a) Regular meetings of the shareholders of the corporation shall be held on such date and at such time and place as the board of directors shall designate.

(b) At a regular meeting of shareholders, the shareholders of the corporation, voting as provided in the articles of incorporation and these bylaws, shall elect a board of directors and shall transact such other business as may properly come before them.

(c) At any regular meeting of shareholders, a person may be a candidate for election to the board of directors only if such person is nominated (i) by the board of directors, (ii) by any nominating committee or person appointed by the board of directors and authorized to make nominations for election to the board of directors, or (iii) by a shareholder, who complies with the procedures set forth in this paragraph. To properly nominate a candidate, a shareholder shall give written notice of such nomination to the chief executive officer or secretary of the corporation not later than the date (the "Notice Date") specified by Rule 14a-8 (as amended from time to time and any successor rule or regulation, "Rule 14a-8") promulgated under the Securities Exchange Act of 1934 (as amended from time to time, the "Exchange Act") as the last date for receipt by the

corporation of shareholder proposals; shall attend the meeting with the candidate whom the shareholder wishes to nominate; and shall propose the candidate's nomination for election to the board of directors at the meeting. The notice by a shareholder shall set forth as to each person whom the shareholder recommends for nomination (v) the name, age, business address and residence address of the person; (w) the principal occupation or employment of the person; (x) the number of shares of stock of the corporation owned by the person; (y) the written and acknowledged statement of the person that such person is willing to serve as a director of the corporation; and (z) any other information relating to the person that would be required to be disclosed in a solicitation of proxies for election of directors pursuant to Regulation 14A (as amended from time to time) under the Exchange Act had the election of the person been solicited by or behalf of the board of directors of the corporation.

(d) To be properly brought before a regular meeting of shareholders, business must be (i) directed to be brought before the meeting by the board of directors or (ii) proposed to be considered at the meeting by a shareholder by giving written notice of the proposal containing the information required by Rule 14a-8 to the chief executive officer or secretary of the corporation not later than the Notice Date and shall be presented at the meeting by the proposing shareholder.

(e) The proxies solicited by the corporation's board of directors may confer discretionary authority upon the persons named therein to vote on any matter submitted for consideration at any regular meeting of shareholders (i) if the corporation does not receive proper notice of such matter on or before the Notice Date or (ii) as otherwise permitted by applicable laws, rules and regulations, including, without limitation, the Exchange Act and rules and regulations promulgated thereunder.

(f) No business shall be conducted at a regular meeting of shareholders of the corporation except business brought before the meeting in accordance with the procedures set forth in this Section; provided, however, that once business has been properly brought before the meeting in accordance with such procedures, nothing in this Section shall be deemed to preclude discussion by any shareholder of any such business. If the introduction of any business at a regular meeting of shareholders does not comply with the procedures specified in this Section, the chair of the meeting shall declare that such business is not properly before the meeting and shall not be considered at the meeting.

SECTION 2. QUORUM AT REGULAR MEETINGS OF SHAREHOLDERS. The holders of a majority of shares outstanding, entitled to vote for the election of directors at a regular meeting of shareholders, represented either in person or by proxy, shall constitute a quorum for the transaction of business.

SECTION 3. SPECIAL MEETINGS OF SHAREHOLDERS. Special meetings of the shareholders of the corporation may be called and held as provided in the Minnesota Business Corporation Act (as amended from time to time, the "MBCA").

SECTION 4. ADJOURNED MEETINGS. Regardless of whether a quorum shall be present at a meeting of the shareholders of the corporation, the meeting may be adjourned from time to time for up to 120 days after the date fixed for the original meeting without notice other than announcement at the time of adjournment of the date, time and place of the adjourned meeting.

SECTION 5. VOTING. At each meeting of the shareholders of the corporation, every shareholder having the right to vote shall be entitled to vote either in person or by proxy. Unless otherwise provided by the MBCA or the articles of incorporation, each shareholder shall have one vote for each share having voting power registered in such shareholder's name on the books of the corporation as of the record date. Jointly owned shares may be voted by any joint owner unless the corporation receives written notice from any one of them denying the authority of that person to vote such shares. Except as otherwise required by the MBCA, the articles of incorporation or these bylaws, all questions properly before a meeting of shareholders shall be decided by a vote of the number of the greater of (i) a majority of the shares entitled to vote on the question and represented at the meeting at the time of the vote, or (ii) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the meeting.

SECTION 6. RECORD DATE. The board of directors may fix a date, not less than 20 days nor more than 60 days preceding the date of any meeting of the shareholders of the corporation, as a record date for the determination of the shareholders entitled to notice of, and to vote at, such meeting, notwithstanding any transfer of shares on the books of the corporation after any record date so fixed. If the board of directors fails to fix a record date for determination of the shareholders entitled to notice of, and to vote at, any meeting of shareholders, the record date shall be the 30th day preceding the date of such meeting. Unless the board of directors sets another time on the record date for the determination of the shareholders of record, such determination shall be made as of the close of business on the record date.

SECTION 7. NOTICE. There shall be mailed to each shareholder, shown on the books of the corporation to be a holder of record of voting shares, at his or her address as shown on the books of the corporation, a notice setting out the date, time and place of each regular and special meeting. Notice of each meeting of the shareholders of the corporation shall be mailed at least seven days and not more than 60 days prior thereto except as otherwise provided by the MBCA. Every notice of any special meeting of the shareholders of the corporation called pursuant to Section 3 hereof shall state the purpose or purposes for which the meeting has been called and shall otherwise conform to the requirements of the MBCA.

SECTION 8. WAIVER OF NOTICE. Notice of any regular or special meeting of the shareholders of the corporation may be waived by any shareholder either before, at or after such meeting orally or in a writing signed by such shareholder or a representative entitled to vote the shares of such shareholder. A shareholder, by attending any meeting of shareholders, shall be deemed to have waived notice of such meeting, except where the

shareholder objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

SECTION 9. CONDUCT OF MEETING. The chairman of the board of directors, or if there shall be none or in his or her absence, the vice chairman of the board of directors, or if there be none or in his or her absence, the highest ranking officer of the corporation, determined in accordance with Article IV among a

group consisting of the chief executive officer, president and the vice presidents, who is present at the meeting, shall call to order and act as the chair of any meeting of the shareholders of the corporation. The secretary of the corporation shall serve as the secretary of the meeting or, if there shall be none or in his or her absence, the secretary of the meeting shall be such person as the chair of the meeting appoints. The chair of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to take or refrain from taking such actions as, in the judgment of the chair of the meeting, are appropriate for the conduct of the meeting. To the extent not prohibited by the MBCA, such rules, regulations and procedures may include, without limitation, establishment of (i) an agenda or order of business for the meeting, (ii) the method by which business may be proposed and procedures for determining whether business has been properly (or not properly) introduced before the meeting, (iii) procedures for casting and the form of ballots to be used by shareholders in attendance at the meeting and the procedures to be followed for counting shareholder votes, (iv) rules, regulations and procedures for maintaining order at the meeting and the safety of those present, (v) limitations on attendance at or participation in the meeting to shareholders of record of the corporation, their duly authorized proxies or such other persons as the chair of the meeting shall determine, (vi) restrictions on entry to the meeting after the time fixed for commencement thereof and (vii) limitations on the time allotted to questions or comments by participants. Any proposed business properly before the meeting shall be deemed to be on the agenda. Unless and to the extent otherwise determined by the chair of the meeting, it shall not be necessary to follow Robert's Rules of Order or any other rules of parliamentary procedure at the meeting of shareholders. Following completion of the business of the meeting as determined by the chair of the meeting, the chair of the meeting shall have the exclusive authority to adjourn the meeting.

ARTICLE III

DIRECTORS

SECTION 1. RESPONSIBILITIES AND TERM. The business and affairs of the corporation shall be managed by or under the direction of the board of directors. The number of directors shall be determined in accordance with the articles of incorporation. The term of each director shall continue until the next succeeding regular meeting of the shareholders of the corporation, and until his successor is elected and qualified.

SECTION 2. QUORUM AND VACANCIES. A majority of the board of directors shall constitute a quorum for the transaction of business; provided, that if any vacancies exist by reason of death, resignation, or otherwise, a majority of the remaining directors shall constitute a quorum for the filling of such vacancies.

SECTION 3. VOTING. Except where otherwise required by the MBCA, the articles of incorporation or these bylaws, the board of directors shall take action by affirmative vote of the greater of (i) a majority of the directors present at a duly held meeting at the time the action is taken or (ii) a majority of the minimum number of directors that would constitute a quorum for the transaction of business at the meeting of directors.

SECTION 4. MEETINGS OF THE BOARD OF DIRECTORS. Meetings of the board of directors may be held from time to time within or without the state of Minnesota.

SECTION 5. NOTICE. Meetings of the board of directors shall be held on such dates and at such times and places as the board of directors may establish and may be called by the chairman or vice chairman of the board of directors or the chief executive officer by giving at least twenty-four hours notice of the meeting, if the meeting is to be held at the registered office of the corporation or by telephone conference conducted as permitted by the MBCA or at least five days notice if the meeting is to be held elsewhere, or by any other director by giving at least five days notice of the meeting. Notice of each meeting shall specify the date, time and place thereof and shall be given to each director by mail, telephone, facsimile message or in person. Notice shall not be required if the date, time and place of a meeting of the board of directors has been set by resolution of the board of directors or otherwise announced at a previous meeting of the board of directors or if the meeting is an adjourned meeting of the board of directors if the date, time and place of the adjourned meeting was announced at the meeting at which adjournment is taken.

SECTION 6. WAIVER OF NOTICE. Notice of any meeting of the board of directors may be waived by any director either before, at, or after such meeting orally or in a writing signed by such director. A director, by attending any meeting of the board of directors, shall be deemed to have waived notice of such meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

SECTION 7. WRITTEN CONSENT OR OPPOSITION. A director may give advance written consent or opposition to a proposal to be acted on at a meeting of the board of

directors. If such director is not present at the meeting, such written consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but such written consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

SECTION 8. COMPENSATION. Directors who are not employees of the corporation shall receive such compensation as shall be set from time to time by the chief executive officer, subject to the power of the board of directors or a committee thereof to change or terminate any such compensation. The chief executive officer shall also determine whether directors shall receive their expenses, if any, of attendance at meetings of the board of directors or any committee thereof and procedures for the reimbursement of such expenses, subject to the power of the board of directors or a committee thereof to change or terminate any such reimbursements or procedures. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving proper compensation therefor.

SECTION 9. STOCK OWNERSHIP. Directors shall be shareholders of the corporation.

SECTION 10. EXECUTIVE COMMITTEE. The board of directors may, by unanimous affirmative action of all of the directors, designate two or more of their number to constitute an executive committee, which, to the extent determined by unanimous affirmative action of all of the directors, shall have and exercise the authority of the board of directors in the management of the business of the corporation subject to such limitations and procedures as may be established by the board of directors in connection with any such action; provided, however, that the board of directors shall not delegate to such committee any power to amend the bylaws, declare dividends, fill vacancies on the board of directors or on the executive committee, or elect or remove officers of the corporation. Any such executive committee may meet at stated times or on notice given by any of their own number, however, it may act only during the interval between meetings of the board of directors. Vacancies in the membership of the executive committee shall be filled by the board of directors at a regular meeting or at a special meeting called for that purpose.

ARTICLE IV

OFFICERS

SECTION 1. CORPORATE OFFICERS. The officers of the corporation shall consist of a chief executive officer and a chief financial officer elected by the board of directors and, if elected by the board of directors, a president, secretary, one or more assistant secretaries, a treasurer and one or more assistant treasurers. The board of directors may also elect and designate as an officer of the corporation one or more vice presidents and such other officers and agents as the board of directors may from time to time determine. The chairman or vice chairman of the board of directors, if elected, may be designated by the board of directors as an officer of the corporation. Any number of offices may be held by the same person.

SECTION 2. CHAIRMAN OF THE BOARD OF DIRECTORS. The chairman of the board directors, if one is elected, shall preside at all meetings of the shareholders and directors and shall have such other duties as may be prescribed from time to time by the board of directors.

SECTION 3. VICE-CHAIRMAN OF THE BOARD OF DIRECTORS. The vice-chairman of the board of directors, if one is elected, shall have such duties as may be prescribed from time to time by the board of directors. In the absence of the chairman of the board of directors, or if one is not elected, the vice-chairman of the board of directors shall preside at meetings of the shareholders and directors.

