

DELUXE CORP

Form S-4

June 21, 2007

As filed with the Securities and Exchange Commission on June 21, 2007

Registration No. 333-

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form S-4

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

## DELUXE CORPORATION

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of  
incorporation or organization)

**2780**  
(Primary Standard Industrial  
Classification Code Number)

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

**3680 Victoria Street North  
Shoreview, Minnesota 55126-2966  
(651) 483-7111**

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

**Anthony C. Scarfone**  
**Senior Vice President, General Counsel and Secretary**  
**3680 Victoria Street North**  
**Shoreview, Minnesota 55126-2966**  
**(651) 483-7111**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

**Steven Khadavi, Esq.**  
**Dorsey & Whitney LLP**  
**250 Park Avenue**  
**New York, NY 10177**  
**(212) 415-9200**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

## Edgar Filing: DELUXE CORP - Form S-4

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit(1)	Proposed Maximum Aggregate Offering(1)	Amount of Registration Fee
7.375% Senior Notes due 2015	\$ 200,000,000	100 %	\$ 200,000,000	\$ 6,140

(1) The registration fee has been calculated pursuant to Rule 457(f) of the Securities Act of 1933. The proposed maximum offering price is estimated solely for the purpose of calculating the registration fee.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**SUBJECT TO COMPLETION, DATED June 21, 2007**

The information in this prospectus is not complete and may be changed. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor is it soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**PROSPECTUS**

## **DELUXE CORPORATION**

### **Offer to Exchange**

***\$200,000,000 Aggregate Principal Amount of 7.375% Senior Notes due 2015  
that have been registered under the Securities Act of 1933  
for any and all outstanding unregistered  
\$200,000,000 Aggregate Principal Amount of 7.375% Senior Notes due 2015***

We are offering to exchange an aggregate principal amount of \$200,000,000 of registered 7.375% Senior Notes due 2015, or the new notes, for any and all of our outstanding unregistered 7.375% Senior Notes due 2015 that were issued in a private offering on May 14, 2007, or the old notes. We are offering to exchange the new notes for the old notes to satisfy our obligations contained in the registration rights agreement that we entered into in connection with the issuance of the old notes. We will not receive any proceeds from the exchange offer, and issuance of the new notes will not result in any increase in our outstanding debt.

The terms of the new notes are identical in all material respects to the terms of the old notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the old notes do not apply to the new notes.

We do not intend to list the new notes on any securities exchange or seek approval for quotation through any automated trading system.

You may withdraw your tender of the old notes at any time before the expiration of the exchange offer. We will exchange all of the outstanding old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer for an equal principal amount of new notes.

The exchange offer expires at 5:00 p.m., New York City time, on \_\_\_\_\_, 2007, unless extended by us.

**See Risk factors beginning on page 14 for a discussion of certain risks that you should consider in connection with the exchange offer.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2007

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained in this prospectus or that we have referred you to. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date on the front cover of this prospectus, regardless of the date of delivery of this prospectus or the exchange of notes made hereunder. Our business, financial condition, results of operations and prospects may have changed since that date. We are not making an offer of these securities in any state where the offer is not permitted.

Each broker-dealer that received new notes for its own account in exchange for old notes acquired by the broker-dealer as a result of market making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of new notes received in exchange for such old notes. For a period of up to 180 days after the expiration date of the exchange offer, we will make this prospectus, as amended or supplemented, available to any such broker-dealer that requests copies of this prospectus in the letter of transmittal for use in connection with any such resale. See **Plan of Distribution**.

Until \_\_\_\_\_, 2007 (90 days after the date of this prospectus), all dealers that buy, sell or trade the new notes, whether or not participating in the exchange offer, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwrites.

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Deluxe Corporation is a Minnesota corporation. Our principal executive offices are located at 3680 Victoria Street North, Shoreview, Minnesota, and our telephone number at that address is (651) 483-7111. Our website is located at <http://www.deluxe.com>. Our website and the information contained on our website is not part of this prospectus.

In this prospectus, Deluxe, the Company, we, us and our refer to Deluxe Corporation and its subsidiaries, unless otherwise specified or the context otherwise requires.

### Industry data and forecasts

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on market data currently available to us. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption "Risk factors" in this prospectus.

