

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

September 30, 1996

For quarterly period ended _____

or

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

For the transition period from _____ to _____

1-7945

Commission file number: _____

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)

(612) 483-7111

(Registrant's telephone number, including area code)

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

Yes /X/ No / /

The number of shares outstanding of registrant's common stock, par value \$1.00 per share, at November 1, 1996 was 82,371,951.

1

ITEM I. FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

	September 30, 1996 (Unaudited)	December 31, 1995
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,905	\$ 13,668
Trade accounts receivable	180,106	169,310
Inventories:		
Raw material	23,051	22,475
Semi-finished goods	14,759	24,861
Finished goods	24,913	28,566
Supplies	10,970	11,139
Deferred advertising	16,185	20,017
Deferred income taxes	37,034	35,926
Prepaid expenses and other current assets	48,472	55,136
	-----	-----
Total current assets	393,395	381,098

LONG-TERM INVESTMENTS	52,563	48,147
PROPERTY, PLANT AND EQUIPMENT		
Land	42,760	43,632
Buildings and improvements	307,133	299,954
Machinery and equipment	567,111	578,922
Construction in progress	2,782	18,315
Total	919,786	940,823
Less accumulated depreciation	461,177	446,665
Property, plant, and equipment - net	458,609	494,158
INTANGIBLES		
Cost in excess of net assets acquired - net	289,208	301,289
Other intangible assets - net	88,663	70,403
Total intangibles	377,871	371,692
TOTAL ASSETS	\$1,282,438	\$1,295,095
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 69,774	\$ 75,644
Accrued liabilities:		
Wages, including vacation pay	63,056	51,549
Employee profit sharing and pension	43,178	56,906
Accrued rebates	38,279	31,373
Restructuring costs	28,107	6,283
Other	94,583	89,392
Short-term debt	13,188	48,962
Long-term debt due within one year	7,527	8,699
Total current liabilities	357,692	368,808
LONG-TERM DEBT	110,448	110,997
DEFERRED INCOME TAXES	36,891	34,916
SHAREHOLDERS' EQUITY		
Common shares - \$1 par value (authorized 500,000,000 shares; issued: 82,329,396)	82,329	82,364
Additional paid-in capital		1,455
Retained earnings	695,217	697,036
Cumulative translation adjustment	638	500
Unearned compensation	(580)	(739)
Net unrealized change - marketable securities	(197)	(242)
Total shareholders' equity	777,407	780,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,282,438	\$1,295,095

</TABLE>

See Notes to Consolidated Financial Statements

2

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

	QUARTER ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
NET SALES	\$ 460,520	\$ 449,203	\$1,415,188	\$1,356,857
OPERATING EXPENSES				
Cost of sales	209,670	202,099	671,875	612,611
Selling, general and administrative	176,409	170,999	530,211	513,810
Employee profit sharing and pension	13,690	14,870	42,343	44,633
Employee bonus and stock purchase discount	4,762	5,214	14,851	17,853
Total	404,531	393,182	1,259,280	1,188,907
INCOME FROM OPERATIONS	55,989	56,021	155,908	167,950
OTHER INCOME (EXPENSE)				
Other income	4,031	1,335	6,939	8,779
Interest expense	(1,994)	(3,555)	(7,300)	(9,832)

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	58,026	53,801	155,547	166,897
PROVISION FOR INCOME TAXES	24,502	23,543	65,046	71,345
INCOME FROM CONTINUING OPERATIONS	33,524	30,258	90,501	95,552
DISCONTINUED OPERATIONS				
Loss from operations (net of income tax benefit of \$610 and \$1,802 for the quarter and nine months ended September 30, 1995, respectively)		(882)		(2,604)
NET INCOME	33,524	29,376	90,501	92,948
AVERAGE COMMON SHARES OUTSTANDING	82,331,984	82,486,220	82,374,954	82,435,645
NET INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS	\$0.41	\$ 0.37	\$1.10	\$ 1.16
NET INCOME PER COMMON SHARE FROM DISCONTINUED OPERATIONS		\$(0.01)		\$(0.03)
NET INCOME PER SHARE	\$0.41	\$ 0.36	\$1.10	\$ 1.13
CASH DIVIDENDS PER COMMON SHARE	\$0.37	\$ 0.37	\$1.11	\$ 1.11

See Notes to Consolidated Financial Statements

3

DELUXE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 1996 and 1995
(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	1996	1995
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 90,501	\$ 92,948
Discontinued operations		2,604
Income from continuing operations	90,501	95,552
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	50,652	49,317
Amortization of intangibles	29,227	25,241
Stock purchase discount	5,723	6,135
Net gain on sales of businesses	(1,881)	
Changes in assets and liabilities, net of effects from acquisitions, discontinued operations and sales of businesses:		
Trade accounts receivable	(8,532)	(16,246)
Inventories	9,727	(12,320)
Accounts payable	(6,572)	(2,804)
Restructuring costs	19,106	
Other assets and liabilities	12,426	(11,932)
Net cash provided by continuing operations	200,377	132,943
Net cash used by discontinued operations	(1,784)	(2,125)
Net cash provided by operating activities	198,593	130,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of marketable securities with maturities of more than 3 months	6,250	20,317
Purchases of property, plant and equipment	(62,393)	(91,904)
Payments for acquisitions, net of cash acquired	(10,947)	(37,313)
Net proceeds from sales of businesses	26,317	
Other	11,913	(2,190)
Net cash used in investing activities	(28,860)	(111,090)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(9,051)	(7,094)
Payments to retire common stock	(30,791)	(21,980)
Proceeds from issuing stock under employee plans	22,145	18,917
Net (payments on), proceeds from short-term debt	(36,252)	74,558
Cash dividends paid to shareholders	(91,547)	(91,657)
Net cash used in financing activities	(145,496)	(27,256)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,237	(7,528)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,668	29,139
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CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 37,905	\$ 21,611
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</TABLE>

See Notes to Consolidated Financial Statements

4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of September 30, 1996, and the consolidated statements of income for the three-month and nine-month periods ended September 30, 1996 and 1995 and the consolidated statements of cash flows for the nine-month periods ended September 30, 1996 and 1995 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 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 annual financial statements and notes.

2. The Company has uncommitted bank lines of credit of \$189.4 million available at variable interest rates. As of September 30, 1996, \$13.2 million was drawn on those lines at a weighted average interest rate of 6.2%. Also, the Company has in place a \$150 million committed line of credit which is available for borrowing and as support for commercial paper. As of September 30, 1996, the Company had no commercial paper outstanding. The Company has in place a medium-term note program for the issuance of up to \$300 million of medium-term notes to 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, 1996, no such notes were issued or outstanding.
3. During the fourth quarter of 1995, the Company adopted a plan to discontinue its Printwise ink business. The Company recorded charges in the fourth quarter of 1995 for the disposal of the business, and anticipated operating losses until disposal. Accordingly, Printwise is reported as a discontinued operation for the 1996 and 1995 periods presented.
4. During the first quarter of 1996, the Company recorded charges of \$34.8 million related to the closing of 21 of its check printing plants and the movement of PaperDirect's operations from New Jersey to existing company facilities in Colorado and Minnesota. The \$34.8 million of charges include employee severance costs and expected losses on the disposition of plant and equipment. Expenses of \$32 million are included in cost of goods sold and \$2.8 million in selling, general and administrative expense. \$27.5 million of the charges are expected to be in the form of cash outlays occurring in 1996 and 1997, almost all of which will be applied to employee severance costs. The Company expects to fund such outlays from cash generated by operations.
5. During the third quarter of 1996, the Company sold its T/Maker and Internal Bank Forms units. The effect of these transactions was not material to the operating results of the Company, nor will the absence of these units materially effect future operating results.
6. In October of 1996, the Company completed the sale of substantially all of the assets and certain liabilities of its Colwell unit for \$61.5 million. The operating results of this unit are not material to the operating results of the Company. The Company expects to recognize a gain from the sale of Colwell in the fourth quarter.

5

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPANY PROFILE

Effective January 1, 1996, the Company reorganized its many independent business units into two market-serving segments, Financial Services and

Deluxe Direct. Through Deluxe Financial Services, the Company provides check printing, direct marketing assistance, and related services to financial institutions in the United States, Canada, and the United Kingdom and payment systems protection services, including check authorization, account verification, and collection services to financial institutions and retailers. Through Deluxe Direct, the Company provides direct mail checks and specialty papers to households and small businesses; tax forms and electronic tax filing services to tax preparers; and direct mail greeting cards, gift wrap, and related products to households.

In September 1996, the Company created another management reporting function which is referred to as the Deluxe Data market serving unit. Through this division, the Company provides electronic funds transfer and other software solutions to financial institutions and electronic benefit transfer services to state governments. The results of operations of this division are included in those of the Deluxe Financial Services.

During the first quarter of 1996, the Company recorded charges of \$34.8 million related to the closing of 21 of its check printing plants, and the movement of PaperDirect's operations from New Jersey to existing company facilities in Colorado and Minnesota. Although no assurances can be given in such regard, the Company anticipates that the consolidation of its check printing plants and its other restructuring and cost reduction efforts may result in annualized pre-tax cost reductions of approximately \$150 million. Although the Company may delay one or more of its anticipated plant closings, other cost reduction efforts are expected to enable the Company to achieve the anticipated level of annualized reductions. Such anticipated reductions will be reflected primarily in the form of reduced facility, materials and employee expenses in the Company's operating results. There can be no assurance that increased expenses or other factors will not offset some or all of the savings expected to be achieved through the Company's cost reduction efforts. See "Item 5 - Other Information - Risk Factors and Cautionary Statements."

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1995

Net sales were \$1,415.2 million for the nine months ended September 30, 1996, up 4.3% over the nine months ended September 30, 1995, when sales were \$1,356.9 million. The Deluxe Financial Services segment's revenue for the first nine months of 1996 increased 8.4% over the first nine months of 1995, due to revenue growth in all principal operating units. Financial institution check printing revenues were up 3.2%. The improved results are due to an improved product mix, a first quarter 1996 price increase, and benefits from the integration of the businesses that serve financial institutions. The Deluxe Direct segment's revenue for the first nine months of 1996 decreased 3.7% from the first nine months of 1995, due primarily to lower sales of social expressions products.

Selling, general and administrative expenses increased \$16.4 million or 3.2% for the first nine months of 1996 over the first nine months of 1995. The Deluxe Financial Services segment's selling, general and administrative expenses increased 7.2% over 1995, due primarily to costs related to the closing of 21 check printing plants and increased selling expense for financial institution check printing. The Deluxe Direct segment's selling, general and administrative expenses for the first nine months of 1995 decreased 6.1% from the first nine months of 1995, due primarily to lower advertising expense and reductions in general and administrative expenses throughout the majority of the segment.