SECTION 4. CHIEF EXECUTIVE OFFICER. The chief executive officer of the corporation shall have general active management of the business and affairs of the corporation. In the absence of the chairman and the vice chairman of the board of directors, or if none shall be elected, the chief executive officer shall preside at all meetings of the shareholders and directors. The chief executive officer shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer may execute and deliver, in the name of the corporation, any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the corporation unless the authority to execute and deliver is required by the MBCA to be exercised by another person or is expressly delegated by the articles of incorporation, these bylaws or by the board of directors to some other officer or agent of the corporation. In the absence of the secretary and assistant secretary, or if none shall be elected, the chief executive officer shall maintain records of and, whenever necessary, certify all proceedings of the board of directors and the shareholders. The chief executive officer shall have such other duties as may,

from time to time, be prescribed by the board of directors. The powers and duties specified herein may be modified or limited at any time by the board of directors.

SECTION 5. PRESIDENT. The president, if one is elected, shall have such power and duties regarding the management and daily conduct of the business of the corporation as shall be determined by the board of directors, and, unless otherwise provided by the board of directors, such power and duties of the chief executive officer as may be delegated to the president by the chief executive officer. Unless otherwise provided by the board of directors, in the absence of the chairman and vice chairman of the board of directors and the chief executive officer, or if none shall be elected, the president shall preside at all meetings of the shareholders and directors. In the absence of the chief executive officer, the president shall succeed to the chief executive officer's powers and duties unless otherwise directed by the chief executive officer or the board of directors.

SECTION 6. CHIEF FINANCIAL OFFICER. The chief financial officer shall (i) keep accurate financial records for the corporation; (ii) deposit all moneys, drafts and checks in the name of, and to the credit of, the corporation in such banks and depositories as the board of directors shall, from time to time, designate or otherwise authorize; (iii) have the power to endorse, for deposit, all notes, checks and drafts received by the corporation; (iv) disburse the funds of the corporation, making or causing to be made proper vouchers therefor; (v) render to the chief executive officer and the board of directors, whenever requested, an account of all of his or her transactions as chief financial officer and of the financial condition of the corporation, and (vi) perform such other duties as may, from time to time, be prescribed by the board of directors or by the chief executive officer.

The powers and duties specified herein may be modified or limited at any time by the board of directors.

SECTION 7. VICE PRESIDENTS. Each vice president shall have such powers and duties as may be prescribed by the board of directors and, unless otherwise provided by the board of directors, such power and duties of the chief executive officer or president as may be delegated from time to time to each vice president by the chief executive officer or president, as the case may be. In the event of the absence of the president, the vice presidents shall succeed to the duties and powers of such office in the order in which they are elected, as appears from the minutes of the meeting or meetings at which such elections shall have taken place, unless otherwise provided by the board of directors, chief executive officer or president.

SECTION 8. SECRETARY. The secretary, if one shall be elected by the board of directors, shall be secretary of and shall attend all meetings of the shareholders and board of directors. The secretary shall act as clerk thereof and shall record all proceedings of such meetings in the minute book of the corporation and, whenever necessary, certify all proceedings of the board of directors and the shareholders. The secretary shall give proper notices of meetings of shareholders and directors. The secretary shall, with the chairman of the board of directors, president or any vice president, sign or cause to be signed by facsimile signature all certificates for shares of the corporation and shall have such other powers and shall perform such other duties as may be prescribed from time to time by the board of directors.

SECTION 9. TREASURER. The treasurer, if one shall be elected by the board of directors, shall have such powers and duties as may be prescribed by the board of directors and, unless otherwise provided by the board of directors, such power and duties of the chief financial officer as may be delegated from time to time to the treasurer by the chief financial officer. In the absence of the chief financial officer, the treasurer shall succeed to the duties and powers of the chief financial officer unless otherwise directed by the board of directors, chief executive officer or chief financial officer.

SECTION 10. ASSISTANT SECRETARY AND ASSISTANT TREASURER. Any assistant secretary or assistant treasurer, who may from time to time be elected by the board of directors, may perform the duties of the secretary or of the treasurer, as the case may be, under the supervision and subject to the control of the secretary or of the treasurer, respectively. Unless otherwise provided by the board of directors, the chief executive officer or the secretary, in the event of the absence of the secretary, an assistant secretary shall have the powers and perform the duties of the office of secretary. If there shall be more than one assistant secretary, the assistant secretary appearing as first elected in the minutes of the meeting at which such elections shall have taken place shall exercise such powers and have such duties. Unless otherwise provided by the board of directors, the chief executive officer or the treasurer, in the event of the absence of the treasurer, an assistant treasurer shall have the powers and perform the duties of the office of treasurer. If there shall be more than one assistant treasurer, the assistant treasurer appearing as first elected in the minutes of the meeting or meetings at which such elections shall have taken place,

shall exercise such powers and have such duties. Each assistant secretary and each assistant treasurer shall also have such powers and duties of the secretary or the treasurer as the secretary or the treasurer respectively may delegate to such assistant and shall also have such other powers and perform such other duties as may be prescribed from time to time by the board of directors.

SECTION 11. VACANCY. If there shall occur a vacancy in the office of chief executive officer or chief financial officer, such vacancy shall be filled by the board of directors as expeditiously as practicable. If there shall occur a vacancy in the position of chairman or vice chairman of the board of directors or, subject to the foregoing, in any other office of the corporation by reason of death, resignation, or otherwise, such vacancy may, but need not, be filled by the board of directors.

SECTION 12. REMOVAL, REPLACEMENT AND REASSIGNMENT. The board of directors may at any time and for any reason, with or without cause (i) remove or replace the chairman or vice chairman of the board of directors, whether or not such action results in a vacancy in the chairmanship or vice chairmanship of the board of directors, provided that such action shall in no event terminate the directorship of such person unless such action is effective in accordance with the MBCA to remove such person as a director; (ii) remove, replace or reassign the incumbent chief executive officer or chief financial officer, provided that if such action results in a vacancy in such office, the board of directors shall act to fill that vacancy as provided in Section 11 hereof; (iii) remove, replace or reassign the incumbent in any other office of the corporation whether or not such action results in a vacancy in any such office; and (iv) reduce, add to, reassign or otherwise change the powers and duties specifically conferred upon any officer of the corporation by these bylaws or by any action of the board of directors, or any officer acting by authority conferred by these bylaws or action of the board of directors or otherwise. Any officer of the corporation to whom such authority shall have been delegated by the board of directors and, unless otherwise provided by the board of directors, the chief executive officer, may at any time and for any reason, with or without cause, remove, replace or reassign the incumbent in any office of the corporation other than the chairman and vice chairman of the board of directors, the chief executive officer, the president and the chief financial officer.

ARTICLE V

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. INDEMNIFICATION. The corporation shall indemnify all officers and directors of the corporation for such expenses and liabilities, in such manner, under such circumstances and to the fullest extent permitted by the MBCA. Unless otherwise approved by the board of directors, the corporation shall not indemnify any officer or director of the corporation who is not otherwise entitled to indemnification pursuant to the prior sentence of this Section.

ARTICLE VI

AMENDMENT OF BYLAWS

SECTION 1. AMENDMENTS. Except as otherwise provided by the MBCA, these bylaws may be amended in whole or in part by a vote of a two-thirds majority of all of the directors. Such authority of the board of directors is subject to the power of the shareholders, exercisable in the manner provided in the MBCA, to adopt, amend, or repeal bylaws adopted, amended, or repealed by the board of directors.

CREDIT AGREEMENT

DATED AS OF AUGUST 30, 1999

AMONG

DELUXE CORPORATION,

BANK OF AMERICA, N.A.,

AS SOLE AND EXCLUSIVE ADMINISTRATIVE AGENT,

AND

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

ARRANGED BY

BANC OF AMERICA SECURITIES, LLC

SOLE LEAD ARRANGER
AND

SOLE BOOK MANAGER

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v.

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of August 30, 1999, among DELUXE CORPORATION, a Minnesota corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and BANK OF AMERICA, N.A., as administrative agent for the Banks.

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

"Acquisition" means any transaction or series of related

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

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

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

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

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(including, in the case of BofA, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

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

"Agreement" means this Credit Agreement.

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

"Arranger" means Banc of America Securities LLC.

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

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

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

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

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

"Base Rate" means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest in effect for such day as publicly announced from time to time by BofA as its "reference rate." The "reference rate" is a rate set by BofA based upon various factors including BofA's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the reference rate announced by BofA shall take effect at the opening of business on the day specified in the public announcement of such change.

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

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

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

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

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

"BofA" means Bank of America, N.A., a national banking association, or any successor by merger thereto.

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

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

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

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

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

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

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

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

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

3.

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

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

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

"Contingent Obligation" means, as applied to any Person, any material direct or indirect liability of that Person with respect to any Indebtedness, lease, dividend, Surety Instrument or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i)

for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof; in each case (a), (b), (c) or (d), including arrangements wherein the rights and remedies of the holder of the primary obligation are limited to repossession or sale of certain property of such Person. The amount of any Contingent Obligation shall be deemed equal to the lesser of (x) the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, or (y) any limitation of such Contingent Obligation contained in the instrument or agreement creating such Contingent Obligation.

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

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

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

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

"Eligible Assignee" means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$500,000,000; (ii) a commercial bank organized under the laws of any other country

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

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

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

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

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

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA

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

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

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

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fee Letter" has the meaning specified in subsection 2.12(a).

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

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

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

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

"Indebtedness" of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all recourse indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person; and (f) all obligations with respect to capital leases; provided, however, that the term "Indebtedness" shall not include non-recourse obligations or

indebtedness of any kind; and provided further, however, that the term "Indebtedness" shall not include any

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such obligations or indebtedness owing by the Company or any Subsidiary to the Company or any Subsidiary.

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

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

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

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

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

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

provided that:

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

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

(iii) no Interest Period for any Loan shall extend beyond the Revolving Termination Date.

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

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

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

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

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

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

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

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

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

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

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

"LIBO Rate" for any Interest Period, with respect to each LIBOR Bid Loan in any Bid Borrowing or each Offshore Rate Committed Loan comprising part of the same Committed Borrowing, means:

(i) the rate of interest per annum determined by the Agent to be the rate of interest per annum appearing on Dow Jones Page 3750 (as defined below) for Dollar deposits in the approximate amount of, with respect to each LIBOR Bid Loan in the applicable Bid Borrowing, such LIBOR Bid Loan to be borrowed in such Bid Borrowing, or, in the case of Offshore Rate Committed Loans, the Offshore Rate Committed Loan to be made, continued or converted by BofA, and having a maturity comparable to such Interest Period, at approximately 11:00 a.m.

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(London time) two Business Days prior to the commencement of such Interest Period, subject to clause (ii) below; or

(ii) if for any reason the rate is not available as provided in the preceding clause (i) of this definition, the "LIBO Rate" instead means the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the nearest 1/100th of 1%) of the rates of interest per annum notified to the Agent by BofA as the rate of interest at which Dollar deposits in the approximate amount of, in the case of LIBOR Bid Loans and with respect to each LIBOR Bid Loan in the applicable Bid Borrowing, such LIBOR Bid Loan to be borrowed in such Bid Borrowing, or, in the case of Offshore Rate Committed Loans, the Offshore Rate Committed Loan to be made, continued or converted by BofA, and having a maturity comparable to such Interest Period, would be offered by BofA to major banks in the London interbank market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period. As used in this definition, "Dow Jones Page 3750" means the display designated as "3750" on the Dow Jones Market Service (also known as the Telerate Service) or any replacement page thereof or successor thereto.

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

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

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

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

"Loan" means an extension of credit by a Bank to the Company under Article II, and may be a Committed Loan or a Bid Loan.

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

"Majority Banks" means (a) at any time prior to the Revolving Termination Date, Banks then holding at least 51% of the Commitments, and (b) otherwise, Banks then holding at least 51% of the then aggregate unpaid principal amount of the Loans.

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

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

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

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

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

"Notes" means the Bid Loan Notes.

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

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

"Obligations" means all advances, debts, liabilities, obligations, covenants and duties arising under this Agreement and the Notes, owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) August 28, 2000, as such date may be extended in accordance with Section 2.09; and

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

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

"SEC" means the Securities and Exchange Commission, or

any Governmental Authority succeeding to any of its principal functions.