### Forward-looking statements

This prospectus includes or incorporates by reference statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. When we use the words or phrases "should result," "believe," "intend," "plan," "are expected to," "targeted," "will continue," "will approximate," "is anticipated," "estimate," "project," "expressions in this prospectus, they indicate forward-looking statements. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

We want to caution you that any forward-looking statements are subject to uncertainties and other factors that could cause them to be incorrect. The material uncertainties and other factors known to us are discussed in this prospectus under the caption "Risk factors." Although we have attempted to compile a comprehensive list of these important factors, we want to caution you that other factors may prove to be important in affecting future operating results. New factors emerge from time to time, and it is not possible for us to predict all of these factors, nor can we assess the impact each factor or combination of factors may have on our business.

We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

You are further cautioned not to place undue reliance on those forward-looking statements because they speak only of our views as of the date the statements were made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## Summary

*This summary provides an overview of our business and the key aspects of the exchange offer, the new notes and the old notes. This summary is not complete and does not contain all of the information you should consider before making an investment decision. You should carefully read all of the information contained or incorporated by reference in this prospectus, including the Risk factors section and the consolidated financial statements and related notes incorporated by reference herein before making an investment decision.*

## Our company

We are a leading provider of customized products and services to small businesses and financial institutions in North America. Our various businesses and brands combine to create enhanced revenue opportunities for our customers, allowing them to better manage, promote and grow their businesses. Through our three business segments, we sell personal and business checks, check-related products and services, customer loyalty services, other printed products (including forms, business cards, greeting cards and stationery), marketing material, accessories, promotional products and packaging supplies. We also offer fraud prevention services and financial institution customer retention programs.

Our customer base includes approximately six million small business customers and 7,500 financial institution clients. Under our Direct Checks segment, which is the nation's leading direct-to-consumer check supplier, we have a customer base of over 42 million lifetime customers, the most in the direct-to-consumer checks marketplace. We have a strong, long-standing reputation for quality and customer service and have won several third party and customer awards. Our common stock is publicly traded on the New York Stock Exchange under the symbol DLX.

While we are a leading provider of printed checks in the United States, both in terms of revenue and the number of checks produced, we also plan to continue capitalizing on our strong relationships with financial institutions and small businesses to focus on growing our revenue generated from non-check products and services. We believe this will help us to partially offset the gradual long-term decline in overall personal and business check usage. The percentage of consolidated revenue derived from non-check related products and services increased from 10.7% in fiscal 2003 to 36.5% in fiscal 2006, while our consolidated revenue increased from \$1,242.1 million in fiscal 2003 to \$1,639.7 million in fiscal 2006.

Our businesses are organized by type of customer served and include three segments: Small Business Services, or SBS, Financial Services and Direct Checks.

## Segment overview

*Small Business Services.* SBS is our largest segment in terms of revenue and operating income, and we are concentrating on profitably growing this segment. SBS strives to be a leading resource to small businesses by providing personalized products and services that help them manage and promote their businesses. Through SBS, we sell checks, printed forms, promotional products and marketing materials, and provide related services, to more than six million of the estimated 26 million small businesses in the United States. Printed forms include billing forms, work orders, job proposals, purchase orders, invoices and personnel forms. We also produce computer forms compatible with accounting software packages commonly used by small businesses. Our stationery, letterhead, envelopes and business cards are produced in a variety of formats and ink colors. Our recent acquisitions have added capabilities in custom full-color, digital and web-to-print spaces.

Our small business customer base is characterized by a significant amount of repeat business augmented by the continued acquisition of new customers. In 2006, we acquired nearly one million new customers, more than half of which came through the Financial Institution referral program, Deluxe Business Advantage<sup>SM</sup>, or DBA. We intend to grow our SBS segment by both increasing the dollar amount

of orders placed by existing customers as well as increasing the total number of customers served. In 2006, our SBS segment contributed 59.2% of our consolidated revenue and 43.8% of our total operating income.

*Financial Services.* Our Financial Services segment focuses on providing financial institutions with quality products and services. Financial Services sells personal and business checks, check-related products and services, and customer loyalty, retention and fraud monitoring/protection services to banks and other financial institutions. Financial Services also offers enhanced services such as customized reporting, file management and expedited account conversion support.

Our relationships with specific financial institutions are generally formalized through supply contracts which usually range in duration from three to five years. We serve approximately 7,500 financial institutions in the United States. Consumers and small businesses typically submit their check order to their financial institution, which then forwards the order to us. We process the order and ship it directly to the consumer or small business. Financial Services offers a wide range of check designs, with many consumers preferring one of the dozens of licensed or cause-related designs we offer, including Disney®, Warner Brothers®, Garfield®, PGA TOUR®, NOVA®, Wyland®, Thomas Kinkade®, Susan G. Komen Breast Cancer Foundation and National Arbor Day Foundation®.