Net income from continuing operations was \$90.5 million for the first nine months of 1996, or 6.4% of sales, compared to \$95.6 million for the first nine months of 1995, or 7.0% of sales. The decrease from 1995 is due primarily to \$34.8 million of pretax charges taken in the first quarter of 1996 for the closing of 21 check printing plants and the movement of PaperDirect's operations from New Jersey to existing company facilities in Colorado and Minnesota. Also, included in the 1995 income is approximately \$5 million of pretax gain resulting from insurance payments for 1994 earthquake damages to Company facilities.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1995

Net sales were \$460.5 million for the third quarter of 1996, up 2.5% over the third quarter of 1995, when sales were \$449.2 million. The Deluxe Financial Services segment's revenue increased 6.9% over the third quarter of 1995, due to revenue growth in all principal operating units. Financial institution check printing revenues were up 3.0% over 1995. The improved results are due to an improved product mix, higher prices, and benefits from the integration of the businesses that serve financial institutions. The Deluxe Direct segment's revenue decreased 6.4% from 1995, due primarily to lower sales of social expressions products.

Selling, general and administrative expenses increased \$5.4 million or 3.2% in third quarter 1996 over third quarter 1995. The Deluxe Financial Services segment's third quarter 1996 selling, general and administrative expenses increased 12.6% over third quarter 1995, due primarily to increased selling expenses for financial institution check printing. The Deluxe Direct segment's selling, general and administrative expenses decreased 8.3% from third quarter 1995, due primarily to lower advertising expenses and other cost reductions throughout the majority of the segment.

Net income from continuing operations was \$33.5 million for the third quarter of 1996, or 7.3% of sales, compared to \$30.3 million for the third quarter of 1995, or 6.7% of sales. The increase over 1995 is attributable to improvements in both the Deluxe Financial Services and Deluxe Direct segments.

FINANCIAL CONDITION - LIQUIDITY

Cash provided by continuing operations was \$198.6 million for the first nine months of 1996, compared with \$130.8 million for the first nine months of 1995. The increase is primarily the result of lower inventory and prepaid asset levels in 1996. This 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, 1996 was \$35.7 million compared to \$12.3 million on December 31, 1995.

FINANCIAL CONDITION - CAPITAL RESOURCES

Purchases of property, plant and equipment totaled \$62.4 million for the first nine months of 1996 compared to \$91.9 million during the comparable period one year ago. The decrease is the result of planned decreases in the Deluxe Direct segment.

The Company has uncommitted bank lines of credit of \$189.4 million. As of September 30, 1996, \$13.2 million was drawn on those lines. In addition, the Company has in place a \$150 million committed line of credit which is available for borrowing and as support for commercial paper. As of September 30, 1996, no commercial paper was issued and outstanding. The Company also has in place a medium-term note program for the issuance of up to \$300 million of medium-term notes. As of September 30, 1996, no such notes were issued or outstanding.

Cash dividends totaled \$91.5 million for the first nine months of 1996 compared to \$91.7 million for the first nine months of 1995.

7

PART II - OTHER INFORMATION

ITEM 5 - OTHER INFORMATION

When used in this Form 10-Q and in past and future filings by the Company with the Securities and Exchange Commission, in the Company's press releases and in oral statements made with the approval of an authorized executive officer, the words or phrases "should result," "are expected to," "will continue," "will approximate," "is anticipated," "estimate," "project" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are necessarily subject to certain risks and uncertainties, including those discussed under the caption "Risk Factors and Cautionary Statements" 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.

RISK FACTORS AND CAUTIONARY STATEMENTS

TIMING AND AMOUNT OF ANTICIPATED COST REDUCTIONS. With regard to the results of the Company's ongoing cost reduction efforts, there can be no assurance that the anticipated \$150 million of annualized pre-tax cost savings will be fully realized or will be achieved within the time periods expected. The implementation of the printing plant closures is, in large part, dependent upon the successful development of the software needed to streamline the check ordering process and redistribute the resultant order flow among the

Company's remaining printing plants. Because of the complexities inherent in and the lengthy testing periods associated with the development of software products as sophisticated as those needed to accomplish this task, there can be no assurance that unanticipated development delays will not occur. Any such occurrence could adversely affect the planned consolidation of the Company's printing facilities and delay the realization or reduce the amount of the anticipated expense reductions. The Company may defer one or more plant closings previously scheduled for 1997 into the first half of 1998.

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

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

EFFECT OF FINANCIAL INSTITUTION CONSOLIDATION. There is an ongoing trend towards increasing consolidation within the banking industry that has resulted in increased competition and pressure on 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 nor that any such loss can be counterbalanced through the addition of new customers or by expanded sales to the Company's remaining customers.

RAW MATERIALS AND POSTAGE 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. Competitive pressures and overall trends in the retail marketplace may have the effect of inhibiting the Company's ability to reflect increased costs of production in the retail prices of its products.

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

8

TECHNOLOGICAL CHANGE. 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. A wide variety of alternative payment delivery systems, including credit cards, debit cards, smart cards, ATM machines, direct deposit and bill paying services, home banking applications and Internet-based retail services, are in various stages of development and additional systems will likely be introduced. Although the Company expects that there will continue to be a substantial market for checks for the foreseeable future, the rate and the extent to which these alternative systems will achieve consumer acceptance and replace checks cannot be predicted.

An unexpected surge in the popularity of any of these alternative payment methods could have a material, adverse effect on the market for the Company's primary products and its account verification, payment protection and collection services. In addition, the publicity generated by the promoters of these systems and the attendant media coverage of their development and introduction may have a depressing effect on the market price of the Company's Common Stock that is disproportionate to their actual competitive impact.

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

ANALYST ESTIMATES. From time to time, authorized representatives of the Company may 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. 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.

Any forecast regarding the Company's future performance reflects various assumptions. These assumptions are subject to significant uncertainties and, as a matter of course, many of them will prove to be incorrect. Further, the achievement of any forecast depends on numerous factors, many of which are beyond the Company's control. In addition, 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.

9

PART II. OTHER INFORMATION

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
-----	-----	-----
10.4	Deluxe Corporation 1996 Annual Incentive Plan (as amended August 9, 1996)	Filed herewith
10.5	Deluxe Corporation Stock Incentive Plan (as amended August 9, 1996)	Filed herewith
10.6	Deluxe Corporation Performance Share Plan (as amended August 9, 1996)	Filed herewith
10.7	Deluxe Corporation Employee Stock Purchase Plan (as amended August 9, 1996)	Filed herewith
12.3	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
27.4	Financial Data Schedule	Filed herewith

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

10

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 14, 1996 /s/ J.A. Blanchard III

 J.A. Blanchard III, President
 and Chief Executive Officer
 (Principal Executive Officer)

Date November 14, 1996 /s/ C.M. Osborne

 C.M. Osborne, Senior Vice President
 and Chief Financial Officer
 (Principal Financial Officer)

11

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
-----	-----	-----
10.4	Deluxe Corporation 1996 Annual Incentive Plan (as amended August 9, 1996)	
10.5	Deluxe Corporation Stock Incentive Plan (as amended August 9, 1996)	
10.6	Deluxe Corporation Performance Share Plan (as amended August 9, 1996)	
10.7	Deluxe Corporation Employee Stock Purchase Plan (as amended August 9, 1996)	
12.3	Computation of Ratio of Earnings to Fixed Charges	
27.4	Financial Data Schedule	

12

DELUXE CORPORATION
1996
ANNUAL INCENTIVE PLAN
(AS AMENDED AUGUST 9, 1996)

1. ESTABLISHMENT. On February 9, 1996 the Board of Directors of Deluxe Corporation, upon recommendation by the Compensation Committee of the Board of Directors, approved an incentive plan for executives as described herein, which plan shall be known as the "Deluxe Corporation 1996 Annual Incentive Plan." This Plan shall be submitted for approval by the shareholders of Deluxe Corporation at the 1996 Annual Meeting of Shareholders. This Plan shall be effective as of January 1, 1996, subject to its approval by the shareholders, and no benefits shall be issued pursuant thereto until after this Plan has been approved by the shareholders.

2. PURPOSE. The purpose of this Plan is to advance the interests of Deluxe Corporation and its shareholders by attracting and retaining key employees, and by stimulating the efforts of such employees to contribute to the continued success and growth of the business of the Company. This Plan is further intended to provide employees with an opportunity to increase their ownership of the Company's common stock and, thereby, to increase their personal interest in the long-term success of the business in a manner designed to increase shareholder value.

3. DEFINITIONS. When the following terms are used herein with initial capital letters, they shall have the following meanings:

3.1. BASE SALARY - a Participant's annualized base salary, as determined by the Committee, as of the last day of a Performance Period.

3.2. COMPENSATION COMMITTEE - a committee of the Board of Directors of the Company designated by such Board to administer the Plan which shall consist of members appointed from time to time by the Board of Directors and shall be composed of not fewer than such number of directors as shall be required to permit grants and awards made under the Plan to satisfy the requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "1934 Act"), as amended, or any successor rule or regulation ("Rule 16b-3"). Each member of the Compensation Committee shall be a "Non-Employee Director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code.

3.3. CODE - the Internal Revenue Code of 1986, as it may be amended from time to time, and any proposed, temporary or final Treasury Regulations promulgated thereunder.

3.4. COMMON STOCK - the common stock, par value \$1.00 per share, of the Company.

3.5. COMPANY - Deluxe Corporation, a Minnesota corporation, and any of its subsidiaries or affiliates, whether now or hereafter established.

-1-

3.6. DELUXE - Deluxe Corporation, a Minnesota corporation, and all subsidiaries included in its consolidated financial reports for a given period.

3.7. EXECUTIVES - all Participants for a given Performance Period designated by the Compensation Committee as "Executives" for purposes of this Plan. The Compensation Committee shall designate as Executives all Participants it reasonably believes may be "named executive officers" under Rule 402 promulgated under the 1934 Act for that Performance Period.

3.8. MAXIMUM AWARD PERCENTAGE - a percentage, which may be greater or less than 100%, as determined by the Committee for each Participant with respect to each Performance Period and with respect to each Performance Factor.

3.9. OTHER PARTICIPANTS - all Participants for a given Performance Period who are not designated as "Executives" by the Compensation Committee for such Performance Period.

3.10. PARTICIPANTS - any management or highly compensated employees of the Company who are designated by the Compensation Committee prior to the start of a Performance Period as Participants in this Plan. Directors of the Company who are not also employees of the Company are not eligible to participate in the Plan. Participants shall be designated as either Executives or Other

Participants by the Compensation Committee as provided in Section 4.3 below.