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

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

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

"Total Capitalization" means, as of any date of determination, the sum of (i) Funded Debt, and (ii) the sum of the amounts set forth on the consolidated balance sheet of the Company and its consolidated Subsidiaries as shareholders' equity as determined in accordance with GAAP.

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

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

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

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

"Year 2000 Problem" has the meaning specified in Section 5.18.

1.02 Other Interpretive Provisions.

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

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

(c) Certain Common Terms.

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

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

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

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

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

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

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

1.03 Accounting Principles.

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

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

ARTICLE II

THE CREDITS

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

2.02 Loan Accounts; Bid Loan Notes.

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

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(b) The Bid Loans made by any Bank shall be evidenced by a promissory note executed by the Company (a "Bid Loan Note") (each such Note to be substantially in the form of Exhibit G). Each Bank shall endorse on the schedule annexed to its Note the date, amount and maturity of each Bid Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to

endorse its Note and each Bank's record shall be prima facie evidence of the amount of each such Loan; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Bid Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.03 Procedure for Committed Borrowing.

(a) Each Committed Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent (i) prior to 9:00 a.m. (San Francisco time) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Committed Loans; and (ii) prior to 9:30 a.m. (San Francisco time) on the requested Borrowing Date, in the case of Base Rate Committed Loans, specifying:

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

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

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

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

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

(c) Each Bank will make the amount of its Pro Rata Share of each Committed Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 11:00 a.m. (San Francisco time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. Any such amount which is received later than 11:00 a.m. (San Francisco time) shall be deemed to have been received on the immediately succeeding Business Day. The proceeds of each such Committed Borrowing will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of BofA for the aggregate of the amounts made available to the Agent by the Banks and in like funds as received by the Agent, or if requested by the Company, by wire transfer in accordance with written instructions provided to the Agent by the Company of such funds as received by the

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Agent, unless on the date of the Committed Borrowing all or any portion of the proceeds thereof shall then be required to be applied to the repayment of any outstanding Loans, in which case such proceeds or portion thereof shall be applied to the payment of such Loans.

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

2.04 Conversion and Continuation Elections for Committed Borrowings.

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

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

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

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

on and after such date the right of the Company to continue such Committed Loans as, and convert such Committed Loans into, Offshore Rate Committed Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/ Continuation to be received by the Agent not later than (i) 9:00 a.m. (San Francisco time) at least three Business Days in advance of the Conversion/Continuation Date, if the Committed Borrowings are to be converted into or continued as Offshore Rate Committed Loans; and (ii) 9:30 a.m. (San Francisco time) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Committed Loans, specifying:

(A) the proposed Conversion/Continuation Date;

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

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

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

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

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

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

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

2.05 Bid Borrowings. In addition to Committed Borrowings, each Bank severally agrees that the Company may, as set forth in Section 2.06, from time to time request the Banks prior to the Revolving Termination Date to submit offers to make Bid Loans to the Company; provided, however, that the Banks may, but shall have no obligation to, submit such offers and the Company may, but shall have no obligation to, accept any such offers; and provided, further, that at no time shall (a) the outstanding aggregate principal amount of all Bid Loans made by all Banks, plus the outstanding aggregate principal amount of all Committed Loans made by all Banks exceed the combined Commitments; or (b) the number of Interest Periods for Bid Loans then outstanding plus the number of Interest Periods for Committed Loans then outstanding exceed eight (8) unless agreed by the Agent.

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

(a) When the Company wishes to request the Banks to submit offers to make Bid Loans hereunder, it shall transmit to the Agent by telephone call followed promptly by facsimile transmission a notice in substantially the form of Exhibit E (a "Competitive Bid Request") so as to be received no later than 8:30 a.m. (San Francisco time) (x) four Business Days prior to the date of a proposed Bid Borrowing in the case of a LIBOR Auction, or (y) one Business Day prior to the date of a proposed Bid Borrowing in the case of an Absolute Rate Auction, specifying:

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

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

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

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

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

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

(c) (i) Each Bank may at its discretion submit a Competitive Bid containing an offer or offers to make Bid Loans in response to any Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this subsection 2.06(c) and must be submitted to the Agent by facsimile transmission at its offices specified in or pursuant to Section 10.02 not later than (1) 6:30 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (2) 6:30 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction; provided that Competitive Bids by BofA (or any Affiliate of BofA) may only be submitted if BofA or such Affiliate notifies the Company of the terms of the offer or offers contained therein not later than (A) 6:15 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction or (B) 6:15 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction.

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

(A) the proposed date of Borrowing;

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

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

(D) in case the Company elects an Absolute Rate Auction, the rate of interest per annum expressed in multiples of 1/1000th of one basis point

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(the "Absolute Rate") offered for each such Bid Loan and the Interest Period applicable thereto; and

(E) the identity of the quoting Bank.

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

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

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

(B) contains qualifying, conditional or similar language;

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

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

(d) Promptly on receipt and not later than 7:00 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 7:00 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Agent will notify the Company of the terms (i) of any Competitive Bid submitted by a Bank that is in accordance with subsection 2.06(c), and (ii) of any Competitive Bid that amends, modifies or is otherwise inconsistent with a previous Competitive Bid submitted by such Bank with respect to the same Competitive Bid Request. Notwithstanding the foregoing, any such subsequent Competitive Bid shall be disregarded by the Agent unless such subsequent Competitive Bid is submitted solely to correct a manifest error in such former Competitive Bid and only if received within the times set forth in subsection 2.06(c). The Agent's notice to the Company shall specify (1) the aggregate principal amount of Bid Loans for which offers have been received for each Interest Period specified in the related Competitive Bid Request; (2) the respective principal amounts and LIBOR Bid Margins or Absolute Rates, as the case may be, so offered; and (3) any other information regarding such Competitive Bid reasonably requested by the Company. Subject only to the provisions of Sections 3.02, 3.05 and 4.02 hereof and the provisions of this subsection (d), any Competitive Bid shall be irrevocable except with the written consent of the Agent given on the written instructions of the Company.

(e) Not later than 7:45 a.m. (San Francisco time) three Business Days prior to the proposed date of Borrowing, in the case of a LIBOR Auction, or 7:45 a.m. (San Francisco time) on the proposed date of Borrowing, in the case of an Absolute Rate Auction, the Company shall notify the Agent, in writing and in a form reasonably acceptable to the Agent, of its acceptance or non-acceptance of the offers received by it pursuant to subsection 2.06(c) or notified to it pursuant to subsection 2.06(d). The Company shall be under no obligation to accept any offer and may choose to accept or reject some or all offers. In the case of acceptance, such notice shall specify the aggregate principal amount of offers for each Interest Period that is accepted. The Company may accept any Competitive Bid in whole or in part; provided that:

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

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

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

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

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

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

(ii) Each Bank, which has received notice pursuant to subsection 2.06(g) (i) that its Competitive Bid has been accepted, shall make the amounts of such Bid Loans available to the Agent for the account of the Company at the Agent's Payment Office, by 11:00 a.m. (San Francisco time) in the case of Absolute Rate Bid Loans, and by 11:00 a.m. (San Francisco time) in the case of LIBOR Bid Loans, on such date of Bid Borrowing, in funds immediately available to the Agent for the account of the Company at the Agent's Payment Office.

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

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

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

2.08 Optional Prepayments.

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

(b) Bid Loans may not be voluntarily prepaid.

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

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

cease to constitute a Bank hereunder, except with respect to the indemnification provisions of this Agreement, which shall survive as to such Non-Continuing Bank.

2.10 Repayment. The Company shall repay to the Banks on the Revolving Termination Date the aggregate principal amount of Loans outstanding on such date. The Company shall repay each Offshore Rate Committed Loan and each Bid Loan on the last day of the relevant Interest Period.

2.11 Interest.

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

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

(c) Notwithstanding subsection (a) of this Section, after acceleration or the occurrence and continuation of an Event of Default under Section 8.01(a) or (c), or commencing five (5) days after the occurrence and continuation of any other Event of Default, the Company shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Obligations, at a rate per annum which is determined by adding 2% per annum to the Applicable Margin then in effect for such Loans and, in the case of Obligations not subject to an Applicable Margin, at a rate per annum equal to the Base Rate plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, after the expiration of such Interest Period and during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2%. Interest payable under this subsection 2.11(c) shall be payable on demand by the Majority Banks or the applicable Bid Loan Bank, as the case may be.

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

2.12 Fees.

(a) Arrangement, Agency Fees. The Company shall pay an arrangement fee to Bank of America, N.A. for its own or any affiliate's account, and shall pay agency (including bid agency) fees and other sums to the Agent for the Agent's own account, as required by the letter agreement ("Fee Letter") between the Company, the Arranger and the Agent dated June 16, 1999.

(b) Facility Fees. The Company shall pay to the Agent for the account of each Bank a facility fee on the entire portion of such Bank's Commitment (whether utilized or unutilized), computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, equal to (i) 0.070% per annum if Level I Status exists, (ii) 0.075% per annum if Level II Status exists, (iii) 0.080% per annum if Level III Status exists, (iv) 0.100% per annum if Level IV Status exists, (v) 0.125% per annum if Level V Status exists, (vi) 0.150% per annum if Level VI Status exists, and (vii) 0.200% if Level VII Status exists. Such facility fee shall accrue from the Closing Date to the Revolving Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each calendar quarter commencing on September 30, 1999 through the Revolving Termination Date, with the final payment to be made on the Revolving Termination Date; provided that, in connection with any reduction or termination of Commitments under Section 2.07, the accrued facility fee calculated for the period ending on such date shall also be paid on the date of such reduction or termination, with the following quarterly payment being calculated on the basis of the period from such reduction or termination date to such quarterly payment date. The facility fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at

any time during which one or more conditions in Article IV are not met.

(c) Utilization Fee. The Company shall pay to the Agent for the account of each Bank a utilization fee on the actual outstanding Loan balance for all days on which the aggregate outstanding Loans exceed 33.0% of the aggregate Commitments balance of the Banks, equal to a rate per annum of 0.10%. Such utilization fee shall be computed on a quarterly basis in arrears on the last Business Day of each calendar quarter during which aggregate outstanding loans exceed 33.0% of the aggregate Commitments, shall accrue for all such days from the Closing Date to the Revolving Termination Date, and shall be payable in arrears on the last Business Day of each such quarter commencing on the last Business Day of the fiscal quarter following the Closing Date through the Revolving Termination Date, with the final payment, if applicable, to be made on the Revolving Termination Date.

(d) Upfront Fee. The Company shall pay to the Agent on the Closing Date a non-refundable upfront participation fee in the amount of 0.03% to be allocated by the Agent among the Banks based upon each Bank's participation in this facility.

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2.13 Computation of Fees and Interest.

(a) All computations of facility fees under Section 2.12 (b) and interest for Base Rate Committed Loans when the Base Rate is determined by BofA's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

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

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

2.14 Payments by the Company.

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

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

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so

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required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the

Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.15 Payments by the Banks to the Agent.

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

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

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

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

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

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

(b) Subject to subsection 3.01(f), the Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Agent and any liability

(including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor. If the Company in good faith determines that any such Taxes or Other Taxes for which indemnification has been sought hereunder are not due or owing or otherwise correctly assessed, the Bank or Agent at the request of the Company, or the Company at the election of the Bank or Agent following any such request, in either case at the expense of the Company, shall by appropriate means file for a refund or otherwise contest the payment of such Taxes or Other Taxes, provided that any such filing or contest does not result in any penalty, lien or other liability to the Bank or Agent for which the Company has not provided a satisfactory undertaking to indemnify and hold the Bank or Agent harmless. The Bank and the Agent agree to provide reasonable cooperation to the Company in connection with any such filing or contest, at the Company's expense and, if the Company has paid any such Tax or Other Tax or compensated the Bank or Agent with respect thereto, any refund thereof shall belong and be remitted to the Company.

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

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

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

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

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

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

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

(i) it shall, no later than the Closing Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.08 after the Closing Date, the date upon which the Bank becomes a party hereto) deliver to the Company through the Agent two accurate and complete signed originals of Internal Revenue Service Form 4224 or any successor thereto ("Form 4224"), or two accurate and complete signed originals of Internal Revenue Service Form 1001 or any successor thereto ("Form 1001"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new Form 4224 or Form 1001, it shall with reasonable promptness deliver to the Company through the Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form 4224; or two accurate and complete signed originals of Form 1001, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time) requiring a change in or renewal of the most recent Form 4224 or Form 1001 previously delivered by such Bank, deliver to the Company through the Agent two accurate and complete original signed copies of Form 4224 or Form 1001 in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's or the

Agent's reasonable request to that effect, deliver to the Company or the Agent (as the case may be) such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

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

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

(ii) if such Bank shall have delivered to the Company a Form 4224 in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 4224; or

(iii) if the Bank shall have delivered to the Company a Form 1001 in respect of such Lending Office pursuant to subsection 3.01(e), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 1001.