As an industry leader in check printing, we enjoy long-term relationships with our check printing customers. In each of 2006 and 2005, we achieved high retention rates which were well in excess of 90%. We are now expanding these strong customer relationships with a suite of services such as Welcome Home<sup>SM</sup> Tool Kit, Deluxe Impressions<sup>SM</sup> and DeluxeCallings<sup>SM</sup>, which focus on solving critical problems for financial institutions such as customer acquisition, retention and lifecycle value generation. We also provide Deluxe ID TheftBlock®, an advanced suite of monitoring and theft protection services we offer to consumers on behalf of our financial institution clients. In 2006, our Financial Services segment contributed 27.9% of our consolidated revenue and 23.5% of our total operating income.

*Direct Checks.* Direct Checks is the nation's leading direct-to-consumer check supplier, selling under the Checks Unlimited® and Designer® Checks brand names. Through these two brands, we sell personal and business checks and related products directly to consumers using direct response marketing and the internet. We estimate the direct-to-consumer personal check printing portion of the payments industry accounts for approximately 15-20% of all personal checks sold. Our Direct Checks strategy is to recapture direct channel share and maximize customer lifetime value through new customer acquisition, increased customer retention and by selling new features and accessories. We use a variety of direct marketing techniques to acquire new customers, including newspaper inserts, in-package advertising, statement stuffers and co-op advertising. We also use e-commerce strategies to direct traffic to our websites. Also, we introduced a product in the fourth quarter of 2006 called EZShield™, which is a fraud protection service providing reimbursement to consumers for forged signatures or endorsements and altered checks.

Our direct-to-consumer focus has resulted in a customer base of over 42 million lifetime customers, the largest number of lifetime customers held in the direct-to-consumer checks marketplace. In 2006, our Direct Checks segment generated 12.9% of our consolidated revenue and 32.7% of our total operating income.

#### *Industry overview*

According to a Federal Reserve study released in December 2004, the last time such information was made available, approximately 37 billion checks are processed annually in the United States. We believe the printed check remains the largest single non-cash payment method used in the United States. According to the 2004 Federal Reserve study, printed checks account for approximately 45% of all non-cash payment transactions in the United States. According to our estimates, however, the use of personal checks is declining by four to five percent per year and the use of small business checks is declining two to



three percent per year. The total transaction volume of all electronic payment methods now exceeds check payments, and we expect this trend to continue.

The Small Business Administration's Office of Advocacy defines a small business as an independent business having fewer than 500 employees. In 2005, the most recent year for which information was made available, it was estimated that there were approximately 26 million small businesses in the United States. This represented approximately 99.7% of all employers. According to the same survey, small businesses employ half of all private sector employees and generate over 60% of net new jobs created each year. Small business growth continues to parallel the overall economy. The small business market is impacted by economic conditions and the rate of small business formations.

***Our strengths***

We believe our company has the following competitive strengths:

*Market leader.* We are a leading printer of checks and provider of printed products and services to small businesses, consumers and financial institutions as measured by total revenue and the number of checks produced. We have a strong, long-standing reputation for quality and customer service and have won several third party and customer awards. Our customer base includes approximately six million small business customers and 7,500 financial institution clients. Under our Direct Checks segment, which is the nation's leading direct-to-consumer check supplier, we have a customer base of over 42 million lifetime customers, the most in the direct-to-consumer checks marketplace. We leverage this leadership position and our strong relationships to sell a range of other products and services to our three customer segments, small businesses, financial institutions and consumers. In addition to our product and service offerings, we believe that our portfolio of brands creates a competitive advantage in winning new customer accounts, as well as in retaining existing customers.

*Diversified business with broad product and service offerings.* Our business segments consist of: Small Business Services, which accounts for 59.2% of revenue, Financial Services and Direct Checks. Our broad financial institution customer base typically utilizes long-term contracts which usually range in duration from three to five years. Over the past several years we have modified our strategy to not only continue to focus on selling printed checks, but also increase focus on growing our non-check revenue. As illustrated below, we have grown our revenue from non-check products and related services from 10.7% in 2003 to 36.5% in 2006, as a percentage of consolidated revenue.

*Proven ability to reduce costs.* Proprietary printing technology, high volume and ongoing process improvements have enabled us to be both a leader in quality and a low-cost provider. Our leading market position and order volume provide us with greater purchasing leverage with our suppliers and reduce our per-unit overhead costs. Since June 2004, we have closed eight printing facilities and substantially reduced



our employee base through our cost management strategy. In addition, we have implemented lean manufacturing and SG&A process improvements, allowing us to achieve efficiency gains. In mid-2006, we announced a new cost reduction initiative to further lower our cost base by \$150 million by the end of 2008, net of required investments. Cost reduction actions are occurring in our sales and marketing organizations, manufacturing, supply chain and back office infrastructure.