3.11. PERFORMANCE FACTOR - the preestablished, objective performance goals selected by the Committee for each Participant with respect to each Performance Period and which shall be determined solely on account of the attainment of one or more preestablished, objective performance goals selected by the Committee in connection with the grant of an award hereunder; provided, however, that in the case of Other Participants, such performance goals need not be objective and may be based on such business criteria as the Committee may determine to be appropriate, which may include financial and nonfinancial performance goals that are linked to such individual's business unit or the Company as a whole or to such individual's areas of responsibility. The objective performance goals for Executives shall be based solely on one or more of the following business criteria, which may apply to the individual in question, an identifiable business unit or the Company as a whole, and on an annual or other periodic or cumulative basis: sales values, margins, volume, cash flow, stock price, market share, sales, earnings per share, profits, earnings before interest expense and taxes, earnings before interest expense, interest income and taxes, earnings before interest expense, taxes, and depreciation and/or amortization, earnings before interest expense, interest income, taxes, and depreciation and/or amortization, return on equity or costs, return on invested or average capital employed, or cumulative total return to stockholders (in each case, whether compared to preselected peer groups or not).

3.12. PERFORMANCE PERIOD - each consecutive twelve-month period commencing on January 1 of each year during the term of this Plan.

3.13. PLAN - this Deluxe Corporation 1996 Annual Incentive Plan.

-2-

3.14. TARGET AWARD - a dollar amount or a percentage of Base Salary, which may be greater or less than 100%, as determined by the Committee with respect to each Participant for each Performance Period.

3.15. UNITS - Restricted Stock Units, as defined in the Deluxe Corporation Stock Incentive Plan.

4. ADMINISTRATION.

4.1. POWER AND AUTHORITY OF COMPENSATION COMMITTEE. The Plan shall be administered by the Compensation Committee. The Compensation Committee shall have full power and authority, subject to all the applicable provisions of the Plan and applicable law, to (a) establish, amend, suspend or waive such rules and regulations and appoint such agents as it deems necessary or advisable for the proper administration of the Plan, (b) construe, interpret and administer the Plan and any instrument or agreement relating to the Plan, (c) determine, from time to time, whether shares of Common Stock and/or Units will be made available to Participants under the Plan, and (d) make all other determinations and take all other actions necessary or advisable for the administration of the Plan. Unless otherwise expressly provided in the Plan, each determination made and each action taken by the Compensation Committee pursuant to the Plan or any instrument or agreement relating to the Plan shall be (x) within the sole discretion of the Compensation Committee, (y) may be made at any time and (z) shall be final, binding and conclusive for all purposes on all persons, including, but not limited to, Participants and their legal representatives and beneficiaries, and employees of the Company.

4.2. DELEGATION. The Compensation Committee may delegate its powers and duties under the Plan to one or more officers of the Company or a committee of such officers, subject to such terms, conditions and limitations as the Compensation Committee may establish in its sole discretion; PROVIDED, HOWEVER, that the Compensation Committee shall not delegate its power (a) to make determinations regarding officers or directors of the Company who are subject to Section 16 of the 1934 Act; or (b) in such a manner as would cause the Plan not to comply with the provisions of Section 162(m) of the Code.

4.3. DETERMINATIONS MADE PRIOR TO EACH PERFORMANCE PERIOD. On or before the 90th day of each Performance Period, the Compensation Committee shall:

- (a) designate all Participants (including designation as Executives or Other Participants) for such Performance Period;
- (b) establish a Target Award for each Participant;
- (c) with respect to each Participant, establish one or more Performance Factors and a corresponding Maximum Award Percentage for each Performance Factor;

-3-

4.4. CERTIFICATION. Following the close of each Performance Period and prior to payment of any amount to any Participant under the Plan, the Committee must certify in writing the applicable Performance Factors for that Performance Period (and the corresponding Maximum Award Percentages) have been achieved and certify as to the attainment of all other factors upon which any payments to a Participant for that Performance Period are to be based.

4.5. SHAREHOLDER APPROVAL. The material terms of this Plan shall be disclosed to and approved by shareholders of the Company in accordance with Section 162(m) of the Code. No amount shall be paid to any Participant under this Plan unless such shareholder approval has been obtained.

5. INCENTIVE PAYMENT.

5.1. FORMULA. Each Participant shall receive an incentive payment for each Performance Period in an amount not greater than:

- (a) the Participant's Target Award for the Performance Period, multiplied by
- (b) the Participant's Maximum Award Percentage for the Performance Period that corresponds to the Performance Factor achieved by the Participant for that Performance Period.

5.2. LIMITATIONS.

- (a) DISCRETIONARY INCREASE OR REDUCTION. The Compensation Committee shall retain sole and absolute discretion to increase or reduce the amount of any incentive payment otherwise payable to any Participant under this Plan, but may not increase the payment to any Executive for any Performance Period.
- (b) CONTINUED EMPLOYMENT. Except as otherwise provided by the Compensation Committee, no incentive payment under this Plan with respect to a Performance Period shall be paid or owed to a Participant whose employment terminates prior to the last day of such Performance Period.
- (c) MAXIMUM PAYMENTS. No Participant shall receive a payment under this Plan for any Performance Period in excess of \$2.0 million.

6. BENEFIT PAYMENTS.

6.1. TIME AND FORM OF PAYMENTS. Prior to a date specified by the Compensation Committee but in no event later than the 90th day of a Performance Period, each Participant shall elect whether to receive benefits which may be paid under the Plan in cash or in the form of shares of Common Stock or Units (whichever is made available by the Compensation Committee

-4-

to such Participant in the Compensation Committee's sole discretion) or some combination thereof. Participants who elect to receive some percentage of the incentive payment in the form of cash shall be entitled to elect, at the same time as the cash election is made, to defer such receipt in accordance with the terms of any Company deferred compensation plan in effect at the time and applicable to such cash payment. In the event a Participant has elected to receive some percentage of the incentive payment in the form of cash, and subject to any such deferred compensation election, such cash incentive shall be paid as soon as administratively feasible after the Compensation Committee has made the certifications provided for in Section 4.4 above and otherwise determined the amount of such Participant's incentive payment payable under this Plan. In the event that a Participant chooses to receive some percentage of the incentive payment in the form of shares or Units (as the case may be), in lieu of cash (the "Share Dollar Amount"), the Participant shall be entitled to receive shares of restricted Common Stock (or Units, as the case may be) equal to 125% of the Share Dollar Amount pursuant to this Plan, based on the fair market value of a share of Common Stock (as determined in accordance with the terms of the Deluxe Corporation Stock Incentive Plan (the "Stock Incentive Plan"), as of the date such shares or Units are to be issued or awarded, respectively, after the Compensation Committee has made the certifications provided for in Section 4.4 above and otherwise determined the amount of a Participant's incentive payment payable under this Plan.

In the event a Participant has elected to receive some percentage of the incentive payment in the form of shares of Common Stock or Units (as the case may be), such shares or Units shall be issued or awarded, respectively, pursuant to the Stock Incentive Plan, which shares or Units shall be subject to such forfeiture rights and to such restrictions regarding transfer as may be established by the Compensation Committee; PROVIDED, HOWEVER, that the individual share limitation provided for in Section 4(d) of the Stock Incentive Plan shall not apply to shares issued under this Plan.

6.2. NONTRANSFERABILITY. Except as otherwise determined by the Compensation Committee, no right to any incentive payment hereunder, whether payable in cash or other property, shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution; PROVIDED HOWEVER, that if so determined by the Compensation Committee, a Participant may, in the manner established by the Compensation Committee (i) designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any cash or property hereunder upon the death of the Participant, or (ii) transfer any rights to any cash incentive payment hereunder to any member of such Participant's "immediate family" (as such term is defined in Rule 16a-1(e) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) or to a trust whose beneficiaries are members of such Participant's "immediate family." No right to any incentive payment hereunder may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company.

6.3. TAX WITHHOLDING. In order to comply with all applicable federal or state income, social security, payroll, withholding or other tax laws or regulations, the Compensation Committee may establish such policy or policies as it deems appropriate with respect to such

-5-

laws and regulations, including without limitation, the establishment of policies to ensure that all applicable federal or state income, social security, payroll, withholding or other taxes, which are the sole and absolute responsibility of the Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or part of the federal and state taxes to be withheld or collected upon receipt or payment of (or the lapse of restrictions relating to) an incentive payment payable hereunder, the Compensation Committee, in its sole discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the shares of Common Stock otherwise to be delivered upon payment of (or the lapse of restrictions relating to) an incentive payment hereunder with a fair market value equal to the amount of such taxes or (b) delivering to the Company shares of Common Stock other than the shares issuable upon payment of (or the lapse of restrictions relating to) such incentive payment with a fair market value equal to the amount of such taxes.

7. AMENDMENT AND TERMINATION; ADJUSTMENTS. Except to the extent prohibited by applicable law and unless otherwise expressly provided in the Plan:

- (a) AMENDMENTS TO THE PLAN. The Board of Directors of the Company may amend, alter, suspend, discontinue or terminate the Plan, without the approval of the shareholders of the Company, except that no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:
 - (i) would cause Rule 16b-3 to become unavailable with respect to grants and awards made under the Plan; or
 - (ii) would violate the rules or regulations of the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc. that are applicable to the Company.
- (b) WAIVERS OF INCENTIVE PAYMENT CONDITIONS OR RIGHTS. The Compensation Committee may waive any conditions of or rights of the Company under any right to an incentive payment hereunder, prospectively or retroactively.
- (c) LIMITATION ON AMENDMENTS TO INCENTIVE PAYMENT RIGHTS. Neither the Compensation Committee nor the Company may amend, alter, suspend, discontinue or terminate any rights to an incentive payment, prospectively or retroactively, without the consent of the Participant or holder or beneficiary thereof, except as otherwise herein provided.
- (d) CORRECTION OF DEFECTS, OMISSIONS AND INCONSISTENCIES. The Compensation Committee may correct any defect, supply any omission or

-6-

reconcile any inconsistency in the Plan in the manner and to the extent it shall deem desirable to carry the Plan into effect.

8. MISCELLANEOUS.

8.1. EFFECTIVE DATE. This Plan shall be deemed effective, subject to shareholder approval, as of January 1, 1996.

8.2. TERM OF THE PLAN. Unless the Plan shall have been discontinued or terminated, the Plan shall terminate on December 31, 2000. No right to receive an incentive payment shall be granted after the termination of the Plan. However, unless otherwise expressly provided in the Plan, any right to receive an incentive payment theretofore granted may extend beyond the termination of the Plan, and the authority of the Board of Directors and Compensation Committee to amend or otherwise administer the Plan shall extend beyond the termination of the Plan.