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

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

3.02 Illegality.

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

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest

accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Committed Loan, then concurrently with such prepayment, the Company shall borrow from the affected Bank, and the affected Bank shall lend to the Company, in the amount of such repayment, a Base Rate Committed Loan.

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

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

3.03 Increased Costs and Reduction of Return.

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

(b) If any Bank shall have determined that (i) the introduction after the Closing Date of any Capital Adequacy Regulation, (ii) any change after the Closing Date in any Capital Adequacy Regulation, (iii) any change after the Closing Date in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental

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

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

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

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

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

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

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

(e) the automatic conversion under the proviso contained in Section

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

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.03(a), each Offshore Rate Committed Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBO Rate by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Committed Loan is in fact so funded.

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

3.06 Reserves on Offshore Rate Committed Loans. The Company shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Offshore Rate Committed Loan equal to the actual costs of such reserves allocated to such Committed Loan by the Bank (as reasonably determined by the Bank), payable on each date on which interest is payable on such Committed Loan, provided the Company shall have received at least 30 days' prior written notice (with a copy to the Agent) of such additional interest from the Bank. If a Bank fails to give notice 30 days prior to the relevant Interest Payment Date, such additional interest shall be payable 30 days from receipt of such notice.

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

3.08 Substitution of Banks. Upon the receipt by the Company from any Bank (an "Affected Bank") of a claim for compensation under Section 3.01, 3.02 or 3.03, the Company may: (i) request the Affected Bank to use its reasonable efforts to obtain a replacement bank or financial institution satisfactory to the Company and the Agent and meeting the qualifications of an Eligible Assignee to acquire and assume all or a ratable part of all of such Affected Bank's Committed Loans and Commitment (a "Replacement Bank"); (ii) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Committed Loans and Commitment (but no other Bank shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld). Any transfer arising under this Section 3.08 shall comply with the requirements of Section 10.08 and on the date of transfer the Affected Bank shall be entitled to all sums payable to it hereunder on such date including, outstanding principal, accrued interest and fees, and other sums (including amounts payable under Section 3.04(d)) arising under the provisions of this Agreement with reference to such Committed Loans.

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

ARTICLE IV

CONDITIONS PRECEDENT

4.01 Conditions of Initial Loans. The obligation of each Bank to make its initial Committed Loan hereunder, and to receive through the Agent the

initial Competitive Bid Request, is subject to and shall become effective when the Agent shall have received on or before the Closing Date and no later than August 31, 1999 all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement; Notes. This Agreement (and a Bid Loan Note for each Bank) properly executed;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors of the Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary, Assistant Secretary or other appropriate officer of the Company; and

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

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

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

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

(d) Legal Opinions. An opinion of John H. LeFevre, General Counsel to the Company and addressed to the Agent and the Banks, substantially in the form of Exhibit H;

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

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

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

(ii) no Default or Event of Default exists or would result from the initial Borrowing; and

(iii) there has occurred since December 31, 1998, no event or circumstance that has resulted or would reasonably be expected to result in a material change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole.

(g) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may reasonably request.

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

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

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

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

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

ARTICLE V

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

(a) contravene the terms of any of the Company's Organization Documents;

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

(c) violate any Requirement of Law.

5.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

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

5.05 Litigation. Except as specifically disclosed in Schedule 5.05, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company,

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threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

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

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

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

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

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

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

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

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of

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notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA that, in the case of any of clauses (i) through (v), would reasonably be expected to result in a Material Adverse Effect.

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

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

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

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

5.11 Financial Condition.

(a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 1998, and the unaudited consolidated financial statements dated March 31, 1999, and the related consolidated statements of income or operations, balance sheet and cash flows for the fiscal year or the fiscal quarter, respectively, ended on that date:

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

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

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

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(b) Since December 31, 1998, there has been no Material Adverse Effect.

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

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

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

5.15 Copyrights, Patents, Trademarks and Licenses, etc. Except as disclosed in Schedule 5.15, the Company or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person except where the failure to own, be licensed to or otherwise have the right to use the same would not have a Material Adverse Effect. To the best knowledge of the Company, no material slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other Person where any such infringement would reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in Schedule 5.05, no claim or litigation regarding any of the foregoing is pending or to the knowledge of the Company threatened, which would reasonably be expected to have a Material Adverse Effect.

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

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

5.18 Year 2000. The Company and its Subsidiaries have developed and budgeted for a comprehensive program to address the "Year 2000 Problem" (that is, the inability of computers, as well as embedded microchips in non-computing

devices, to perform properly date-sensitive functions with respect to certain dates prior to and after December 31, 1999). The Company and its Subsidiaries have implemented that program substantially in accordance with its timetable

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and budget and they will substantially avoid the Year 2000 Problem as to all computers, as well as to embedded microchips in non-computing devices, except where failure to avoid the Year 2000 problem would be reasonably expected not to have a Material Adverse Effect. The Company and its Subsidiaries have developed feasible contingency plans adequately to ensure uninterrupted and unimpaired business operations in the event of failure of their own or a third party's systems or equipment due to a Year 2000 Problem, including those of vendors, customers and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure, except where such failure, interruption or impairment would reasonably be expected not to have a Material Adverse Effect.

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

ARTICLE VI

AFFIRMATIVE COVENANTS

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

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

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

(b) as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified on behalf of the Company by a Responsible Officer as fairly presenting, in all material respects and in accordance with GAAP

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(subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

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

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

(b) promptly, copies of all financial statements and reports that the Company sends to its shareholders, and copies of all financial statements and regular, periodical or special reports (including Forms 10K, 10Q and 8K)

that the Company or any Subsidiary may make to, or file with, the SEC; and

(c) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank, may from time to time reasonably request and which relates to the ability of the Company to perform under this Agreement.

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

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

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

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

(i) an ERISA Event;

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

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

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

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

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

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.03(a) shall describe with particularity any and all provisions of this Agreement or other Loan Document (if any) that have been breached or violated.

6.04 Preservation of Corporate Existence, Etc. The Company shall, and shall cause each Material Subsidiary to:

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

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

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

(d) to the extent practicable, using reasonable efforts, preserve or

renew all of its registered patents, trademarks, trade names and service marks, except when non-preservation or non-renewal of such patents, trademarks, trade names or service marks would reasonably be expected not to have a Material Adverse Effect.

6.05 Maintenance of Property. The Company shall maintain, and shall cause each Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear and casualty loss excepted and make all necessary repairs thereto and renewals and replacements thereof except when in the reasonable judgment of the Company it is not economical to do so or where the failure to do so

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would not reasonably be expected to have a Material Adverse Effect. The Company and each Subsidiary shall use the standard of care typical in the industry in the operation and maintenance of its facilities.

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

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

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

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

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

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

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

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Material Subsidiary to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiary. Subject to reasonable safeguards to protect confidential information, the Company shall permit, and shall cause each Material Subsidiary to permit, representatives and independent

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contractors of the Agent to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and with respect to the Company but not its Subsidiaries to discuss their respective affairs, finances and accounts with the Company's directors, senior officers, and independent public accountants, all at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, when an Event of Default exists the Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice.

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

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans for general corporate purposes including Acquisitions not in contravention of any Requirement of Law or any provision of this Agreement.

ARTICLE VII

NEGATIVE COVENANTS

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

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

(a) any Lien existing on property of the Company or any Subsidiary on the Closing Date and set forth in Schedule 7.01 or shown as a liability on the Company's consolidated financial statements as of March 31, 1999 securing Indebtedness outstanding on such date, provided that the aggregate amount of all such Indebtedness secured by all such Liens does not exceed \$10,000,000;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.07, provided that no notice of lien has been filed or recorded under the Code;

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

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

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

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

(h) Liens on assets of corporations which become Subsidiaries after the date of this Agreement, provided, however, that such Liens existed at the time the respective corporations became Subsidiaries;

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

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

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a

dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution except in either case when such deposit accounts are established or required in the ordinary course of business and would not have a Material Adverse Effect; and

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

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

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

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

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

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

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

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

(b) any Subsidiary may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation; and

(c) the Company or any Subsidiary may convey, transfer, lease or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary, as the case may be.

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

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

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no time shall more than 25% of the value (as determined by a method deemed reasonable for purposes of applicable regulations relating to Margin Stock) of the Company's assets consist of Margin Stock, unless the Company has taken all

necessary action so that in the event that more than 25% of the Company's assets consist of Margin Stock there shall occur no violation of any Requirement of Law applicable to it or any Bank.

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

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

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

(c) declare or pay cash dividends to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire any such shares for cash provided, that, before and immediately after giving effect to such proposed action, no Default or Event of Default exists or would exist.

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

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

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

7.10 Interest Coverage. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 1999), on a consolidated basis, the ratio of (i) Earnings Before Interest and Taxes to (ii) Interest Expense, to be less than 2.5 to 1.0. For purposes of this section, "Earnings Before Interest and Taxes" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, the sum of (a) the consolidated net income (or net loss) of the Company and its Subsidiaries for such period as determined in accordance with GAAP, plus (b) all amounts treated as interest expense for such period to the extent included in the determination of such consolidated net

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income (or loss); plus (c) all taxes accrued for such period on or measured by income to the extent included in the determination of such consolidated net income (or loss); provided, however, that consolidated net income (or loss) shall be computed for the purposes of this definition without giving effect to extraordinary losses or extraordinary gains for such period; and "Interest Expense" means as at the end of any fiscal quarter of the Company for the period of four consecutive fiscal quarters ended as at such date, all amounts treated as interest expense for such period to the extent included in the determination of the Company's consolidated net income (or net loss) for such period as determined in accordance with GAAP.

7.11 Leverage. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 1999), on a consolidated basis, the ratio of (i) Funded Debt to (ii) Total Capitalization, to be greater than 0.60 to 1.0.

7.12 Subsidiary Indebtedness. The Company shall not permit as of the last day of any fiscal quarter (commencing with the period ending March 31, 1999), the aggregate Indebtedness of its consolidated Subsidiaries to exceed 25% of shareholders' equity as set forth on the consolidated balance sheet of the Company and its consolidated Subsidiaries as determined in accordance with GAAP and as reflected in its most recent annual or quarterly financial statements delivered to the Agent under Section 6.01. For purposes of this Section 7.12, the term "Indebtedness" shall be deemed to exclude Indebtedness of a Person which becomes a Subsidiary after the date hereof, provided that such excluded Indebtedness existed at the time such Person became a Subsidiary and was not

created in anticipation thereof.

ARTICLE VIII

EVENTS OF DEFAULT

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

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

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

(c) Specific Defaults. The Company fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.12, 7.02, 7.03, 7.04, 7.05, 7.06, 7.09, 7.10, 7.11 or 7.12; or

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

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other term or covenant contained in the Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the earlier of (A) the date upon which a Responsible Officer knew of such failure or (B) the date upon which written notice thereof is given to the Company by the Agent or any Bank; or

(e) Cross-Default. (i) The Company or any Subsidiary fails to perform or observe any condition or covenant, or any other event shall occur or condition shall exist, under any agreement or instrument relating to any Indebtedness having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$50,000,000, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure, if the effect of such failure, event or condition is to cause such Indebtedness to be declared to be due and payable prior to its stated maturity; or (ii) if there shall occur any default or event of default, however denominated, under any cross default provision under any agreement or instrument relating to any such Indebtedness of more than \$50,000,000; or

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

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

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$50,000,000;

(ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$50,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$50,000,000 and, in the case of any of clauses (i) through (iii), such liability or failure to pay shall not have been vacated,

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discharged, stayed, appealed or paid within ten (10) Business Days after such liability or payment obligation arises; or

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

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

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

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

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

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

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

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.01 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company.