*Strong and consistent free cash flow generation.* Improved operating results combined with modest capital expenditure requirements and efficient use of working capital have led to strong and consistent cash flow generation over the past several years. Cash from operations was \$239 million, \$178 million, and \$308 million for 2006, 2005 and 2004, respectively. Capital expenditures for the same periods were \$41 million, \$56 million and \$44 million, respectively.

*Strong leadership in executive team.* Lee Schram, our Chief Executive Officer, and his executive team are implementing a successful restructuring and cost reduction plan that we believe will effectively drive growth and stability for our business going forward. Our diverse executive leadership team includes seasoned financial and operating professionals with extensive experience with turnaround and restructuring situations and several years of strong leadership in varying industries. In the second half of 2006, management estimates that it has achieved approximately 10% of an estimated \$150 million in cost savings.

#### *Our strategy*

Our business strategy is focused on the following initiatives:

*Small Business Services.* Our focus within SBS is to grow revenue and increase operating margin by continuing to implement the following strategies:

- Consolidate brands and leverage cross-selling opportunities;
- Increase our share of the amount small businesses spend on the products and services in our portfolio; and
- Further leverage customer referrals that we receive from our financial institution clients.

We are consolidating our various brands, as well as transitioning our sales model to integrate field sales, marketing and customer call centers across the company. We believe this will create more focus on customers, position us for growth and ensure we are leveraging processes, facilities and resources to our best advantage. We have also identified opportunities to expand sales to our existing customers. We believe that there is a significant opportunity to increase our share of the total dollars spent by our average small business customer on products and services in our portfolio. Additionally, the small business customer referrals we receive from our financial institution clients will continue to be an important part of our growth strategies. We continue to see growth from our Deluxe Business Advantage<sup>SM</sup> program, which provides a fast and simple way for financial institutions to offer expanded personalized service to small businesses. We have also acquired companies which allow us to expand our business in the custom, full color, digital and web-to-print space with our small business customers and we have divested non-strategic product lines.

*Financial Services.* Our strategies within Financial Services are as follows:

- Continue to retain core check revenue streams, acquire new customers and simplify our business model; and
- Provide services and products that differentiate us from the competition and make us a more relevant business partner to our financial institution clients.

We have introduced and continue to pilot several new services for our financial institution clients focused on new customer acquisition and customer loyalty. Two examples are the Welcome Home<sup>SM</sup> Tool Kit and the Deluxe First Impressions<sup>SM</sup> products for financial institutions which enable them to forge strong bonds with new customers, thereby increasing customer loyalty and retention. We also continue to offer Deluxe ID TheftBlock<sup>®</sup>, a set of fraud monitoring and recovery services that provides help to consumers in detecting and recovering from identity theft, as well as our Knowledge Exchange<sup>™</sup> Series, a suite of resources and events for our financial institution clients focused on the customer experience. We have also launched DeluxeCallings<sup>SM</sup>, a consumer calling service providing a first point of contact with new indirect loan consumers on behalf of our financial institution clients. Providing products and services that differentiate us from the competition is expected to help offset the consumer driven declining revenue in this segment. As such, we are also focused on accelerating the pace at which we introduce new products and services.

*Direct Checks.* Our focus within Direct Checks is to re-capture a larger portion of the direct-to-consumer channel by continuing to implement the following strategies:

- Modestly increase our marketing spend to recapture direct channel share; and
- Maximize the lifetime value of customers by selling new features and accessories.

During the third quarter of 2006, we entered into a new direct mail advertising contract which significantly increases our advertising circulation of free-standing inserts for at least the next several years beginning in the first quarter of 2007. This has been an effective form of new customer acquisition in this channel. Additionally, we introduced a product within Direct Checks in the fourth quarter of 2006 that has been well received by consumers. EZShield<sup>™</sup> is a fraud protection service which provides reimbursement to consumers for forged signatures or endorsements and altered checks. We are also developing improved processes to provide additional products to Direct Checks small business customers, and we continue to explore other avenues to increase sales to existing customers.