8.3. HEADINGS. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

8.4. APPLICABILITY TO SUCCESSORS. This Plan shall be binding upon and inure to the benefit of the Company and each Participant, the successors and assigns of the Company, and the beneficiaries, personal representatives and heirs of each Participant. If the Company becomes a party to any merger, consolidation or reorganization, this Plan shall remain in full force and effect as an obligation of the Company or its successors in interest (except to the extent modified by the terms of the Stock Incentive Plan with respect to the shares of restricted Common Stock issued under Section 6.1 hereof).

8.5. EMPLOYMENT RIGHTS AND OTHER BENEFIT PROGRAMS. The provisions of this Plan shall not give any Participant any right to be retained in the employment of the Company. In the absence of any specific agreement to the contrary, this Plan shall not affect any right of the Company, or of any affiliate of the Company, to terminate, with or without cause, any Participant's employment at any time. This Plan shall not replace any contract of employment, whether oral or written, between the Company and any Participant, but shall be considered a supplement thereto. This Plan is in addition to, and not in lieu of, any other employee benefit plan or program in which any Participant may be or become eligible to participate by reason of employment with the Company. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

8.6. NO TRUST OR FUND CREATED. This Plan shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and a Participant or any other person. To the extent that any person acquires a right to

-7-

receive payments from the Company or any affiliate pursuant to this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company or of any affiliate.

8.7. GOVERNING LAW. The validity, construction and effect of the Plan or any incentive payment payable under the Plan shall be determined in accordance with the laws of the State of Minnesota.

8.8. SEVERABILITY. If any provision of the Plan is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Compensation Committee, materially altering the purpose or intent of the Plan, such provision shall be stricken as to such jurisdiction, and the remainder of the Plan shall remain in full force and effect.

8.9. QUALIFIED PERFORMANCE-BASED COMPENSATION. All of the terms and conditions of the Plan shall be interpreted in such a fashion as to qualify all compensation paid hereunder as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

-8-

Schedule A

FINANCIAL DEFINITIONS

RETURN ON AVERAGE CAPITAL EMPLOYED ("ROACE")

The term "Return on Average Capital Employed" for a Performance Period shall mean that number, expressed as a percentage, computed by dividing "Earnings Before Interest and Taxes" (as defined below) for such Performance Period by "Average Capital Employed" (as defined below) for such Performance Period.

EARNINGS BEFORE INTEREST AND TAXES ("EBIT")

The term "Earnings Before Interest and Taxes" shall mean earnings before taxes, interest expense and interest income, as reported to Deluxe Corporation's (the "Company") shareholders in its consolidated financial statements for the Performance Period, adjusted to eliminate the effect of (1) changes in generally accepted accounting principles; (2) discontinued operations; (3) restatements relating to pooling of interests transactions; (4) extraordinary items; (5) write-offs of impaired assets; (6) restructuring costs which qualify for separate identification under generally accepted accounting principles (without regard to materiality) in the Company's financial statements and/or are otherwise disclosed or communicated in the Company's financial communications; and (7) acquisitions and dispositions which in the case of any of the above (such items being herein referred to as the "Eliminations") or in the aggregate would, if so eliminated, increase or decrease ROACE by one-tenth of one (0.1%) percent or more.

In instances that EBIT is used as a Performance Factor for a Performance Period, such term will have the foregoing meaning -- adjusted to eliminate the effect of any Eliminations which either alone or in the aggregate with the other Eliminations would, if so eliminated, increase or decrease EBIT by one-tenth of one (0.1%) percent or more.

AVERAGE CAPITAL EMPLOYED ("ACE")

The term "Average Capital Employed" shall mean the sum of the Company's interest-bearing long-term debt and stockholders' equity, adjusted to eliminate the effect of any Eliminations which either alone or in the aggregate with the other Eliminations would, if so eliminated, increase or decrease ROACE by one-tenth of one (0.1%) percent or more. Such ACE shall be computed as of the last day of the Company's fiscal year which ends immediately before the beginning of the Performance Period and as of the last day of the fiscal year which coincides with the Performance Period, and the sum of the foregoing amounts shall then be divided by two in order to determine ACE for such Performance Period.

EARNINGS PER SHARE ("EPS")

The term "Earnings Per Share" shall mean earnings per share of the Company's common stock as reported to its shareholders in its consolidated financial statements for the Performance Period,

Page 2

adjusted to eliminate the effect of any Eliminations which either alone or in the aggregate with the other Eliminations would, if so eliminated, increase or decrease EPS by one cent (\$0.01) per share or more.

COMMITTEE DISCRETION

The Committee shall have complete discretion to reduce ROACE, EBIT or EPS as computed above or increase ACE as computed above by determining not to eliminate, in whole or in part, the effect of any or all of the Eliminations.

ACCOUNTING TERMS

Unless otherwise specified herein, all terms of an accounting character used herein, and all accounting determinations hereunder, shall be made in accordance with generally accepted accounting principles, as in effect from time to time, as applied by the Company in connection with the preparation of its financial statements.

DELUXE CORPORATION STOCK INCENTIVE PLAN
(as amended August 9, 1996)

SECTION 1. PURPOSE.

The purpose of the plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting management personnel capable of assuring the future success of the Company, by offering such personnel incentives to put forth maximum efforts for the success of the Company's business, and by affording such personnel an opportunity to acquire a proprietary interest in the Company.

SECTION 2. DEFINITIONS.

As used in the plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall mean (i) any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in each case as determined by the committee.
- (b) "Award" shall mean any option, stock appreciation right, restricted stock, restricted stock unit, performance award, dividend equivalent or other stock-based award granted under the plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing any award granted under the plan.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (e) "Committee" shall mean a committee of the board of directors of the Company designated by such board to administer the plan, which shall consist of members appointed from time to time by the board of directors and shall be comprised of not fewer than such number of directors as shall be required to permit grants and awards made under the plan to satisfy the requirements of Rule 16b-3. Each member of the committee shall be a "Non-Employee Director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Code.
- (f) "Company" shall mean DELUXE CORPORATION, a Minnesota corporation, and any successor corporation.
- (g) "Dividend Equivalent" shall mean any right granted under Section 6(e) of the plan.
- (h) "Eligible Person" shall mean any employee (as determined by the committee) providing services to the Company or any affiliate who the committee determines to be an eligible person. A non-employee director shall not be an eligible person.
- (i) "Fair Market Value" shall mean, with respect to any property (including, without limitation, any shares or other securities), the fair market value of such property determined by such methods or procedures as shall be established from time to time by the committee.
- (j) "Incentive Stock Option" shall mean an option granted under Section 6(a) of the plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.
- (k) "Non-Employee Director" shall have the meaning provided in Section 7.1 of the plan.
- (l) "Non-Qualified Stock Option" shall mean an option granted under Section 6(a) of the plan that is not intended to be an incentive stock option.
- (m) "Option" shall mean an incentive stock option or a non-qualified stock option.
- (n) "Other Stock-Based Award" shall mean any right granted under Section 6(f) of the plan.
- (o) "Participant" shall mean an eligible person designated to be granted an award under the plan.
- (p) "Performance Award" shall mean any right granted under Section 6(d) of the plan.
- (q) "Person" shall mean any individual, corporation, partnership, association

or trust.

1

(r) "Plan" shall mean this stock incentive plan, as amended from time to time.

(s) "Restricted Stock" shall mean any share granted under Section 6(c) of the plan.

(t) "Restricted Stock Unit" shall mean any unit granted under Section 6(c) of the plan evidencing the right to receive a share (or a cash payment equal to the fair market value of a share) at some future date.

(u) "Rule 16b-3" shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation.

(v) "Shares" shall mean shares of common stock, \$1.00 par value, of the Company or such other securities or property as may be subject to awards pursuant to an adjustment made under Section 4(c) of the plan.

(w) "Stock Appreciation Right" shall mean any right granted under Section 6(b) of the plan.

SECTION 3. ADMINISTRATION.

(a) POWER AND AUTHORITY OF THE COMMITTEE. The plan shall be administered by the committee. Except as provided in Section 7 and subject to the express provisions of the plan and to applicable law, the committee shall have full power and authority to: (i) designate participants; (ii) determine the type or types of awards to be granted to each participant under the plan; (iii) determine the number of shares to be covered by (or with respect to which payments, rights or other matters are to be calculated in connection with) each award; (iv) determine the terms and conditions of any award or award agreement; (v) amend the terms and conditions of any award or award agreement and accelerate the exercisability of options or the lapse of restrictions relating to restricted stock or other awards; (vi) determine whether, to what extent and under what circumstances awards may be exercised in cash, shares, other securities, other awards or other property, or canceled, forfeited or suspended; (vii) determine whether, to what extent and under what circumstances cash, shares, other securities, other awards, other property and other amounts payable with respect to an award under the plan shall be deferred either automatically or at the election of the holder thereof or the committee; (viii) interpret and administer the plan and any instrument or agreement relating to, or award made under, the plan; (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the plan; and (x) make any other determination and take any other action that the committee deems necessary or desirable for the administration of the plan. Unless otherwise expressly provided in the plan, all designations, determinations, interpretations and other decisions under or with respect to the plan or any award shall be within the sole discretion of the committee, may be made at any time and shall be final, conclusive and binding upon any participant, any holder or beneficiary of any award and any employee of the Company or any affiliate.

(b) DELEGATION. The committee may delegate its powers and duties under the plan to one or more officers of the company or an affiliate or a committee of such officers, subject to such terms, conditions and limitations as the committee may establish in its sole discretion; provided, however, that the committee shall not delegate its powers and duties under the plan (i) with regard to officers or directors of the Company or any affiliate who are subject to Section 16 of the Securities Exchange Act of 1934, as amended, or (ii) in such a manner as would cause the plan not to comply with the requirements of Section 162(m) of the Code.

SECTION 4. SHARES AVAILABLE FOR AWARDS.

(a) SHARES AVAILABLE. Subject to adjustment as provided in Section 4(c), the number of shares available for granting awards under the plan shall be 7,000,000. Shares to be issued under the plan may be either shares reacquired or authorized but unissued shares. If any shares covered by an award or to which an award relates are not purchased or are forfeited, or if an award otherwise terminates without delivery of any shares, then the number of shares counted against the aggregate number of shares available under the plan with respect to such award, to the extent of any such forfeiture or termination, shall again be available for grants under the plan.

(b) ACCOUNTING FOR AWARDS. For purposes of this Section 4, if an award entitles the holder thereof to receive or purchase shares, the number of shares covered by such award or to which such award relates shall be counted on the date of grant of such award against the aggregate number of shares available for grants under the plan.