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

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ARTICLE IX

THE AGENT

9.01 Appointment and Authorization. Each Bank hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

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

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

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks (or all the Banks if specifically required hereunder) as it deems appropriate and, if it so requests, it shall first be indemnified to

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its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks (or all the Banks if specifically required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

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

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

9.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the

Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

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9.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. BofA and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BofA were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BofA or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BofA shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BofA in its individual capacity.

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

9.10 Withholding Tax.

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(a) If any Bank claims exemption from withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent of the percentage amount in which it is no longer the beneficial owner of Obligations

of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(b) Subject to the requirements of this Agreement, if any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

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

ARTICLE X

MISCELLANEOUS

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

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

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

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

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

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

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, and (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.02 Notices.

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

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the fifth Business Day after the date

deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and, absent gross negligence or willful misconduct, the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic or facsimile notice.

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

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remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Company shall:

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

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

10.05 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) result from an action, suit, proceeding or claim asserted against any such Indemnified Person by any Person not entitled to indemnification under this section in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, however, that the Company shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities resulting from such Indemnified Person's gross negligence or willful misconduct. In the event this indemnity is unenforceable as a matter of law as to a particular matter or consequence referred to herein, it shall be enforceable to the full extent permitted by law. Promptly upon receipt of notice of the making of any claim or the initiation of any action, suit, or proceeding (together, "Dispute"), the Indemnified Person shall, if a claim in respect thereof is to be made against the Company hereunder, notify the Company in writing thereof, provided that any failure to provide such notice shall not excuse the Company from its obligations under this Section, except to the extent that such failure to notify shall have materially prejudiced the Company's position. The Company shall have the right at its expense to control the defense of any Dispute, provided the Company has delivered prompt notice to the Indemnified Person expressly agreeing to assume

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the defense thereof and reaffirming its obligation to indemnify and hold harmless hereunder, with nationally-recognized counsel selected by the Company, but reasonably satisfactory to the Indemnified Person. In such event, the Company shall promptly notify the Indemnified Person of any and all material developments in such Dispute and the Company shall not agree to any settlement or material stipulation in such Dispute without the prior written consent of the Indemnified Person (such consent not to be unreasonably withheld). Notwithstanding the foregoing, if in the reasonable judgment of the Indemnified Person, there may exist BONA FIDE legal defenses available to it relating to the Dispute which conflict with those of the Company or another Indemnified Person, such Indemnified Person shall have the right to select separate counsel, at the expense of the Company, to assert such legal defenses and otherwise participate in the legal defense of such Dispute on behalf of such Indemnified Person. Notwithstanding the foregoing, no Dispute subject to this paragraph shall be settled without the Company's prior consent, not to be unreasonably withheld; provided, however, that any Indemnified Person may settle any such Dispute without the Company's consent if (a) the market reputation of BofA or its Affiliates, or any Bank or its Affiliates which becomes an Indemnified Person under this Section 10.05, or the relationship of any of such Persons with their applicable state or federal regulators, in the judgment of such Persons, is being or foreseeably will be materially impaired as a result of the continuation of such Dispute, or (b) such Dispute involves or relates to any allegation of criminal wrongdoing, or (c) the Company is disputing its obligation to indemnify under this Section, or (d) the Company has failed to respond to any request for such consent within 10 days of its receipt of written notice of such proposed settlement. No Indemnified Person shall have any liability to the Company or any of its Affiliates for any indirect or consequential damages in connection with its activities related to this Agreement. The agreements in this Section shall survive payment of all other Obligations and the termination of the Commitments.

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

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

10.08 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default and the Agent, which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees

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(provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitment and the other rights and obligations of such Bank hereunder, in a minimum amount of \$15,000,000; provided, however, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit I ("Assignment and Acceptance") and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$4,000, provided that in the case of a transfer under Section 3.08, the assignor Bank shall not be obligated to pay such processing fee.

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

the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that the Agent and the Company consent to such assignment in accordance with subsection 10.08(a), to the extent required), the Company shall execute and deliver to the Agent a Bid Loan Note for the Assignee (if the Assignee was not previously a Bank under this Agreement) and, if the assignor Bank is not retaining any interest in this Agreement such assignor Bank shall promptly cancel and return its Bid Loan Note to the Agent for return to the Company. Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may, with the written consent of the Company at all times other than during the existence of an Event of Default, which consent shall not be unreasonably withheld, at any time sell to one or more Eligible Assignees (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to,

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this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01 and (v) with respect to the sale of participating interests in any Bid Loan to any Participant, (x) the Company's consent shall not be required and (y) the Participant need not be an Eligible Assignee. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Company and provided to it by the Company or any Subsidiary, or by the Agent on such Company's or Subsidiary's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall disseminate such information except on a "need to know" basis to employees of such Bank or Affiliate, as the case may be, and their respective representatives or use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process (provided that such Bank shall promptly notify the Company of any such subpoena or process, unless it is legally prohibited from doing so, and cooperate with the Company at the Company's expense in obtaining a suitable order protecting the confidentiality of such information); (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party provided that such Bank will promptly notify the Company of any such disclosure and use reasonable efforts at the Company's expense to obtain a suitable order protecting the confidentiality of such information; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; and (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or (provided that there exists no Event of Default, with the written consent of the Company,) potential, provided that such Affiliate, Participant or Assignee agrees in writing to keep such information confidential to the same extent required of the Banks hereunder.

(f) Notwithstanding any other provision in this Agreement, any Bank

may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR ss.203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law. If requested by any such Bank for purposes of this subsection 10.08(f), the Company shall execute and deliver to such Bank a promissory note evidencing such Bank's Committed Loans, which promissory note shall be in a form reasonably satisfactory to the Agent and the Company.

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

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

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

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

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

10.14 Governing Law and Jurisdiction.

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

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS,

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FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO.

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

PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

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

59.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

DELUXE CORPORATION

By /s/ Morris Goodwin

Title Treasurer

BANK OF AMERICA, N.A, as Agent

By /s/ Kenneth J. Beck

Title Vice President

BANK OF AMERICA, N.A., as a Bank

By /s/ Kenneth J. Beck

Title Vice President

ABN AMRO BANK N.V.

By /s/ Peter L. Eaton

Title Group Vice President

By /s/ John P. Richardson

Title Vice President

BANCA DI ROMA - CHICAGO BRANCH

By /s/ Joyce Montgomery

Title Assistant Vice President

By /s/ Luca Balestra

Title Vice President &
Deputy Branch Manager

THE BANK OF NEW YORK

By /s/ Richard A. Raffetto

Title Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Thomas F. Jewyl

Title Vice President

FIRSTSTAR BANK, NATIONAL ASSOCIATION

By /s/ Thomas V. Hill

Title Vice President

LLOYDS TSB BANK plc

By /s/ Windsor R. Davies

Title Director, Corporate Banking USA

By /s/ David C. Rodway

Title Assistant Vice President

THE NORTHERN TRUST COMPANY

By /s/ Lisa W. Taylor

Title Second Vice President

SUNTRUST BANK,
CENTRAL FLORIDA, N.A.

By /s/ W. David Wisdom

Title Vice President

UMB BANK, N.A.

By /s/ Robert P. Elbert

Title Vice President

WACHOVIA BANK, N.A.

By /s/ Francis W. Josephia

Title Vice President

WELLS FARGO BANK, N.A.

By /s/ Chad M. Kortgard

Title Corporate Banking Officer

ANNEX I

ANNEX I

PRICING GRID

Level Status	Committed Loan LIBO Rate Spread	Committed Loan Base Rate Spread
Level I	.23%	0%
Level II	.275%	0%
Level III	.37%	0%
Level IV	.5%	0%
Level V	.625%	0%
Level VI	.85%	0%
Level VII	1.3%	.05%

"Level I Status" exists at any date if, at such date the Company's senior unsecured long-term debt ratings are rated either A+ or higher (or the equivalent) as publicly announced by S&P or A1 or higher (or the equivalent) as publicly announced by Moody's.

"Level II Status" exists at any date if, at such date (i) the Company's senior unsecured long-term debt ratings are rated either A or higher (or the equivalent) as publicly announced by S&P or A2 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status does not exist.

"Level III Status" exists at any date if, at such date (i) the Company's senior unsecured long-term debt ratings are rated either A- or higher (or the equivalent) as publicly announced by S&P or A3 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status and Level II Status do not exist.

"Level IV Status" exists at any date if, at such date (i) the Company's senior unsecured long-term debt ratings are rated either BBB+ or higher (or the equivalent) as publicly announced by S&P or Baa1 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status, Level II Status and Level III Status do not exist.

"Level V Status" exists at any date if, at such date (i) the Company's senior unsecured long-term debt ratings are rated either BBB or higher (or the equivalent) as publicly announced by S&P or Baa2 or higher (or the equivalent) as publicly announced by Moody's and (ii) Level I Status, Level II Status, Level III Status and Level IV Status do not exist.

"Level VI Status" exists at any date if, at such date (i) the Company's senior unsecured long-term debt ratings are rated either BBB- or higher (or the equivalent) as publicly announced by S&P or Baa3 or higher (or the equivalent) as publicly announced

by Moody's and (ii) Level I Status, Level II Status, Level III Status, Level IV Status and Level V Status do not exist.

"Level VII Status" exists at any date if, at such date

(i) the Company's senior unsecured long-term debt ratings and rated lower than BBB- (or the equivalent) as publicly announced by S&P and lower than Baa3 as publicly announced by Moody's, or (ii) the Company's senior unsecured long-term debt is unrated by both S&P and Moody's.

EXHIBIT A

FORM OF TRANSMITTAL LETTER/COMPLIANCE CERTIFICATE

DELUXE CORPORATION

Financial Statements Date: _____

Reference is made to that certain Credit Agreement dated as of August __, 1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (the "Banks") and Bank of America, N.A., as Agent (in such capacity, the "Agent"). Unless otherwise defined herein, capitalized terms used herein have the respective meanings assigned to them in the Credit Agreement.

[USE THE FOLLOWING IF THIS TRANSMITTAL LETTER/CERTIFICATE IS DELIVERED IN CONNECTION WITH THE FINANCIAL STATEMENTS REQUIRED BY SUBSECTION 6.01(a) OF THE CREDIT AGREEMENT.]

Transmittal Letter

Pursuant to subsection 6.01(a) of the Credit Agreement, attached hereto are true copies of the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as at the end of the fiscal year ended _____ and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, accompanied by the opinion of the Independent Auditor, which report states that such consolidated financial statements present fairly, in all material respects, the financial position for the periods indicated in conformity with GAAP.

Certificate

The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its consolidated Subsidiaries that:

1. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.
2. The computations set forth below are true and correct as of _____, _____, the last day of the accounting period for which the aforesaid financial statements were prepared.
3. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

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4. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____

Title: _____

[USE THE FOLLOWING PARAGRAPH IF THIS CERTIFICATE IS DELIVERED IN CONNECTION WITH THE FINANCIAL STATEMENTS REQUIRED BY SUBSECTION 6.01(b) OF THE CREDIT AGREEMENT.]

Certificate

The undersigned hereby certifies that he/she is a Responsible Officer as defined in the Credit Agreement and hereby certifies as of the date hereof on behalf of the Company and its Consolidated Subsidiaries, and that:

1. Pursuant to Section 6.01(b) of the Credit Agreement, attached hereto are true copies of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of the fiscal quarter ended _____ and the related consolidated statements of income and cash flows for the period commencing on the first day and ending on the last day of such quarter, which fairly present in all material respects and in accordance with GAAP (subject to ordinary, good faith year-end audit adjustments), the financial position and the results of operations of the Company and its consolidated Subsidiaries.

2. No Default or Event of Default has occurred and is continuing, except as described in Attachment 1 hereto.

3. The computations set forth below are true and correct as of _____, _____, the last day of the accounting period for which the aforesaid financial statements were prepared.

4. If the financial statements of the Company being concurrently delivered were not prepared in accordance with GAAP, Attachment 2 hereto sets forth any derivations required to conform the relevant data in such financial statements to the computations set forth below.

5. There have been no changes in accounting policies or financial reporting practices of the Company or any of its Subsidiaries since the date of the last compliance certificate delivered to you, except as described in Attachment 3 hereto.

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IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company (and not personally) as the _____ of the Company as of _____, _____.

DELUXE CORPORATION

By: _____

Title: _____

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SCHEDULE 1
to the Compliance Certificate

Dated _____ / For the fiscal quarter ended _____.