*Cost reduction initiatives.* We are pursuing aggressive cost reduction and business simplification initiatives, including: reducing shared services infrastructure costs; streamlining our call center and check fulfillment activities; eliminating system and work stream redundancies; and strengthening our go-to-market capabilities through the continuing application of lean principles. We believe significant cost reduction opportunities exist in the reduction of SKUs, the standardization of products and services and improvements in sourcing third-party goods and services. As we have previously disclosed, we expect these opportunities collectively to reduce our annual cost structure by at least \$150 million, net of required investments, by the end of 2008. The baseline for these anticipated savings is the estimated cost structure for 2006 which was reflected in the earnings guidance reported in our press release on July 27, 2006 regarding second quarter 2006 results. We expect all three of our business segments to benefit from cost reductions. We estimate that approximately 40-45% of the \$150 million target will come from our shared services infrastructure organizations. We expect information technology will provide the greatest percentage of these savings through lowering data center costs, improving mainframe and server utilization and reducing the cost of networking and voice communications. We estimate that approximately 35-40% of the \$150 million target will come from fulfillment, including manufacturing and supply chain, and we estimate that approximately 15-20% of the \$150 million target will come from reorganizing our sales and marketing functions. Overall, one-third of the savings are expected to affect cost of goods sold, with the remaining two-thirds impacting SG&A expense. During the last half of 2006, we estimate that we realized approximately 10% of our \$150 million target. We are currently on track to achieve our goal for 2007 of realizing an additional 50-55% of our \$150 million target.

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Deluxe Corporation is a Minnesota corporation. Our principal corporate offices are located at 3680 Victoria Street North, Shoreview, Minnesota 55126-2966. Our main telephone number is (651) 483-7111.



**The exchange offer**

**The offering of the old notes**

We sold the old notes on May 14, 2007 to J.P. Morgan Securities Inc. and certain other initial purchasers pursuant to a purchase agreement between us and J.P. Morgan Securities Inc., as representative of the initial purchasers, dated May 9, 2007. We refer to J.P. Morgan Securities Inc. and the other initial purchasers as the initial purchasers. The initial purchasers subsequently resold the old notes: (i) to qualified institutional buyers under Rule 144A; or (ii) to persons outside the United States under Regulation S, each as promulgated under the Securities Act of 1933.

**Registration rights agreement**

In connection with the issuance of the old notes, we entered into a registration rights agreement with the initial purchasers, which obligates us to file a registration statement with the SEC and to use our commercially reasonable efforts to commence and complete this exchange offer within 340 days after the issuance of the old notes. This exchange offer is intended to satisfy our obligations under the registration rights agreement. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your old notes, except under certain limited circumstances pursuant to the registration rights agreement.

**The exchange offer**

We are offering to exchange the new notes, which have been registered under the Securities Act, for your old notes, which were issued on May 14, 2007 in the initial offering. In order to be exchanged, an old note must be properly tendered and accepted. All old notes that are validly tendered and not validly withdrawn by the expiration date of the exchange offer will be exchanged. We will issue new notes promptly after the expiration of the exchange offer.

**Expiration date**

The exchange offer will expire at 5:00 p.m., New York City time, \_\_\_\_\_, 2007, unless we decide to extend the expiration date.

**Exchange agent**

We have appointed The Bank of New York Trust Company, N.A. as our exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent under [The Exchange Offer](#) Exchange Agent.

**Conditions to the exchange offer**

The exchange offer is subject to customary conditions, which we may, but are not required to, waive. Please see [The exchange offer](#) Conditions to the exchange offer for more information regarding the conditions to the exchange offer. We reserve the right, in our sole discretion, to waive any and all conditions to the exchange offer on or prior to the expiration date.

**Procedures for tendering the old notes**

Unless you comply with the procedures described below under [The Exchange Offer](#) Procedures for Tendering Old Notes Guaranteed Delivery, you must do one of the following procedures on or prior to the expiration date to participate in the exchange offer:

- tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter

of transmittal with the required signature guarantee, and all other documents required by the letter of transmittal, to The Bank of New York Trust Company, N.A., as exchange agent, at the address set forth in this prospectus, and such old notes are received by our exchange agent prior to the expiration of the exchange offer; or

- tender your old notes by using the book-entry transfer procedures described in The exchange offer Procedures for tendering old notes Book-entry delivery procedures and transmitting a properly completed and duly executed letter of transmittal with the required signature guarantee, or an agent's message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, The Bank of New York Trust Company, N.A., as registrar and exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent's account at The Depository Trust Company prior to the expiration of the exchange offer.