(c) ADJUSTMENTS. In the event that the committee shall determine that any dividend or other distribution (whether in the form of cash, shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities of the Company, issuance of warrants or other rights to purchase shares or other securities of the Company or other similar corporate transaction or event affects the shares such that an adjustment is determined by the committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the plan, then the committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of shares (or other securities or other property) which thereafter may be made the subject of awards, (ii) the number and type of shares (or other securities or other property) subject to outstanding awards and (iii) the purchase or exercise price with respect to any award; provided, however, that the number of shares covered by any award or to which such award relates shall always be a whole number.

(d) AWARDS LIMITATION UNDER THE PLAN. No eligible person may be granted any award or awards under the plan (including the Company's performance share plan) of more than 200,000 shares, in the aggregate, in any calendar year. The foregoing limitation shall not include any shares acquired pursuant to the annual incentive plan. Furthermore, no more than 1,000,000 shares, in the aggregate, may be issued under the plan (including the Company's performance share plan) in the form of either restricted stock or restricted stock units or any combination thereof.

SECTION 5. ELIGIBILITY.

Any eligible person, including any eligible person who is an officer or director of the Company or any affiliate, shall be eligible to be designated a participant. In determining which eligible persons shall receive an award and the terms of any award, the committee may take into account the nature of the services rendered by the respective eligible persons, their present and potential contributions to the success of the Company, and such other factors as the committee, in its discretion shall deem relevant. Notwithstanding the foregoing, incentive stock options may only be granted to full or part-time employees (which term as used herein includes, without limitation, officers and directors who are also employees) and an incentive stock option shall not be granted to an employee of an affiliate unless such affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

SECTION 6. AWARDS.

(a) OPTIONS. The committee is hereby authorized to grant options to participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the plan as the committee shall determine:

- (i) EXERCISE PRICE. The purchase price per share purchasable under an option shall be determined by the committee; provided, however, that such purchase price shall not be less than 100 percent of the fair market value of a share on the date of grant of such option.
- (ii) OPTION TERM. The term of each option shall be fixed by the committee.
- (iii) TIME AND METHOD OF EXERCISE. The committee shall determine the time or times at which an option may be exercised in whole or in part and the method or methods by which, and the form or forms (including, without limitation, cash, shares, promissory notes, other securities, other awards or other property, or any combination thereof, having a fair market value on the exercise date equal to the relevant exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(b) STOCK APPRECIATION RIGHTS. The committee is hereby authorized to grant stock appreciation rights to participants subject to the terms of the plan and any applicable award agreement. A stock appreciation right granted under the plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the fair market value of one share on the date of exercise (or, if the committee shall so determine, at any time during a specified period before or after the date of exercise) over (ii) the grant price of the stock appreciation right as specified by the committee, which price shall not be less than 100 percent of the fair market value of one share on the date of grant of the stock appreciation right. Subject to the terms of the plan and any applicable award agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any stock appreciation right shall be as

determined by the committee. The committee may impose such conditions or restrictions on the exercise of any stock appreciation right as it may deem appropriate.

(c) RESTRICTED STOCK AND RESTRICTED STOCK UNITS. The committee is hereby authorized to grant awards of restricted stock and restricted stock units to participants with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the plan as the committee shall determine:

- (i) RESTRICTIONS. Shares of restricted stock and restricted stock units shall be subject to such restrictions as the committee may impose (including, without limitation, any limitation on the right to vote a share of restricted stock or the right to receive any dividend or other right or property with respect thereto or with respect to a restricted stock unit), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the committee may deem appropriate.
- (ii) STOCK CERTIFICATES. Any restricted stock granted under the plan shall be evidenced by issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Such certificate or certificates shall be registered in the name of the participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such restricted stock. In the case of restricted stock units, no shares shall be issued at the time such awards are granted.
- (iii) FORFEITURE; DELIVERY OF SHARES. Except as otherwise determined by the committee, upon termination of employment (as determined under criteria established by the committee) during the applicable restriction period, all shares of restricted stock and all restricted stock units at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the committee may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to shares of restricted stock or restricted stock units. Any share representing restricted stock that is no longer subject to restrictions shall be delivered to the holder thereof promptly after the applicable restrictions lapse or are waived. Upon the lapse or waiver of restrictions and the restricted period relating to restricted stock units evidencing the right to receive shares, such shares shall be issued and delivered to the holders of the restricted stock units, subject to the provisions of the plan and any applicable award agreement.

(d) PERFORMANCE AWARDS. The committee is hereby authorized to grant performance awards to participants subject to the terms of the plan and any applicable award agreement. A performance award granted under the plan (i) may be denominated or payable in cash, shares (including, without limitation, restricted stock and restricted stock units), other securities, other awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the committee shall establish. Subject to the terms of the plan and any applicable award agreement, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any performance award granted, the amount of any payment or transfer to be made pursuant to any performance award, and any other terms and conditions of any performance award shall be determined by the committee.

(e) DIVIDEND EQUIVALENTS. The committee is hereby authorized to grant to participants dividend equivalents under which such participants shall be entitled to receive payments (in cash, shares, other securities, other awards or other property as determined in the discretion of the committee) equivalent to the amount of cash dividends paid by the Company to holders of shares with respect to a number of shares determined by the committee. Subject to the terms of the plan and any applicable award agreement, such dividend equivalents may have such terms and conditions as the committee shall determine.

(f) OTHER STOCK-BASED AWARDS. The committee is hereby authorized to grant to participants such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares (including, without limitation, securities convertible into shares), as are deemed by the committee to be consistent with the purpose of the plan; provided, however, that such grants must comply with Rule 16b-3 and applicable law. Subject to the terms of the plan and any applicable award agreement, the committee shall determine the terms and conditions of such awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 6(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms (including, without limitation, cash,

shares, promissory notes, other securities, other awards or other property or any combination thereof), as the committee shall determine, the value of which consideration, as established by the committee, shall not be less than 100 percent of the fair market value of such shares or other securities as of the date such purchase right is granted.

(g) GENERAL

- (i) NO CASH CONSIDERATION FOR AWARDS. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.
- (ii) AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Awards may, in the discretion of the committee, be granted either alone or in addition to, in tandem with, or in substitution for any other award or any award granted under any plan of the Company or any affiliate other than the plan. Awards granted in addition to or in tandem with other awards or in addition to or in tandem with awards granted under any such other plan of the Company or any affiliate, may be granted either at the same time as or at a different time from the grant of such other award or awards.
- (iii) FORMS OF PAYMENTS UNDER AWARDS. Subject to the terms of the plan and of any applicable award agreement, payments or transfers to be made by the Company or an affiliate upon the grant, exercise or payment of an award may be made in such form or forms as the committee shall determine (including, without limitation, cash, shares, promissory notes, other securities, other awards or other property or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of dividend equivalents with respect to installment or deferred payments.
- (iv) LIMITS ON TRANSFER OF AWARDS. No award and no right under any such award shall be transferable by a participant otherwise than by will or by the laws of descent and distribution; provided, however, that if so determined by the committee, a participant may, in the manner established by the committee, (x) designate a beneficiary or beneficiaries to exercise the rights of the participant and receive any property distributable with respect to any award upon the death of the participant, or (y) transfer an award (other than an incentive stock option) to any member of such participant's "immediate family" (as such term is defined in Rule 16a-1(e) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) or to a trust whose beneficiaries are members of such participant's "immediate family." Each award or right under any award shall be exercisable during the participant's lifetime only by the participant, or by a member of such participant's immediate family or a trust for members of such immediate family pursuant to a transfer as described above, or if permissible under applicable law, by the participant's guardian or legal representative. No award or right under any such award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any affiliate.
- (v) TERM OF AWARDS. The term of each award shall be for such period as may be determined by the committee.
- (vi) RESTRICTIONS; SECURITIES EXCHANGE LISTING. All certificates for shares or other securities delivered under the plan pursuant to any award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the committee may deem advisable under the plan or the rules, regulations and other requirements of the Securities and Exchange Commission and any applicable federal or state securities laws, and the committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions. If the shares or other securities are traded on a securities exchange, the Company shall not be required to deliver any shares or other securities covered by an award unless and until such shares or other securities have been admitted for trading on such securities exchange.

SECTION 7. AWARDS AND OPTIONS TO NON-EMPLOYEE DIRECTORS.

7.1 ELIGIBILITY. If this plan is approved by the shareholders of the Company

at the annual meeting of the shareholders in 1994 (the 1994 annual meeting), shares of restricted stock and options shall be granted automatically under the plan to each member of the board of directors who is not an employee of the Company or of any affiliate of the Company (a non-employee director) under the terms and conditions contained in this Section 7. The authority of the committee under this Section 7 shall be limited to ministerial and non-discretionary matters.

7.2 ONE-TIME AWARD OF RESTRICTED STOCK. Upon the date of the 1994 annual meeting, each non-employee director in office following the meeting shall receive an award of 1,000 shares of restricted stock. These shares shall vest in three equal installments, on the dates of the annual shareholder meeting in each of the three succeeding years, if such director remains in office immediately following such meeting. In the event that in accordance with the Company's policy with respect to mandatory retirement of directors, any director is not nominated for election to serve as a director of the Company, all restricted stock so awarded shall immediately vest in full upon such director's retirement from the board. Subsequent to the date of the 1994 annual meeting, each non-employee director shall, upon the date of his or her initial election to the board, receive an award of 1,000 shares of restricted stock subject to the same vesting restrictions. If a director ceases to be a director prior to the date on which the award is fully vested for any reason other than mandatory retirement, any unvested portion of the award shall terminate and be irrevocably forfeited. Such awards shall be subject to Sections 6(c), 9 and 10 of this plan.

7.3 ANNUAL OPTION GRANTS. Each non-employee director shall be granted an option to purchase 1,000 shares on the date of the annual meeting of shareholders each year, commencing with the 1994 annual meeting, if the director will remain in office immediately following such meeting. The exercise price of each option shall be equal to 100 percent of the fair market value per share on the date of grant. Such options shall be non-qualified stock options, shall become exercisable six months after the date of grant, and shall terminate on the tenth anniversary of the date of grant, unless previously exercised or terminated. Such options shall be subject to the terms and conditions of Sections 6(a), 9 and 10 of the plan and to other standard terms and conditions contained in the form of non-qualified stock option used by the Company from time to time. Such options shall also terminate three months following the date upon which the participant ceases to be a director of the Company, except that:

- (i) In the event that a director who is granted an option shall cease to be a director of the Company by reason of such director's willful and material misconduct, the option shall terminate as of the date of such misconduct, and
- (ii) If a director who is granted an option shall die while a director of the Company or within three months after he or she ceases to be a director of the Company for any reason other than willful and material misconduct, or if such director ceases to be a director of the Company by reason of his or her disability, and he or she shall not have fully exercised the option, the option may be exercised at any time within 12 months after such director's death, or 12 months after cessation of directorship, by such director's legal representatives, or devisees, but only to the extent of the full number of shares such director was entitled to purchase under the option on the date of death or cessation of directorship.