<TABLE>
<CAPTION>

	Actual -----	Required/Permitted -----
<S>	<C>	<C>
I. Section 7.10 - Interest Coverage		
Ratio of Earnings Before Interest and Taxes to Interest Expense under Section 7.10	_____ to 1.00	Not less than 2.50 to 1.00 (measured as of the last day of any fiscal quarter)
II. Section 7.11 - Leverage		
Ratio of Funded Debt to Total Capitalization under Section 7.11	_____ to 1.00	Not greater than 0.60 to 1.00 (measured as of the last day of any fiscal quarter)
III. Section 7.12 - Subsidiary Indebtedness		
Aggregate Indebtedness of Company's consolidated Subsidiaries	_____	Not greater than 25% of shareholders' equity (measured as of the last day of any fiscal quarter)

EXHIBIT B

FORM OF NOTICE OF BORROWING

Date: _____

To: Bank of America, N.A.,
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the Credit Agreement, dated as of August __, 1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank of America, N.A., as Agent (the "Agent"), the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.03 of the Credit Agreement, of the Committed Borrowing specified below:

1. The Business Day of the proposed Committed Borrowing is _____.
2. The aggregate amount of the proposed Committed Borrowing is \$ _____.
3. The Committed Borrowing is to be comprised of \$ _____ of [Offshore Rate] [Base Rate] Committed Loans.
4. [If applicable:] The duration of the Interest Period for the Offshore Rate Committed Loans included in the Committed Borrowing shall be _____ months.
5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Committed Borrowing, before and after giving effect thereto and to the application of the proceeds therefrom:

(a) the representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of such date, except to the extent such representations and warranties expressly refer to an earlier date, in which case they are true and correct as of such date;

(b) no Default or Event of Default has occurred and is continuing, or would result from such proposed Committed Borrowing;

B-1.

(c) after giving effect to the proposed Committed Borrowing the aggregate principal amount of all outstanding Committed Loans plus the aggregate principal amount of all Bid Loans outstanding, does not exceed the combined Commitments.

DELUXE CORPORATION

By: _____

Title: _____

B-2.

EXHIBIT C

FORM OF NOTICE OF CONVERSION/CONTINUATION

Date: _____

To: Bank of America, N.A.,
as Agent

Ladies and Gentlemen:

The undersigned, Deluxe Corporation (the "Company"), refers to the Credit Agreement, dated as of August __, 1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among the Company, the several financial institutions from time to time party thereto (the "Banks") and Bank of America, N.A., as Agent (the "Agent"), the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.04 of the Credit Agreement, of the [conversion] [continuation] of Committed Loans specified below:

1. The Conversion/Continuation Date is _____.

2. The aggregate amount of the Committed Loans to be [converted] [continued] is \$_____.

3. The Committed Loans are to be [converted into] [continued as] [Offshore Rate] [Base Rate] Committed Loans.

4. [If applicable:] The duration of the Interest Period for the Committed Loans included in the [conversion] [continuation] shall be ____ months.

5. As of the date hereof, the current senior credit rating established or deemed established for the Company by Moody's and S&P is _____ for Moody's and _____ for S&P.

The undersigned hereby certifies that the following statements will be true on and as of the proposed Conversion/Continuation Date, before and after giving effect thereto and to the application of the proceeds therefrom:

(a) the representations and warranties of the Company contained in Article V of the Credit Agreement are true and correct as though made on and as of such date (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date;

(b) no Default or Event of Default exists or shall result from such proposed [conversion] [continuation];

C-1.

(c) after giving effect to the proposed [conversion][continuation], the aggregate principal amount of all outstanding Committed Loans plus the aggregate principal amount of all Bid Loans outstanding, does not exceed the combined Commitments.

DELUXE CORPORATION

By: _____

Title: _____

C-2.

EXHIBIT D

FORM OF INVITATION FOR COMPETITIVE BIDS

Via Facsimile

Date: _____

To the Banks Listed on Annex A Attached Hereto

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement dated as of August __, 1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto and Bank of America, N.A., as Agent for the Banks (the "Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

Pursuant to subsection 2.06(b) of the Credit Agreement, you are hereby invited to submit offers to make Bid Loans to the Company based on the following specifications:

1. Date of Bid Borrowing: _____;

2. Aggregate amount of Bid Borrowing: \$ _____;

3. The Bid Loans shall be: [LIBOR Bid Loans] [Absolute Rate Bid Loans]; and

4. Interest Period[s] and requested Interest Payment Dates, if any: [_____] , [_____] and [_____].

All Competitive Bids shall be in the form of Exhibit F to the Credit Agreement and shall be received by the Agent no later than 6:30 a.m. (San Francisco time) on _____, _____; provided that terms of the offer or offers contained in any Competitive Bid(s) to be submitted by the Agent (or any Affiliate of the Agent) shall be notified to the Company not later than 6:15 a.m. (San Francisco time) on _____.(1)

BANK OF AMERICA, N.A., as Agent

By: _____
Title: _____

- -----
(1) Insert a date which is three Business Days prior to the date of Borrowing, in the case of a LIBOR Auction, or on the date of Borrowing, in the case of an Absolute Rate Auction.

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ANNEX A
to the Invitation for Competitive Bids

List of Bid Loan Banks

[Bank of America, N.A.,
as a Bank]

Facsimile: (415) 622-____

[Bank]

Facsimile: (____) ____-____

[Bank]

Facsimile: (____) ____-____

[Bank]

Facsimile: (____) ____-____

[Bank]

Facsimile: (____) ____-____

EXHIBIT E

FORM OF COMPETITIVE BID REQUEST

Date: _____

To: Bank of America, N.A.,
as Agent

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of August __, 1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto, and Bank of America, N.A., as Agent for the Banks (the "Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

This is a Competitive Bid Request for Bid Loans pursuant to Section 2.06(a) of the Credit Agreement as follows:

(i) The Business Day of the proposed Bid Borrowing is:

_____.

(ii) The aggregate amount of the proposed Bid Borrowing is:

\$_____.

(iii) The proposed Bid Borrowing to be made pursuant to Section 2.06 shall be comprised of [LIBOR] [Absolute Rate] Bid Loans.

(iv) The Interest Period[s] and Interest Payment Dates, if any, for the Bid Loans comprised in the Bid Borrowing shall be: _____, [_____] and [_____].

By: _____
Title: _____

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EXHIBIT F
FORM OF COMPETITIVE BID

Date: _____

To: Bank of America, N.A.,
as Agent

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of August __1999 (as extended, renewed, amended or restated from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the Banks party thereto, and Bank of America, N.A., as Agent for the Banks (the "Agent"). Capitalized terms used herein have the meanings specified in the Credit Agreement.

In response to the Invitation for Competitive Bids dated _____ and in accordance with subsection 2.06(c)(ii) of the Credit Agreement, the undersigned Bank offers to make [a] Bid Loan[s] thereunder in the following principal amounts[s], at the following interest rates and for the following Interest Period[s], with Interest Payment Dates as specified by the Company:

Date of Bid Borrowing: _____

Aggregate Maximum Bid Amount: \$ _____

OFFER 1 (MAXIMUM BID AMOUNT: \$ _____) Interest Period: _____

Principal Amount \$ _____	Principal Amount \$ _____	Principal Amount \$ _____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*

- -----
* Interest rate may be quoted to five decimal places.

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OFFER 2 (MAXIMUM BID AMOUNT: \$ _____) Interest Period: _____

Principal Amount \$ _____	Principal Amount \$ _____	Principal Amount \$ _____
Interest:	Interest:	Interest:
[Absolute Rate __%]	[Absolute Rate __%]	[Absolute Rate __%]
or	or	or
[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*

OFFER 3 (MAXIMUM BID AMOUNT: \$ _____) Interest Period: _____

Principal Amount \$ _____	Principal Amount \$ _____	Principal Amount \$ _____
Interest:	Interest:	Interest:
[Absolute Rate __%]*	[Absolute Rate __%]*	[Absolute Rate __%]*
or	or	or
[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*	[LIBOR Bid Margin +/- __%]*

[NAME OF BANK]

By: _____
Title: _____

- -----
* Interest rate may be quoted to five decimal places.

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EXHIBIT G
FORM OF BID LOAN NOTE

EXHIBIT H

Form of Opinion of Counsel to the Company

August __, 1999

Bank of America, N.A.,
as Agent

Each of the Banks referred to as the Banks in the
Agreement mentioned below

c/o Bank of America, N.A.
555 California Street, 41st Floor
San Francisco, California 94104
Attn: Matthew Gabel, Vice President

Ladies and Gentlemen:

This opinion is furnished to you in connection with the execution and delivery of the Credit Agreement dated as of August __, 1999 (the "Agreement") between Deluxe Corporation, a Minnesota corporation (the "Company") and Bank of America, N.A. as Agent (the "Agent") for the Banks named on the signature pages thereto (the "Banks") and such Banks.

The undersigned is Senior Vice President, General Counsel and Secretary of the Company. In rendering this opinion, I have consulted with other officers of the Company, outside counsel, and other attorneys within the Company's Law Department, as I have deemed appropriate for purposes of this opinion.

This opinion is provided pursuant to Section 4.01(d) of the Agreement. Capitalized terms not otherwise defined herein have the respective meanings set forth in the Agreement.

In connection with this opinion, I, or other attorneys within the Company's Law Department, have reviewed the Agreement, the Notes, the Fee Letter, the other Loan Documents (collectively, the "Loan Documents"), and such other documents as I have deemed necessary and appropriate for purposes of this opinion, including, without limitation, the Amended Articles of Incorporation and the By-laws (as amended) of the Company. In addition, I, or other attorneys within the Company's Law Department, have investigated such questions of law (including where deemed appropriate, consulting with outside counsel) and reviewed such certificates of government officials and information from officers and representatives of the Company as I have deemed necessary or appropriate for the purposes of this opinion.

In rendering the opinions expressed below, I have assumed, with the Agent's and

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each Bank's permission and without verification:

- (a) the authenticity of all Loan Documents submitted to me as originals,
- (b) the genuineness of all signatures (other than persons signing on behalf of the Company),
- (c) the legal capacity of natural persons,
- (d) the conformity to originals of the Loan Documents submitted to me as copies,
- (e) the due authorization, execution and delivery of the Loan Documents by the parties thereto other than the Company,
- (f) that all conditions precedent to the effectiveness of the Loan Documents have been satisfied or waived, and
- (g) that the Loan Documents constitute the valid, binding and enforceable obligations of the parties thereto other than the Company.

Based on the foregoing, and subject to the qualifications set forth below, I am of the opinion that:

1. The Company and each of its Material Subsidiaries, is a

corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to conduct business under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect (as defined in the Agreement). The Company has the requisite corporate power to execute, deliver and perform its obligations under the Loan Documents.

2. The execution, delivery and performance by the Company of the Loan Documents to which the Company is a party have been duly authorized by all requisite corporate action. The Loan Documents have been duly executed and delivered by the Company and constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms.

3. The execution and delivery by the Company of the Loan Documents to which the Company is a party, and the performance by the Company of its obligations thereunder, do not and will not (a) violate any provision of law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to the Company, (b) violate or be in conflict with any provision of the Amended Articles of Incorporation or By-laws (as amended) of the Company, (c) result in breach or constitute a default under any indenture, loan or credit agreement or any other material agreement, lease or instrument known to me to which the Company is a party or by which it or any of its properties may be bound or result in the creation of a Lien thereunder.

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4. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on the part of the Company to authorize, or is required in connection with the due execution, delivery and performance of, or the legality, validity or binding effect or enforceability of, the Loan Documents.

5. Except as disclosed on Schedule 5.05 of the Agreement, there are no actions, suits or proceedings pending or, to the best of my knowledge, overtly threatened against or affecting the Company or any of its properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which (i) challenge the legality, validity or enforceability of the Loan Documents, or (ii) would reasonably be expected to have a Material Adverse Effect.

6. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

7. There is no litigation pending or, to the best of my knowledge, threatened, alleging that any slogan or other advertising device, product, process, method, substance, part or other material now employed by the Company or any Subsidiary infringes upon any rights of any other Person which would reasonably be expected to have a Material Adverse Effect.

8. The making of the Loans contemplated by the Agreement, and the use of the proceeds thereof as provided in the Agreement, does not violate Regulations T, U or X of the FRB.