**Guaranteed delivery procedures**

If you are a registered holder of the old notes and wish to tender your old notes in the exchange offer, but the old notes are not immediately available, time will not permit your old notes or other required documents to be received by our exchange agent before the expiration of the exchange offer, or the procedure for book-entry transfer cannot be completed prior to the expiration of the exchange offer, then you may tender old notes by following the procedures described below under The exchange offer Procedures for tendering old notes Guaranteed delivery.

**Special procedures for beneficial owners**

If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf the old notes prior to the expiration of the exchange offer.

If you wish to tender in the exchange offer on your own behalf, prior to completing and executing the letter of transmittal and delivering the certificates for your old notes, you must either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name the old notes are registered.

**Withdrawal; non-acceptance**

You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 P.M., New York City time, on \_\_\_\_\_, 2007 by sending our exchange agent written notice of withdrawal. Any old notes tendered on or prior to the expiration date that are not validly withdrawn on or prior to the expiration date may not be withdrawn. If we decide for any reason not to accept any old notes tendered for exchange or to withdraw the exchange offer, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of old notes tendered by book-entry transfer into the exchange agent's

account at The Depository Trust Company, any withdrawn or unaccepted old notes will be credited to the tendering holder's account at The Depository Trust Company. For further information regarding the withdrawal of tendered old notes, please see [The exchange offer](#) [Withdrawal of tenders](#).

**Resale of new notes**

Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act so long as certain conditions are met. See [The Exchange Offer](#) [Resale of the new notes](#), for more information regarding resales.

**Consequences of not exchanging your old notes**

If you do not exchange your old notes in this exchange offer, you will no longer be able to require us to register your old notes under the Securities Act pursuant to the registration rights agreement except in the limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer your old notes unless we have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with this exchange offer, or as otherwise required under certain limited circumstances pursuant to the terms of the registration rights agreement, we do not currently anticipate that we will register the old notes under the Securities Act.

For information regarding the consequences of not tendering your old notes and our obligation to file a registration statement, please see [The exchange offer](#) [Consequences of failure to exchange](#).

**U.S. federal income and estate tax considerations**

The exchange of old notes for new notes in the exchange offer should not be a taxable exchange for United States federal income and estate tax purposes. Please see [Material United States federal income and estate tax considerations for non-U.S. holders](#) for more information.

**Use of Proceeds**

We are making this exchange offer solely to satisfy our obligations under the registration rights agreement, and will not receive any proceeds from the issuance of the new notes.

**Fees and expenses**

We will pay all of our expenses incident to the exchange offer.

**Additional documentation; further information; assistance**

Any questions or requests for assistance or additional documentation regarding the exchange offer may be directed to the exchange agent. Beneficial owners may also contact their custodian for assistance concerning the exchange offer.



**The new notes**

The terms of the new notes are identical in all material respects to the terms of the old notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the old notes do not apply to the new notes. The new notes represent the same debt as the old notes for which they are being exchanged. Both the old notes and the new notes are governed by the same indenture. References to the notes in this prospectus include both the old notes and the new notes, unless the context otherwise requires.

<b>Issuer</b>	Deluxe Corporation
<b>Securities</b>	\$200.0 million aggregate principal amount of 7.375% Senior Notes due 2015.
<b>Maturity</b>	June 1, 2015.
<b>Interest Rate</b>	7.375% per annum.
<b>Interest payment dates</b>	June 1 and December 1, commencing December 1, 2007.
<b>Optional redemption</b>	The notes will be redeemable at our option, in whole or in part, at any time on or after June 1, 2011, at the redemption prices set forth in this prospectus, together with accrued and unpaid interest, if any, to the date of redemption. At any time prior to June 1, 2011, we may also redeem some or all of the notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest plus a make-whole premium.
<b>Optional redemption after equity offerings</b>	At any time prior to June 1, 2010, we may on any one or more occasions redeem up to 35% of the original principal amount of the notes with the proceeds of one or more equity offerings of our common shares at a redemption price of 107.375% of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption, subject to certain limitations.
<b>Mandatory offers to purchase</b>	<p>The occurrence of a change of control will be a triggering event requiring us to offer to purchase from you all or a portion of your notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase.</p> <p>Certain asset dispositions will be triggering events which may require us to use the proceeds from those asset dispositions to make an offer to purchase the notes at 100% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase if such proceeds are not otherwise used within 365 days to repay indebtedness (with a corresponding permanent reduction in commitment, if applicable) or to enter into an agreement to invest in capital assets or capital stock of a restricted subsidiary (as defined under the heading Description of the notes ).</p>

## Ranking

The notes:

- are our general unsecured obligations;
- are effectively junior in right of payment to our future secured debt to the extent of the value of the assets securing such debt;
- rank equally in right of payment with all of our existing and future unsecured unsubordinated debt; and
- are senior in right of payment to all of our existing and future senior subordinated or subordinated debt.