7.4 AMENDMENTS TO SECTION 7. The provisions of this Section 7 may not be amended more often than once every six months other than to comply with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended, or the respective rules promulgated under either statute.

SECTION 8. AMENDMENT AND TERMINATION; ADJUSTMENTS.

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an award agreement or in the plan:

(a) AMENDMENTS TO THE PLAN. The board of directors of the Company may amend, alter, suspend, discontinue or terminate the plan; provided, however, that, notwithstanding any other provision of the plan or any award agreement, without the approval of the shareholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:

6

- (i) would cause Rule 16b-3 to become unavailable with respect to grants and awards made under the plan;
- (ii) would violate the rules or regulations of the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc., that are applicable to the Company; or
- (iii) would cause the Company to be unable, under the Code, to grant incentive stock options under the plan.

The board of directors shall be entitled to delegate to the committee the power to amend such terms of the plan and for such purposes as the board of directors shall from time to time determine.

(b) WAIVERS. The committee may waive any conditions of or rights of the Company under any outstanding award, prospectively or retroactively.

(c) LIMITATIONS ON AMENDMENTS. Neither the committee nor the Company may amend, alter, suspend, discontinue or terminate any outstanding award, prospectively or retroactively, without the consent of the participant or holder or beneficiary thereof, except as otherwise provided herein or in the award agreement.

(d) CORRECTION OF DEFECTS, OMISSIONS AND INCONSISTENCIES. The committee may correct any defect, supply any omission or reconcile any inconsistency in the plan or any award in the manner and to the extent it shall deem desirable to carry the plan into effect.

SECTION 9. INCOME TAX WITHHOLDING.

In order to comply with all applicable federal or state income tax laws or regulations, the committee may establish such policy or policies as it deems appropriate with respect to such laws and regulations, including without limitation the establishment of policies to ensure that all applicable federal or state payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a participant, are withheld or collected from such participant. In order to assist a participant in paying all or a portion of the federal and state taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an award, the committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the participant to satisfy such tax obligation by (i) electing to have the Company withhold a portion of the payment or transfer otherwise to be made upon exercise or receipt of (or the lapse of restrictions relating to) such award with a fair market value equal to the amount of such taxes or (ii) delivering to the Company shares or other property other than shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such award with a fair market value equal to the amount of such taxes. The election, if any, must be on or before the date that the amount of tax to be withheld is determined.

SECTION 10. GENERAL PROVISIONS.

(a) NO RIGHTS TO AWARDS. No eligible person, participant or other person shall have any claim to be granted any award under the plan, and there is no obligation for uniformity of treatment of eligible persons, participants or holders or beneficiaries of awards under the plan. The terms and conditions of awards need not be the same with respect to any participant or with respect to different participants.

(b) AWARD AGREEMENTS. No participant will have rights under an award granted to such participant unless and until an award agreement shall have been duly executed on behalf of the Company and, if requested by the Company, signed by the participant.

(c) NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS. Nothing contained in the plan shall prevent the Company or any affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) NO RIGHT TO EMPLOYMENT. The grant of an award shall not be construed as giving a participant the right to be retained in the employ of the Company or any affiliate, nor will it affect in any way the right of the Company or the affiliate to terminate such employment at any time, with or without cause. In addition, the Company or an affiliate may at any time dismiss a participant from employment free from any liability or any claim under the plan, unless otherwise expressly provided in the plan or in any award agreement.

7

(e) GOVERNING LAW. The validity, construction and effect of the plan or any award, and any rules and regulations relating to the plan or any award, shall be determined in accordance with the laws of the State of Minnesota.

(f) SEVERABILITY. If any provision of the plan or any award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the plan or any award under any law deemed applicable by the committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the committee, materially altering the purpose or intent of the plan or the award, such provision shall be stricken as to the plan or such jurisdiction or award, and the remainder of the plan or any such award shall remain in full force and effect.

(g) NO TRUST OR FUND CREATED. Neither the plan nor any award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and a participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any affiliate pursuant to an award, such right shall be no greater than the right of any unsecured general creditor of the Company or any affiliate.

(h) NO FRACTIONAL SHARES. No fractional shares shall be issued or delivered pursuant to the plan or any award, and the committee shall determine whether cash shall be paid in lieu of any fractional shares or whether such fractional shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) HEADINGS. Headings are given to the sections and subsections of the plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the plan or any provision thereof.

(j) OTHER BENEFITS. No compensation or benefit awarded to or realized by any participant under the plan shall be included for the purpose of computing such participant's compensation under any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

SECTION 11. SECTION 16(B) COMPLIANCE.

The plan is intended to comply in all respects with Rule 16b-3 or any successor provision, as in effect from time to time and in all events the plan shall be construed in accordance with the requirements of Rule 16b-3. If any plan provision does not comply with Rule 16b-3 as hereafter amended or interpreted, the provision shall be deemed inoperative. The board of directors, in its absolute discretion, may bifurcate the plan so as to restrict, limit or condition the use of any provision of the plan to participants who are officers or directors subject to Section 16 of the Securities and Exchange Act of 1934, as amended, without so restricting, limiting or conditioning the plan with respect to other participants.

SECTION 12. EFFECTIVE DATE OF THE PLAN.

The plan shall be effective as of December 22, 1993, subject to approval by the shareholders of the Company within one year thereafter.

SECTION 13. TERM OF THE PLAN.

Unless the plan shall have been discontinued or terminated as provided in Section 8(a), the plan shall terminate on December 31, 2000. No award shall be granted after the termination of the plan. However, unless otherwise expressly provided in the plan or in an applicable award agreement, any award theretofore granted may extend beyond the termination of the plan, and the authority of the committee provided for hereunder with respect to the plan and any awards, and the authority of the board of directors of the Company to amend the plan, shall extend beyond the termination of the plan.

DELUXE CORPORATION
PERFORMANCE SHARE PLAN
(AS AMENDED AUGUST 9, 1996)

SECTION I. ESTABLISHMENT

On February 10, 1994, the Board of Directors of Deluxe Corporation (the "Company"), upon recommendation by the Compensation Committee of the Board of Directors (the "Committee"), approved an incentive plan for executives as described herein, which plan shall be known as the "Deluxe Corporation Performance Share Plan" (the "Plan"). The Plan shall be submitted for approval by the shareholders of the Company at the 1994 Annual Meeting of Shareholders. The Plan shall be effective as of January 1, 1994, subject to its approval by the shareholders of the Company, and no benefits shall be issued pursuant to the Plan until after the Plan has been approved by the shareholders of the Company.

SECTION II. PURPOSE

The purpose of the Plan is to advance the interests of the Company and its shareholders by attracting and retaining key employees, and by stimulating the efforts of such employees to contribute to the continued success and growth of the business of the Company. The Plan is further intended to provide such employees with an opportunity to increase their ownership of the Company's common stock and, thereby, to increase their personal interest in the long-term success of the business in a manner designed to increase shareholder value.

SECTION III. ADMINISTRATION

3.1 COMPOSITION OF THE COMMITTEE. The Plan shall be administered by the Committee, which shall consist of members appointed from time to time by the Board of Directors and shall be comprised of not less than such number of directors as shall be required to permit grants and awards made under the Plan to satisfy the requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule or regulation ("Rule 16b-3"). All members of the Committee shall be members of the Board of Directors of the Company who are "Non-Employee Directors" within the meaning of Rule 16b-3. In addition, to the extent required by Section 162(m) of the Internal Revenue Code of 1986, as amended (such statute, as it may be amended from time to time and all proposed temporary or final Treasury Regulations promulgated thereunder shall be referred to as the "Code"), at all times following the 1995 Annual Meeting of Shareholders of the Company, all members of the Committee shall be "outside directors" within the meaning of Section 162(m) of the Code.

3.2 POWER AND AUTHORITY OF THE COMMITTEE. The Committee shall have full power and authority, subject to all the applicable provisions of the Plan and applicable law, to (a) establish, amend, suspend or waive such rules and regulations and appoint such agents as it deems necessary or advisable for the proper administration of the Plan, (b) construe, interpret and administer the Plan and any instrument or agreement relating to, or Award (as defined below in Section 4.2) made under, the Plan, and (c) make all other determinations and take all other actions necessary or advisable for the administration of the Plan. Unless otherwise expressly provided in the Plan, each determination made and each action taken by the Committee pursuant to the Plan or any instrument or agreement relating to, or Award made under, the Plan shall be (x) within the sole discretion of the Committee, (y) may be made at any time and (z) shall be final, binding and conclusive for all purposes on all persons, including, but not limited to, holders of Awards, and their legal representatives and beneficiaries, and employees of the Company or of any "Affiliate" of the Company. For purposes of the Plan and any instrument or agreement relating to, or Award made under, the Plan, the term "Affiliate" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company and any entity in which the Company has a significant equity interest, in each case as determined by the Committee in its sole discretion.

3.3 DELEGATION. The Committee may delegate its powers and duties under the Plan to one or more officers of the Company or any Affiliate or a committee of such officers, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion; provided, however, that the Committee shall not delegate its power (a) to make determinations regarding officers or directors of the Company or any Affiliate who are subject to Section 16 of the Exchange Act; or (b) in such a manner as would cause the Plan not to comply with the provisions of Section 162(m) of the Code.

SECTION IV. ELIGIBILITY AND PARTICIPATION

4.1 ELIGIBILITY. The Plan is unfunded and is maintained by the Company for a select group of management or highly compensated employees. In order to be eligible to participate in the Plan, an employee of the Company or of its Affiliates must be selected by the Committee. In determining the employees who will participate in the Plan, the Committee may take into account the nature of

the services rendered by the respective employees, their present and potential contributions to the success of the Company and such other factors as the Committee, in its sole discretion, shall deem relevant. A director of the Company or of an Affiliate who is not also an employee of the Company or an Affiliate shall not be eligible to participate in the Plan.

4.2 PARTICIPATION. The Committee shall determine the employees to be granted an award opportunity (the "Award"), the amount of each Award, the time or times when Awards will be made, the period of time over which such Awards are intended to be earned, and all other terms and conditions of each Award. The

2

provisions of the Awards need not be the same with respect to any recipient of an Award (the "Participant") or with respect to different Participants. The Committee's decision to approve an Award to an employee at any time shall not require the Committee to approve a similar Award or any Award at all to that employee or any other employee or person at any future date. The Company and the Committee shall not have any obligation for uniformity of treatment of any person, including, but not limited to, Participants and their legal representatives and beneficiaries and employees of the Company or of any Affiliate of the Company.