The opinions set forth above are subject to the following qualifications and exceptions:

- (a) I express no opinion as to the laws of any jurisdiction other than the State of Minnesota and the federal laws of the United States of America. I call to your attention the fact that the Loan Documents provide that they are to be governed by the laws of the State of New York. For purposes of my opinion concerning the enforceability of the Loan Documents, I have assumed, with your permission, that the laws of the State of New York are the same in all material respects as the laws of the State of Minnesota.
- (b) My opinions are subject to the effect of any applicable statute of limitation, and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent transfer or other similar law of general application affecting creditors' rights generally.
- (c) My opinions are subject to the effect of general principles of equity and concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

- (d) My opinion with respect to the enforceability of the provisions of the Agreement is qualified to the extent that the provision that terms contained therein may not be waived or modified except in writing may be limited under certain circumstances.
- (e) My opinion with respect to the enforceability of the provisions of the Agreement is further qualified to the extent that the availability of specific performance, injunctive relief and other equitable remedies is subject to the discretion of the tribunal before which any proceeding therefor may be brought.
- (f) I express no opinion as to the enforceability of the Loan Documents to the extent they contain:
 - 1) choice of law or forum selection provisions,
 - 2) waivers by the Company of any statutory or constitutional rights or remedies,
 - 3) grants to the Agent or Banks of powers of attorney,
 - 4) terms purporting to establish evidentiary standards, or
 - 5) terms to the effect that provisions in the Loan Documents may not be waived or modified except in writing that may be limited under certain circumstances.
- (g) I express no opinion as to (i) the enforceability of provisions of the Loan Documents to the extent they contain cumulative remedies which purport to compensate, or would have the effect of compensating, the party entitled to the benefits thereof in an amount in excess of the actual loss suffered by such party, or (ii) the enforceability of the Company's obligation to pay any default interest rate if the payment of such interest rate may be construed as unreasonable in relation to actual damages or grossly disproportionate to actual damages suffered by the Agent or the Banks as a result of such default.
- (h) I express no opinion concerning the Company's rights in or title to, or the creation, perfection or priority of any security interest, pledge, lien, mortgage or other similar interest in, any real or personal property.
- (i) I express no opinion as to compliance or the effect of noncompliance by the Agent or the Banks or any subsequent holder of the Notes with any state or federal laws or regulations applicable to the Agent or the Banks or such holder in connection with the transactions described in the Agreement.
- (j) My opinion as to the enforceability of the Loan Documents is subject to

- the effect of Minnesota Statutes 290.371, Subd. 4.
- (k) My opinions, insofar as they relate to the enforceability of indemnification provisions, are subject to the effect of federal and state securities laws and public policy relating thereto. In addition, certain cases in the Federal District Courts have called into question the enforceability of private contractual agreements allocating financial responsibility under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as between parties who are potentially responsible parties under CERCLA, and the reasoning in such cases could be utilized by parties attempting to avoid indemnity liability under both CERCLA and state environmental statutes which may contain similar language respecting indemnity agreements. I express no opinion with respect to the enforceability of any provision of the Loan Documents which purports to excuse the Agent or Banks from liability for, or require the Company to indemnify the Agent or the Banks against, the Agent or the Bank's negligence or willful misconduct.
 - (l) My opinion is limited solely to facts and laws existing as of the date hereof. I disclaim any obligation to update this

opinion letter for events occurring or coming to my attention, or any changes in the law taking effect, after the date hereof.

The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by, nor may copies be delivered to, any other person except any Participant or Assignee without my prior written consent. By your acceptance, you acknowledge that this opinion is given without personal recourse of any nature to me individually.

Very truly yours,

John H. LeFevre
Senior Vice President,
General Counsel
and Secretary

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EXHIBIT I

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (this "Assignment and Acceptance") dated as of _____ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain Credit Agreement dated as of August __, 1999 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement"), among Deluxe Corporation (the "Company"), the several financial institutions from time to time party thereto (including the Assignor, the "Banks") and Bank of America, N.A., as agent for the Banks (the "Agent"). Any terms defined in the Credit Agreement and not defined in this Assignment and Acceptance are used herein as defined in the Credit Agreement;

WHEREAS, as provided under the Credit Agreement, the Assignor has committed to making Committed Loans to the Company in an aggregate amount not to exceed \$ _____ (the "Commitment");

WHEREAS, [the Assignor has made Committed Loans in the aggregate principal amount of \$ _____ to the Company consisting of \$ _____ principal amount of Committed Loans [no Committed Loans are outstanding under the Credit Agreement]; and

WHEREAS, the Assignor wishes to assign to the Assignee [part of the] [all] rights and obligations of the Assignor under the Credit Agreement in respect of its Commitment, [together with a corresponding portion of each of its outstanding Committed Loans], in an amount equal to ___% of the Assignor's Commitment and Committed Loans, on the terms and subject to the conditions set forth herein, and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions;

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

1. Assignment and Acceptance.

(a) Subject to the terms and conditions of this Assignment and Acceptance, (i) the Assignor hereby sells, transfers and assigns to the Assignee, and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Assignment and Acceptance) ___% (the "Assignee's Percentage Share") of (A) the Commitment [and the Committed Loans] of the Assignor and (B) all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement and the Loan Documents.

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(b) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Credit Agreement, including the requirements concerning confidentiality and the payment of indemnification, with a Commitment in the amount set forth in subsection (c) below. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Bank. It is the

intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the portion thereof assigned to the Assignee hereunder, and the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee; provided, however, that the Assignor shall not relinquish its rights under Article III or Sections 10.04 and 10.05 of the Credit Agreement to the extent such rights relate to the time prior to the Effective Date.

(c) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignee's Commitment will be \$_____ ; and (ii) the principal amount of the Assignee's aggregate outstanding Committed Loans will be \$_____ .

(d) After giving effect to the assignment and assumption set forth herein, on the Effective Date: (i) the Assignor's Commitment will be \$_____ ; and (ii) the principal amount of the Assignor's aggregate outstanding Committed Loans will be \$_____ .

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to \$_____, representing the Assignee's Percentage Share of the principal amount of all Committed Loans previously made by the Assignor to the Company under the Credit Agreement and outstanding on the Effective Date.

(b) The [Assignor] [Assignee] further agrees to pay to the Agent a processing fee in the amount specified in Section 10.08(a) of the Credit Agreement.

3. Reallocation of Payments. Any interest, fees and other payments accrued prior to the Effective Date with respect to the Commitment and Committed Loans of the Assignor shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the portion of such Commitment and Committed Loans assigned to the Assignee shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it will hold in trust for the other party any interest, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts which it may receive promptly upon receipt.

4. Independent Credit Decision. The Assignee: (a) acknowledges that it has received a copy of the Credit Agreement and the Schedules and Exhibits thereto, together with copies of the most recent financial statements referred to in Section 5.11 or Section 6.01 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Assignment and Acceptance; and

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(b) agrees that it will, independently and without reliance upon the Assignor, the Agent, the Arranger, or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Agreement.

5. Effective Date; Notices.

(a) As between the Assignor and the Assignee, the effective date for this Assignment and Acceptance shall be _____ (the "Effective Date"); provided that the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Assignment and Acceptance shall be executed and delivered by the Assignor and the Assignee;

(ii) any consent of the Company and the Agent required under Section 10.08(a) of the Credit Agreement for the effectiveness of the assignment hereunder by the Assignor to the Assignee shall have been duly obtained and shall be in full force and effect as of the Effective Date;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Assignment and Acceptance;

(iv) the processing fee referred to in Section 2(b) hereof and in Section 10.08(a) of the Credit Agreement shall have been paid to the Agent; and

(v) the Assignor and Assignee shall have complied with the other requirements of Section 10.08 of the Credit Agreement and

with the requirements of Sections 9.10 and 3.01 of the Credit Agreement (in each case to the extent applicable).

(b) Promptly following the execution of this Assignment and Acceptance, the Assignor shall deliver to the Company and the Agent for acknowledgement by the Agent, a Notice of Assignment substantially in the form attached hereto as Schedule 1.

6. Agent. The Assignee hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the Banks pursuant to the terms of the Credit Agreement. [The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Credit Agreement.] [INCLUDE ONLY IF ASSIGNOR IS AGENT]

7. Withholding Tax. The Assignee agrees to comply with Sections 3.01 and 9.10 of the Credit Agreement (if applicable).

8. Representations and Warranties.

(a) The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and

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Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; and (iv) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Company, or the performance or observance by the Company, of any of its respective obligations under the Credit Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Assignment and Acceptance and any other documents required or permitted to be executed or delivered by it in connection with this Assignment and Acceptance, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than those referred to in Section 5(a)(ii) hereof and any already given or obtained) for its due execution, delivery and performance of this Assignment and Acceptance; and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, or notice to, or filing with, any Person is required of it for such execution, delivery or performance; (iii) this Assignment and Acceptance has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances.

The Assignor and the Assignee each hereby agrees to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents to the Company or the Agent, which may be required in connection with the assignment and assumption contemplated hereby.

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10. Miscellaneous.

(a) Any amendment or waiver of any provision of this Assignment and Acceptance shall be in writing and signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Assignment and Acceptance shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Assignment and Acceptance.

(d) This Assignment and Acceptance may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE ASSIGNOR AND THE ASSIGNEE EACH IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS ASSIGNMENT AND ACCEPTANCE AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT. EACH PARTY TO THIS ASSIGNMENT AND ACCEPTANCE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS ASSIGNMENT AND ACCEPTANCE OR ANY DOCUMENT RELATED HERETO, AND PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS ASSIGNMENT AND ACCEPTANCE, AND ANY RELATED DOCUMENTS AND AGREEMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE PARTIES ALSO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY.

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[OTHER PROVISIONS TO BE ADDED AS MAY BE NEGOTIATED BETWEEN THE ASSIGNOR AND THE ASSIGNEE, PROVIDED THAT SUCH PROVISIONS ARE NOT INCONSISTENT WITH THE CREDIT AGREEMENT.]

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Assignment and Acceptance to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: _____
Title: _____

[ASSIGNEE]

By: _____
Title: _____

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SCHEDULE 1
to the Assignment and Acceptance

NOTICE OF ASSIGNMENT AND ACCEPTANCE

Date: _____
Bank of America, N.A.,
as Agent

Attention: _____

Deluxe Corporation

Attention: _____

Ladies and Gentlemen:

We refer to the Credit Agreement dated as of August __, 1999 (as amended, restated, modified, supplemented or renewed from time to time, the "Credit Agreement") among Deluxe Corporation (the "Company"), the Banks referred to therein and Bank of America, N.A., as Agent for the Banks (the "Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

1. We hereby give you notice of[, and request the consent of the Company and the Agent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") of ____% of the right, title and interest of the Assignor in and to the Credit Agreement (including, without limitation, ____% of the right, title and interest of the Assignor in and to the Commitment of the Assignor and all outstanding Committed Loans made by the Assignor) pursuant to that certain Assignment and Acceptance Agreement, dated as of _____ (the "Assignment and Acceptance") between Assignor and Assignee, a copy of which Assignment and Acceptance is attached hereto. Before giving effect to such assignment the Assignor's Commitment is \$_____ and the aggregate principal amount of its outstanding Committed Loans is \$_____.

2. The Assignee agrees that, upon receiving the consent of the Company and the Agent to such assignment and from and after the Effective Date (as such term is defined in Section 5 of the Assignment and Acceptance), the Assignee shall be bound by the terms of the Credit Agreement, with respect to the interest in the Credit Agreement assigned to it as specified

above, as fully and to the same extent as if the Assignee were the Bank originally holding such interest in the Credit Agreement.