As of March 31, 2007, on an as adjusted basis after giving effect to the initial offering and the application of the net proceeds of the initial offering:

- we would have had approximately \$1,102.8 million of total indebtedness (including the notes), all of which would have ranked equally with the notes.

## Covenants

The indenture governing the notes, among other things, limits our ability to:

- incur, assume or guarantee additional indebtedness;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt that is junior in right of payment to the notes;
- make loans and investments;
- incur liens;
- restrict dividends, loans or asset transfers from our subsidiaries;
- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- consolidate or merge with or into, or sell substantially all of our assets to, another person; and
- enter into transactions with affiliates.

These covenants are subject to a number of important exceptions and qualifications. For more details, see Description of the notes.

## Risk factors

See Risk factors beginning on page 14 for discussion of risk factors that you should carefully consider before deciding to participate in the exchange offer.



**Summary historical financial and other data**

Our summary historical financial data set forth below for the fiscal years ended December 31, 2006, 2005 and 2004 were derived from our audited historical consolidated financial statements incorporated by reference in this prospectus. Our summary historical financial data set forth below for the fiscal years ended December 31, 2003 and 2002 were derived from our audited historical consolidated financial statements not included in this prospectus. Such financial statements are included in our annual report on Form 10-K for the fiscal year ended December 31, 2003. See [Where you can find additional information](#).

Our summary financial data for the three month periods ended March 31, 2007 and 2006 and as of March 31, 2007 were derived from our unaudited condensed consolidated interim financial statements incorporated by reference in this prospectus. Our summary financial data as of March 31, 2006 was derived from our unaudited condensed consolidated interim financial statements not included in this prospectus. In the opinion of management, our unaudited condensed consolidated interim financial statements include all adjustments, consisting only of normal recurring items, except as noted elsewhere in the notes to the unaudited condensed consolidated interim financial statements, necessary for a fair statement of that information for such unaudited interim periods. The financial information presented for the interim periods has been prepared in a manner consistent with our accounting policies described elsewhere in this prospectus, and should be read in conjunction therewith. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year period.

Our summary historical financial data should be read in conjunction with the section entitled [Capitalization](#) and the management's discussion and analysis of financial condition and results of operations, our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements and related notes incorporated by reference in this prospectus.

## Statement of income data:

	Fiscal years ended December 31,					Three months ended	
	2006	2005	2004	2003	2002	March 31, 2007	2006
	(Dollars in thousands, except earnings per share)						
Revenue	\$ 1,639,654	\$ 1,716,294	\$ 1,567,015	\$ 1,242,141	\$ 1,283,983	\$ 403,834	\$ 411,430
Cost of goods sold	613,279	608,361	535,949	425,965	435,794	149,317	155,976
Gross profit	1,026,375	1,107,933	1,031,066	816,176	848,189	254,517	255,454
Selling, general and administrative expense	787,960	803,633	683,154	491,966	503,258	189,317	208,101
Asset impairment losses(1)	44,698			5,289			
Net gains on sale of product line and assets held for sale	(4,582)	(3)	(539)	(2)		(3,773)	(5) (4,948)
Operating income	198,299	304,839	347,912	318,921	344,931	68,973	52,301
Interest expense	(56,661)	(56,604)	(32,851)	(19,241)	(5,079)	(12,799)	(13,848)
Other income (expense)	903	2,499	1,812	(300)	870	988	(96)
Provision for income taxes	41,983	92,771	118,225	106,908	126,448	21,934	13,711
Income from continuing operations	100,558	157,963	198,648	192,472	214,274	35,228	24,646
Income (loss) from discontinued operations	396	(442)	(657)				22
Net income	\$ 100,954	\$ 157,521	\$ 197,991	\$ 192,472	\$ 214,274	\$ 35,228	\$ 24,668
Basic earnings per share:							
Income from continuing operations	\$ 1.97	\$ 3.12	\$ 3.96	\$ 3.53	\$ 3.41	\$ 0.69	\$ 0.48
Income (loss) from discontinued operations	0.01	(0.01)	(0.01)				
Basic earnings per share	\$ 1.98	\$ 3.11	\$ 3.95	\$ 3.53	\$ 3.41	\$ 0.69	\$ 0.49
Diluted earnings per share:							
Income from continuing operations	\$ 1.95	\$ 3.10	\$ 3.93	\$ 3.49	\$ 3.36	\$ 0.68	\$ 0.47
Income (loss) from discontinued operations	0.01	(0.01)	(0.01)				
Diluted earnings per share	\$ 1.96	\$ 3.09	\$ 3.92	\$ 3.49	\$ 3.36	\$ 0.68	\$ 0.48