4.3 AWARD AGREEMENT. Any employee selected for participation by the Committee shall, if requested by the Committee, execute and return to the Committee a written agreement setting forth the terms and conditions of the Award (the "Award Agreement"). A separate Award Agreement may be entered into between the Company and each Participant for each Award.

4.4 QUALIFIED PERFORMANCE-BASED COMPENSATION. Awards granted pursuant to the Plan are intended to be "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. Accordingly, all of the other terms and conditions of the Plan as it applies to any Award shall be interpreted in such a fashion so as to qualify all compensation paid thereunder as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

4.5 MAXIMUM SHARE LIMITATIONS. No Participant may be granted an Award or Awards of any Stock Units (as defined below in Section 5.1) or Shares (as defined below in Section 5.6) under this Plan (i) and under any other stock-based benefit plan adopted by the Company (including the Stock Incentive Plan as defined in Section 5.1) of more than 200,000 Shares in the aggregate in any calendar year or (ii) of more than 120,000 Shares in the aggregate during the period from January 1, 1994 through December 31, 2000; provided, however, that, for purposes of calculating the limitation in clause (i), any Shares acquired pursuant to the Deluxe Corporation Annual Incentive Plan or the Deluxe Corporation 1996 Annual Incentive Plan shall not be taken into account.

4.6 EMPLOYMENT RIGHTS AND OTHER BENEFIT PROGRAMS. The provisions of this Plan shall not give any Participant any right to be retained in the employment of the Company. In the absence of any specific agreement to the contrary, this Plan shall not affect any right of the Company, or of any Affiliate of the Company, to terminate, with or without cause, any Participant's employment at any time. This Plan shall not replace any contract of employment, whether oral or written, between the Company and any Participant, but shall be considered a supplement thereto. This Plan is in addition to, and not in lieu of, any other employee benefit plan or program in which any Participant may be or become eligible to participate by reason of employment with the Company. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation under

3

any compensation-based retirement, disability, or similar plan of the Company unless required by law or otherwise provided by such other plan.

SECTION V. AWARDS

5.1 GENERAL. The Committee shall determine that Award or Awards to be made to each Participant, and each Award shall be subject to the terms and conditions of the Plan and the applicable Award Agreement. An Award shall be made in the form of units equivalent to Shares (the "Stock Units"). Awards may be granted singly or in combination, or in addition to, in tandem with or in substitution for any grants or rights under any employee or compensation plan of the Company or of any Affiliate, including the Deluxe Corporation Stock Incentive Plan (the "Stock Incentive Plan"). All or part of an Award may be subject to conditions and forfeiture provisions established by the Committee, and set forth in the Award Agreement, which may include, but are not limited to, continuous service with the Company or an Affiliate.

5.2 BUSINESS CRITERIA FOR PERFORMANCE-BASED AWARDS. The right to have an Award vest or become payable in any fashion shall be determined solely on

account of the attainment of one pre-established, objective performance goal selected by the Committee at the time of the grant of the Award. Such goal shall be based solely on the Company's total return to shareholders during a period selected by the Committee (a "Performance Period") as compared to the total return to shareholders of companies comprising the Standard & Poor's 500 Company Stock Index (the "S & P 500") during a measurement period (a "Measurement Period") selected by the Committee, which Measurement Period need not be the same as the Performance Period. The Performance Period and Measurement Period with respect to each Award shall be designated by the Committee in its sole discretion at the time of the grant of the Award. Total return to shareholders shall mean appreciation in share price between the date of grant and the end of the applicable Performance Period or Measurement Period, plus dividends paid during such period.

5.3 AWARD OF STOCK UNITS. All Awards shall be granted in the form of Stock Units. No certificates shall be issued with respect to such Stock Units, but the Company shall maintain a bookkeeping account in the name of the Participant to which the Stock Units shall relate. Each Stock Unit shall represent the right to receive a payment of one or more Shares of the Company's Common Stock or a continuing Stock Unit, or other Awards, or a combination thereof, with such restrictions and conditions as the Committee may determine in its sole discretion, including, but not limited to, the issuance of Shares as restricted stock legended to indicate restrictions on transferability.

5.4 DIVIDEND EQUIVALENTS. The Committee, in its sole discretion, may provide that any Award may earn dividend equivalents as provided in the Stock Incentive Plan.

4

5.5 PAYMENT OF AWARDS; MINIMUM ACHIEVEMENT FOR PAYMENT. Payment of Awards may be made at such times, with such restrictions and conditions, and in such forms (Shares, including restricted Shares, Stock Units, other Awards, or combinations thereof) as the Committee in its sole discretion may determine at the time of grant of the Awards. Notwithstanding any other provision of the Plan to the contrary, a payment will not be made with respect to any Award or any Stock Unit included as part of an Award for any Performance Period unless the Company's total return to shareholders for the Performance Period is at least equal to the total return to shareholders for companies in the 50th percentile of the S & P 500 for the Measurement Period.

5.6 STOCK INCENTIVE PLAN. All shares ("Shares") of Company Common Stock, \$1.00 par value, to be issued under the Plan shall be issued pursuant to the Stock Incentive Plan to be voted upon for approval by the shareholders of the Company at the 1994 Annual Meeting of Shareholders. Accordingly, such Shares shall be subject to all of the additional terms and conditions of Stock Incentive Plan. In the event the Stock Incentive Plan is not so approved by the Company's shareholders, this Plan shall be of no effect, as described in Section 9.1 hereof.

SECTION VI. TERMINATION OF EMPLOYMENT

Each Award Agreement shall include provisions governing the disposition of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with the Company or an Affiliate.

SECTION VII. NON-TRANSFERABILITY

Except as otherwise determined by the Committee or as set forth in the applicable Award Agreement, no Award and no right under any Award shall be transferable by a Participant otherwise than by will or by the laws of descent and distribution; provided however, that if so determined by the Committee, a Participant may, in the manner established by the Committee, (i) designate a beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award upon the death of the Participant, or (ii) transfer any Award to any member of such Participant's "immediate family" (as such term is defined in Rule 16a-1(e) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, or any successor rule or regulation) or to a trust whose beneficiaries are members of such Participant's "immediate family." Each Award or right under any Award shall be exercisable during a Participant's lifetime only by the Participant, or by a member of such Participant's "immediate family" or a trust for members of such "immediate family" pursuant to a transfer as described above, or if permissible under applicable law, by the Participant's guardian or legal representative. No Award or right under any Award may be pledged, alienated, attached or otherwise encumbered and any purported pledge, alienation,

5

attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate of the Company.

SECTION VIII. TAXES

In order to comply with all applicable federal or state income, social security, payroll, withholding or other tax laws or regulations, the Committee may establish such policy or policies as it deems appropriate with respect to such laws and regulations, including without limitation, the establishment of policies to ensure that all applicable federal or state income, social security, payroll, withholding or other taxes, which are the sole and absolute responsibility of the Participant, are withheld or collected from such Participant. In order to assist a Participant in paying all or part of the federal and state taxes to be withheld or collected upon receipt or payment of (or the lapse of restrictions relating to) an Award, the Committee, in its sole discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the shares of Common Stock otherwise to be delivered upon receipt or payment of (or the lapse of restrictions relating to) such Award with a fair market value equal to the amount of such taxes or (b) delivering to the Company shares of Common Stock other than the shares issuable upon receipt or payment of (or the lapse of restrictions relating to) such Award with a fair market value equal to the amount of such taxes.

SECTION IX. AMENDMENT AND TERMINATION

9.1 TERM OF PLAN. Unless the Plan shall have been discontinued or terminated as provided in Section 9.2 hereof, or unless the Company's shareholders have failed to approve this Plan and the Stock Incentive Plan, the Plan shall terminate on December 31, 2000. This Plan shall be of no effect, and the Board of Directors shall be deemed automatically to have terminated this Plan, if the Company's shareholders fail to approve the Stock Incentive Plan at the Company's 1994 Annual Meeting of Shareholders. No Awards may be granted after such termination, but termination of the Plan shall not alter or impair any rights or obligations under any Award theretofore granted, without the consent of the Participant or holder or beneficiary thereof, except as otherwise provided in the Plan or the Award Agreement.

9.2 AMENDMENTS TO PLAN. Except to the extent prohibited by applicable law and unless otherwise expressly provided in the Plan or an Award Agreement, the Board of Directors of the Company may amend, alter, suspend, discontinue or terminate the Plan; provided, however, that notwithstanding any other provision of the Plan or any Award Agreement, without the approval of the shareholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:

(a) would cause Rule 16b-3 to become unavailable with respect to grants and awards made under the Plan; or

6

(b) would violate the rules or regulations of the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc. that are applicable to the Company.

9.3 WAIVERS OF AWARD CONDITIONS OR RIGHTS. The Committee may waive any condition of, or rights of the Company under, any outstanding Award, prospectively or retroactively.

9.4 LIMITATION ON AMENDMENTS TO AWARDS. Neither the Committee nor the Company may amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, without the consent of the Participant or holder or beneficiary thereof, except as otherwise provided in the Plan or the Award Agreement.

9.5 CORRECTION OF DEFECTS, OMISSIONS AND INCONSISTENCIES. Except to the extent prohibited by applicable law and unless otherwise expressly provided in the Plan or an Award Agreement, the Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan, any Award or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect.

SECTION X. MISCELLANEOUS

10.1 GOVERNING LAW. The Plan and any Award Agreement shall be governed by and construed in accordance with the internal laws, and not the laws of conflicts, of the State of Minnesota.

10.2 SEVERABILITY. If any provision of the Plan, any Award or any Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan, any Award or any Award Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan, the Award or the Award Agreement, such provision shall be stricken as to such jurisdiction, and the remainder of the Plan, any such Award or any such Award Agreement shall remain

in full force and effect.

10.3 NO TRUST OR FUND CREATED. Neither the Plan nor any Award or Award Agreement shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or of any Affiliate.

10.4 HEADINGS. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed

7

in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

10.5 STOCK INCENTIVE PLAN. Except as otherwise specifically stated herein, all of the terms and conditions of the Stock Incentive Plan shall also govern Awards under this Plan.

8

EMPLOYEE STOCK PURCHASE PLAN
(AS AMENDED AUGUST 9, 1996)

SECTION 1. CERTAIN DEFINITIONS.