3. The following administrative details apply to the Assignee:

(A) Lending Office(s):

Assignee name: _____
Address: _____

Attention: _____
Telephone: (____) _____
Facsimile: (____) _____

Assignee name: _____
Address: _____

Attention: _____
Telephone: (____) _____
Facsimile: (____) _____

(B) Notice Address:

Assignee name: _____
Address: _____

Attention: _____
Telephone: (____) _____
Facsimile: (____) _____

(C) Payment Instructions:

Account No.: _____
At: _____

Reference: _____

Attention: _____

Schedule 1
Page 2

4. You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and Assignee contained in the Assignment and Acceptance.

5. This Notice of Assignment and Acceptance may be executed by the Assignor and the Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same notice and agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Schedule 1
Page 3

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

Adjusted Commitment: [ASSIGNOR]
\$ _____
By: _____
Title: _____

Adjusted Pro Rata Share:
_____ %
Commitment: [ASSIGNEE]
\$ _____]
By: _____
Title: _____

ACKNOWLEDGED this ____ day of _____:

BANK OF AMERICA, N.A.,
as Agent

By: _____
Title: _____

CONSENTED TO this ____ day of _____:

DELUXE CORPORATION

By: _____
Title: _____

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Page 4

SCHEDULE 2.01

CLOSING DATE COMMITMENTS AND PRO RATA SHARES

Bank ----	Commitment -----	Pro Rata Share -----
Bank of America, N.A.	\$ 65,000,000	0.130000000

ABN AMRO Bank N.V.	\$ 65,000,000	0.130000000
Banca di Roma - Chicago Branch	\$ 25,000,000	0.050000000
The Bank of New York	\$ 25,000,000	0.050000000
The First National Bank of Chicago	\$ 65,000,000	0.130000000
Firststar Bank, National Association	\$ 25,000,000	0.050000000
Lloyds TSB Bank plc	\$ 25,000,000	0.050000000
The Northern Trust Company	\$ 50,000,000	0.100000000
SunTrust Bank, Central Florida, N.A.	\$ 25,000,000	0.050000000
UMB Bank, N.A.	\$ 15,000,000	0.030000000
Wachovia Bank, N.A.	\$ 50,000,000	0.100000000
Wells Fargo Bank, N.A.	\$ 65,000,000	0.130000000
	-----	-----
TOTAL	\$500,000,000	1.000000000

SCHEDULE 5.05
LITIGATION

None.

SCHEDULE 5.12
ENVIRONMENTAL

None.

2

SCHEDULE 5.16
SUBSIDIARIES AND MATERIAL EQUITY INVESTMENTS

(a) SUBSIDIARIES

Chex Systems, Inc. (MN - 100%)
Deluxe Analytic Research Technologies, Inc. (MN - 100%)
Deluxe Canada Inc. (Canada-100% In Liquidation)
Deluxe Electronic Payment Systems, Inc. (DE - 100%)
 Deluxe Electronic Payment Systems Canada, Inc. (Canada - 100%)
 Deluxe Electronic Benefits, Inc. (DE - 100% Inactive)
Deluxe Financial Services, Inc. (MN - 100%)
Deluxe Holdings (Netherlands) BV (Netherlands-100%)
 HCL Deluxe NV (Netherlands-50%)
 iDLX Technology Partners Private Limited (India-100%)
 iDLX Technology Partners, Inc. (DE-100%)
Deluxe Overseas Inc. (MN-100%)
Deluxe Payment Protection Systems, Inc. (DE - 100%)
Direct Checks Unlimited, Inc. (CO - 100%)
DLX Check Printers, Inc. (MN - 100%)
DLX Check Texas, Inc. (MN - 100%)
 Deluxe Financial Services Texas L.P.
DLX Holdings LTD (UK-100%)
 United Creditors Alliance Intl. Limited (UK-100%)
 Deluxe Data International Limited (UK -100%)
 Connex Europe SRL (Italy-100% In Liquidation)
eFunds Corporation (CA-100%)
iDLX Corporation (MN-100%)
 HCL Deluxe NV (Netherlands-50%)
NRC Holding Corporation (DE - 100%)
 United Creditors Alliance Corporation (OH - 100%) National Revenue
 Corporation (OH - 100%) National Credit Services Corporation (MO -
 100%) National Receivables Corporation (OH-100% Inactive)
1385 E County Road E (MN-100%)

(b) MATERIAL EQUITY INVESTMENTS

SCHEDULE 7.01
EXISTING LIENS

None.

SCHEDULE 10.02

PAYMENT OFFICES; ADDRESSES FOR NOTICES;
LENDING OFFICES

DELUXE CORPORATION:

ADDRESS FOR NOTICES:

3680 Victoria Street North
Shoreview, MN 55126-2966
Attention: Treasurer
Telephone: (651) 483-7355
Facsimile: (651) 787-1566

WITH A COPY TO:

3680 Victoria Street North
Shoreview, MN 55126-2966
Attention: General Counsel
Telephone: (651) 483-7355
Facsimile: (651) 787-2749

BANK OF AMERICA, N.A.,
as Agent

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, AND PAYMENTS:

Bank of America, N.A.
Mail Code: CA4-706-05-09
Agency Administrative Services #5596
1850 Gateway Boulevard, 5th Floor
Concord, CA 94520
Attention: Marti Monahan
Telephone: (925) 675-8395
Facsimile: (925) 675-8500

OTHER NOTICES:

Bank of America, N.A.
Mail Code: CA5-705-41-89
Diversified Industries #9994
555 California Street, 41st Floor
San Francisco, CA 94104-1502
Attention: Kenneth J. Beck
Telephone: (415) 953-5753
Facsimile: (415) 622-2385

AGENT'S PAYMENT OFFICE:

Bank of America, N.A.
Mail Code: CA4-706-05-09
1850 Gateway Boulevard, 5th Floor
Concord, CA 94520
Attention: Agency Administrative Services #5596
Account Number: 3750836479
ABA #111000012
Reference: Deluxe Corporation

ABN AMRO BANK N.V.

ADDRESS FOR NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

ABN AMRO BANK N.V.
208 South LaSalle, Suite 1500
Chicago, IL 60604-1003
Attention: Loan Administration
Telephone: (312) 992-5150
Facsimile: (312) 992-5155

ADDRESS FOR NOTICES OTHER THAN BORROWING:

ABN AMRO Bank N.V.
4100 U.S. Bank Place
601 Second Avenue South
Minneapolis, MN 55402
Attention: Peter Eaton
Telephone: (612) 337-9865
Facsimile: (612) 338-8687

BANCA DI ROMA, CHICAGO BRANCH

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

Banca di Roma - Chicago Branch
225 West Washington, Suite 1200
Chicago, IL 60606
Attention: Enza Geraci
Telephone: (312) 704-2603
Facsimile: (312) 726-3058

ADDRESS FOR NOTICES OTHER THAN BORROWING:

Banca di Roma - Chicago Branch
225 West Washington, Suite 1200
Chicago, IL 60606
Attention: Joyce Montgomery
Telephone: (312) 704-2648
Facsimile: (312) 726-3058

THE BANK OF NEW YORK

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

The Bank of New York
One Wall Street, 19th Floor
New York, NY 10286
Attention: Yvonne M. Forbes
Telephone: (212) 635-6691
Facsimile: (212) 635-7926

ADDRESS FOR NOTICES OTHER THAN BORROWING:

The Bank of New York
One Wall Street, 19th Floor
New York, NY 10286
Attention: Richard A. Raffetto
Telephone: (212) 635-8044
Facsimile: (212) 635-1208/09

THE FIRST NATIONAL BANK OF CHICAGO

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

The First National Bank of Chicago
One First National Plaza
Chicago, IL 60670
Attention: Tess Siao
Telephone: (312) 732-8705
Facsimile: (312) 732-2715

ADDRESS FOR NOTICES OTHER THAN BORROWING:

The First National Bank of Chicago
One First National Plaza
ILLI-0173
Chicago, IL 60670
Attention: J. Garland Smith
Telephone: (312) 732-2735
Facsimile: (312) 732-1117

FIRSTAR BANK, NATIONAL ASSOCIATION

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

Firststar Bank, National Association
Mail Location 8160
First Tower

425 Walnut Street, 8th Floor
Cincinnati, OH 45202
Attention: Matthew J. Zeck
Telephone: (513) 632-3002
Facsimile: (513) 632-4716

LLOYDS TSB BANK PLC

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

Lloyds TSB Bank plc
575 Fifth Avenue, 17th Floor
New York, NY 10017
Attention: Patricia Kilian / Jamie Burger
Telephone: (212) 930-8914 / 8933
Facsimile: (212) 930-5098

ADDRESS FOR NOTICES OTHER THAN BORROWING:

Lloyds TSB Bank plc
575 Fifth Avenue, 17th Floor
New York, NY 10017
Attention: Windsor Davies, Director, Corporate Banking USA
Telephone: (212) 930-8909
Facsimile: (212) 930-5098

THE NORTHERN TRUST COMPANY

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

The Northern Trust Company
50 S. LaSalle
Chicago, IL 60675
Attention: Linda Honda
Telephone: (312) 444-3532
Facsimile: (312) 630-1566

ADDRESS FOR NOTICES OTHER THAN BORROWING:

The Northern Trust Company
50 S. LaSalle
Chicago, IL 60675
Attention: Lisa Taylor
Telephone: (312) 444-4196
Facsimile: (312) 444-5055

SUNTRUST BANK, CENTRAL FLORIDA, N.A.

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

SunTrust Bank, Central Florida, N.A.
200 South Orange Avenue
Orlando, FL 32801
Attention: Joanna Contreras
Telephone: (407) 237-5283
Facsimile: (407) 237-5342

ADDRESS FOR NOTICES OTHER THAN BORROWING:

SunTrust Bank, Central Florida, N.A.
200 South Orange Avenue
Orlando, FL 32801
Attention: Joseph B. Kabourek
Telephone: (407) 237-4284
Facsimile: (407) 237-6894

UMB BANK, N.A.

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

UMB Bank, N.A.
1010 Grand Boulevard
P.O. Box 419226
Kansas City, MO 61141-6226
Attention: Bev Puglisi
Telephone: (816) 860-3677
Facsimile: (816) 860-3772

ADDRESS FOR NOTICES OTHER THAN BORROWING:

UMB Bank, N.A.
1010 Grand
Second Floor, Commercial Loans
Kansas City, MO 64106
Attention: Robert P. Elbert

Telephone: (816) 860-7116
Facsimile: (816) 860-7143

WACHOVIA BANK, N.A.

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

Wachovia Bank, N.A.
191 Peachtree Street, NE
Atlanta, GA 30303
Attention: Viveca Sibley
Telephone: (404) 332-6739
Facsimile: (404) 332-4320

ADDRESS FOR NOTICES OTHER THAN BORROWING:

Wachovia Bank, N.A.
191 Peachtree Street, NE
Atlanta, GA 30303
Attention: Frances W. Josephia
Telephone: (404) 332-4132
Facsimile: (404) 332-6898

WELLS FARGO BANK, N.A.

NOTICES FOR BORROWING, CONVERSIONS/CONTINUATIONS, PAYMENTS:

Wells Fargo Bank, N.A.
201 Third Street, MAC 0187-081
San Francisco, CA 94103
Attention: Ginnie Padgett
Telephone: (415) 477-5374
Facsimile: (415) 512-1943 or (415) 979-0675

ADDRESS FOR NOTICES OTHER THAN BORROWING:

Wells Fargo Bank, N.A.
Sixth & Marquette
3rd Floor
Minneapolis, MN 55479-0085
Attention: Molly Van Metre
Telephone: (612) 667-9147
Facsimile: (612) 667-2276

EXHIBIT 12.3

DELUXE CORPORATION
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
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	Nine Months Ended -----	Years Ended December 31, -----				
	September 30, 1999	1998	1997	1996	1995	1994
	-----	----	----	----	----	----
1993						

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Earnings						
- - - - -						
Income from Continuing Operations before Income Taxes	\$233,507	\$242,915	\$115,150	\$118,765	\$169,319	\$246,706
\$235,913						
Interest expense (excluding capitalized interest)	5,623	8,273	8,822	10,649	13,099	9,733
10,070						
Portion of rent expense under long-term operating leases representative of an interest factor	11,052	15,126	13,621	13,467	14,761	13,554
13,259						
Amortization of debt expense	126	122	122	121	84	84
84						

TOTAL EARNINGS	\$250,308	\$266,436	\$137,715	\$143,002	\$197,262	\$270,077
\$259,326						
Fixed charges						
- - - - -						
Interest Expense (including capitalized interest)	6,440	9,664	\$ 9,742	\$ 11,978	\$ 14,714	\$ 10,492
\$ 10,555						
Portion of rent expense under long-term operating leases representative of an interest factor	11,052	15,126	13,621	13,467	14,761	13,554
13,259						
Amortization of debt expense	126	122	122	121	84	84
84						

TOTAL FIXED CHARGES	\$ 17,618	\$ 24,912	\$ 23,485	\$ 25,566	\$ 29,559	\$ 24,130
\$ 23,898						
RATIO OF EARNINGS TO FIXED CHARGES:	14.2	10.7	5.9	5.6	6.7	11.2
10.9						
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