- 1.01. PLAN. The term "Plan" shall mean the Employee Stock Purchase Plan, the terms and provisions of which are set forth herein.
- 1.02. COMPANY. The term "company" shall mean Deluxe Corporation.
- 1.03. SHARES. The term "Shares" shall mean the \$1 par value Common Shares of the company.
- 1.04. PARTICIPANT. The term "Participant" shall mean a Full-Time Employee of the company or of its subsidiaries, as determined by the board of directors, who is eligible to participate in the Plan and who has elected to participate in the manner set forth in the Plan.
- 1.05. CURRENT COMPENSATION. The term "Current Compensation" shall mean all regular wage, salary, and commission payments (including periodic sales commission bonuses) paid by the company to a Participant in accordance with the terms of his employment, including payments made to him under the company's Weekly Salary Plan, but excluding all overtime earnings, bonus and other incentive payments and awards, and all other forms of extra compensation.
- 1.06. QUARTER DATE. The term "Quarter Date" shall mean the first business day of each February, May, August, and November, commencing with the effective date of the Plan and ending with the last such date during the term of this Plan, a "business" day being, for this purpose, a trading day on the New York Stock Exchange.
- 1.07. FULL-TIME EMPLOYEE. The term "Full-Time Employee" means, with respect to employees of the company, all employees (including officers and directors who are also employees of the company) who are employed on a full-time basis and whose regularly scheduled work week consists of forty (40) hours, and, with respect to employees of subsidiaries, employees who are considered full-time employees under the employment policies of their company.
- 1.08. STOCK PURCHASE ACCOUNT. The term "Stock Purchase Account" means a current bookkeeping record maintained by the company of cumulative payroll deductions made from the Current Compensation of each Participant in the Plan as reduced by amounts applied toward the purchase of Shares under the Plan.

SECTION 2. ELIGIBLE EMPLOYEES AND ELECTION TO PARTICIPATE.

- 2.01. Each Full-Time Employee of the company shall be eligible to participate in the Plan commencing with the Quarter Date on which, or next following, the date on which he completes twelve (12) consecutive months of employment with the company, provided that an approved leave of absence shall not be deemed to terminate an employee's continuous employment with the company. Subject to the provisions of Section 6, a Full-Time Employee shall continue to be eligible to participate in the Plan so long as he remains a Full-Time Employee as defined in Section 1.07. Notwithstanding the foregoing, no employee shall be granted any right to purchase Common Shares hereunder if such employee, immediately after such a right to purchase is granted, would own, directly or indirectly, within the meaning of Section 423(b)(3) and Section 424(d) of the Internal Revenue Code of 1986, as amended, Common Shares possessing five percent (5%) or more of the total combined voting power or value of all the classes of the capital stock of the company or of all of its affiliates.
- 2.02. An eligible employee may elect to participate in the Plan by completing a form known as "Payroll Deduction Authorization," which authorizes regular payroll deduction from the employee's Current Compensation, beginning with the first payroll period ending after a Quarter Date, provided the authorization is received by the company's Employee Services Department at least fifteen days prior to each Quarter Date. Payroll deductions shall continue until the employee withdraws or ceases to be eligible to participate in the Plan.

SECTION 3. PAYROLL DEDUCTIONS AND STOCK PURCHASE ACCOUNT.

- 3.01. A Participant may elect payroll deductions of any multiple of one percent not less than three percent nor more than ten percent of his Current Compensation. A Participant may, at any time, but only once in any twelve-month period, increase or reduce the percentage of his payroll deduction within the foregoing limitations by filing a "Notice of Change," such change to become effective with the first payroll period commencing on or after the receipt of the Notice of Change by the company's Employee Services Department.
- 3.02. Payroll deductions shall be credited currently to the Participant's Stock Purchase Account. A Participant may not make any separate cash payment into his Stock Purchase Account.

3.03. No interest will be paid upon payroll deductions or upon any amount credited to, or on deposit in, an employee's Stock Purchase Account.

SECTION 4. PURCHASE OF SHARES.

4.01. On each Quarter Date, each Participant shall automatically have purchased for him that number of whole Shares, not less than two, as can be purchased with the amount in his Stock Purchase Account on such Quarter Date.

4.02. The per-Share purchase price of Shares purchased shall be seventy-five percent (75%) of the fair market value of the Shares on the Quarter Date, rounded up to the next higher full cent. The fair market value on any day means the closing price of the Shares on the New York Stock Exchange on such day.

SECTION 5. STOCK PURCHASE ACCOUNT BALANCE.

5.01. Any funds remaining in a Participant's Stock Purchase Account after the purchase of Shares on a Quarter Date shall remain in his Stock Purchase Account and be applied toward the purchase of Shares on the next Quarter Date, unless the Participant withdraws from the Plan.

SECTION 6. WITHDRAWAL FROM THE PLAN.

6.01. A Participant may, at any time, by written notice to the Employee Services Department, withdraw from the Plan and cease making any further payroll deductions. In such event, the company shall refund, within thirty (30) days, the entire balance, if any, in the employee's Stock Purchase Account. Once an employee withdraws from the Plan, or his employment is terminated, he shall not be eligible to re-enter the Plan for a period of twelve (12) months.

6.02. Participation in the Plan shall cease upon the date of termination of employment, or death, or transfer to other than full-time status; and the amount credited to the individual's Stock Purchase Account shall be refunded within thirty (30) days to him or to his estate; provided that if during his lifetime a Participant has delivered to the Employee Services Department a notice in writing, upon a form furnished by the company, to pay such amount in the event of his death to a specified person or persons, such amount in the event of the Participant's death, shall be refunded to such person or persons whose designation as aforesaid has not been revoked by the Participant during his lifetime. An approved leave of absence shall not be deemed a termination of employment for purposes of this section.

SECTION 7. TRANSFERABILITY.

7.01. Stock purchase benefits granted hereunder may not be assigned, transferred, pledged, or hypothecated (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition or levy of attachment or similar process upon the stock purchase benefits shall be null and void and without effect.

7.02. The funds accumulated in a Stock Purchase Account may not be assigned, transferred, pledged or hypothecated in any way, and any attempted assignment, transfer, pledge, hypothecation or other disposition of the funds accumulated in the Stock Purchase Account shall be null and void and without effect.

SECTION 8. SHARE CERTIFICATES.

8.01. Shares purchased under the Plan may be originally issued in certificated or uncertificated form, as determined by the Board of Directors or any committee appointed pursuant to Section 10.

8.02. The company shall not be required to issue or deliver any Shares purchased prior to registration under the Securities Act of 1933 or registration or qualification under any state law if such registration is required. The company will use its best efforts to accomplish such registration, if and to the extent required, not later than a reasonable time following a Quarter Date, and issuance of Shares may be deferred until such registration is accomplished.

8.03. An employee shall have no interest in the Shares purchased until a Share certificate representing the same is issued or an appropriate book-entry is made with the transfer agent reflecting such purchase

8.04. The Share certificates or book-entries representing Shares issued under the Plan shall be registered in the name of the Participant or jointly in the name of the Participant and another person, as the Participant may direct.

SECTION 9. EFFECTIVE DATE AND AMENDMENT OR TERMINATION OF PLAN.

9.01. The Plan shall become effective on the date fixed by the board of directors of the company after approval thereof by the shareholders of the company; provided, however, that the date fixed by the board of directors as the effective date of the Plan shall coincide with a Quarter Date.

9.02. The board of directors of the company may at any time terminate or amend the Plan except that no amendment shall be made without prior approval of the shareholders which would (i) authorize an increase in the total number of Shares which may be purchased under the Plan, except as provided in Section 11.01 hereof, (ii) permit the issuance of Shares before payment thereof in full, (iii) increase the rate of payroll deductions above ten percent (10%) of Current Compensation, (iv) reduce the price per share at which the Shares may be purchased, or (v) cause Rule 16b-3 to become unavailable with respect to the Plan.

9.03. The Plan shall automatically terminate on the fifth (5th) anniversary date of the Quarter Date it became effective.

SECTION 10. STOCK PLAN COMMITTEE.

10.01. The Plan shall be administered by the board of directors or any committee appointed by the board of directors of the company. In administering the Plan, it will be necessary to follow various laws and regulations. It may be necessary from time to time to change or waive requirements of the Plan to conform with law, to meet special circumstances not anticipated or covered in the Plan, or to carry on successful operations of the Plan. Therefore, the company reserves the right, exercisable by the board of directors, or any appointed committee, to make variations in the provisions of the Plan for such purposes and to determine any questions which may arise regarding interpretation and application of the provisions of the Plan. The determination of the board of directors or committee as to the interpretation and operation of the Plan shall be final and conclusive, provided that any such determination by a committee shall be subject to review by the board of directors.

SECTION 11. STOCK DIVIDEND OR RECLASSIFICATION, MERGER, OR CONSOLIDATION.

11.01. Upon the payment of any stock dividend or reclassification by way of split-up in the number of Shares of the company, the total number of Shares authorized by Section 12 to be sold under the Plan shall be adjusted accordingly.

11.02. If the company is merged into or consolidated with one or more corporations during the Plan, appropriate adjustments shall be made to give effect thereto on a equitable basis in terms of issuance of Shares of the corporation surviving the merger or of the consolidated corporation, as the case may be.

SECTION 12. SHARES TO BE SOLD.

12.01. The company may go into the market and purchase Shares for sale under the Plan, or it may issue currently unissued Shares, provided, however, no additional Shares may be issued, if, as a result of the issuance, the number of outstanding Shares would be increased above 95,277,408 Shares. The number of Shares authorized to be sold under the Plan during the current renewal period, which commences February 1, 1995, shall not exceed 5 million Shares.

SECTION 13. NOTICES.

13.01. Notices of the company pertaining to the Plan may be addressed as follows:

Deluxe Corporation
Attention: Employee Services Department
Post Office Box 64235
St. Paul, MN 55164-0235

Exhibit 12.3

DELUXE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

<TABLE>
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	Nine-Months Ended September 30, 1996	Years Ended December 31,					
		1995	1994	1993	1992	1991	1990
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Income from Continuing Operations before Income Taxes	\$155,547	\$169,319	\$246,706	\$235,913	\$324,783	\$295,493	\$282,506
Interest expense (excluding capitalized interest)	7,300	13,099	9,733	10,070	15,371	8,220	1,427
Portion of rent expense under long-term operating leases representative of an interest factor	10,604	14,761	13,554	13,259	12,923	11,807	10,849
Amortization of debt expense	91	84	84	84	84	71	0
TOTAL EARNINGS	\$173,542	\$197,262	\$270,077	\$259,326	\$353,161	\$315,591	\$294,782
FIXED CHARGES							
Interest Expense (including capitalized interest)	\$8,616	\$14,714	\$10,492	\$10,555	\$15,824	\$8,990	\$1,860
Portion of rent expense under long-term operating leases representative of an interest factor	10,604	14,761	13,554	13,259	12,923	11,807	10,849
Amortization of debt expense	91	84	84	84	84	71	0
TOTAL FIXED CHARGES	\$19,311	\$29,559	\$24,130	\$23,898	\$28,831	\$20,868	\$12,709
RATIO OF EARNINGS TO FIXED CHARGES:	9.0	6.7	11.2	10.9	12.2	15.1	23.2

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