(1) During the second quarter of 2006, we determined that a software project intended to replace major portions of our existing order capture, billing and pricing systems would not meet our future business requirements in a cost-effective manner. Therefore, we made the decision to abandon the project. Accordingly, we wrote down the carrying value of the related internal-use software to zero. This resulted in a non-cash asset impairment loss of \$44.7 million. During 2003, we recorded asset impairment losses of \$5.3 million consisting of both manufacturing technologies and software. There were no other significant asset impairments.

(2) During 2005, we completed the sale of two facilities, both of which were closed in 2004, realizing a total gain of \$0.5 million.

(3) During 2006, we completed the sale of three facilities which were closed in 2004, realizing a gain totaling \$5.5 million. During 2006, we also recorded a loss of \$0.9 million when we completed the sale of a NEBS facility which was closed prior to our acquisition of NEBS in June 2004.

(4) During the first quarter of 2006, we completed the sale of a facility which was closed in 2004 for \$6.0 million, realizing a gain of \$4.9 million.

(5) During the first quarter of 2007, we completed the sale of our industrial packaging product line for \$19.2 million, realizing a gain of \$3.8 million.

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**Balance sheet data (at period end):**

	As of December 31, 2006 2005 (Dollars in thousands)		2004	2003	2002	As of March 31, 2007 2006	
Cash and cash equivalents	\$ 11,599	\$ 6,867	\$ 15,492	\$ 2,968	\$ 124,855	\$ 11,466	\$ 7,025
Total assets	1,267,132	1,425,875	1,499,079	562,960	668,973	1,223,196	1,393,722
Total current liabilities	664,503	491,085	571,198	387,839	214,779	584,798	456,629
Long-term debt	576,590	902,805	953,848	380,620	306,589	576,235	902,502
Shareholders' equity (deficit)	(65,673 )	(82,026 )	(178,491 )	(298,083 )	64,316	(40,188 )	(71,428 )

**Cash flow data:**

	Fiscal years ended December 31, 2006 2005 2004 2003 2002 (Dollars in thousands)					Three months ended March 31, 2007 2006	
Net cash provided by operating activities from continuing operations	\$ 239,341	\$ 178,279	\$ 307,591	\$ 181,467	\$ 257,139	\$ 68,983	\$ 72,704
Net cash (used) provided by investing activities of continuing operations	(33,174 )	(55,917 )	(670,837 )	(24,883 )	(44,149 )	15,037	(7,350 )
Net cash (used) provided by financing activities of continuing operations	(204,587 )	(142,816 )	369,963	(278,471 )	(97,706 )	(84,215 )	(65,174 )

**Financial and other data:**

	Fiscal years ended December 31, 2006 2005 2004 2003 2002 (In thousands, except revenue per order and ratios)					Three months ended March 31, 2007 2006	
Orders	64,783	65,189	76,276	77,347	79,346	16,857	16,203
Revenue per order	\$ 25.31	\$ 26.33	\$ 20.54	\$ 16.06	\$ 16.18	\$ 23.96	\$ 25.39
Ratios of earnings to fixed charges(6)	3.3x	5.0x	9.3x	14.8x	42.6x	5.2x	
Pro forma ratio of earnings to fixed charges(7)	3.0x					4.6x	

(6) For the purpose of computing the ratios of earnings to fixed charges, earnings consist of income from continuing operations before income taxes, plus fixed charges, plus a proportional share of earnings of 50 percent owned companies, less equity in undistributed earnings of companies owned less than 50 percent. Fixed charges consist of interest on all indebtedness, amortization of debt discount and expense and that portion of rental expense deemed to be representative of interest.

(7) Pro forma ratio of earnings to fixed charges for the year ended December 31, 2006 and the three months ended March 31, 2007 assumes the proceeds from the new notes were used to pay down a portion of the borrowings outstanding under the credit facility as well as retire a portion of the notes maturing October 2007, based upon the portion of the notes that we assume could have been purchased in the open market at that time. The estimated increase in interest expense results from the incremental interest expense attributable to the new notes offered pursuant to this prospectus, as if they had been issued as of the beginning of each period presented, partially offset by the reduction in interest expense attributable to the assumed repayment of a portion of the credit facility borrowings and retiring a portion of the notes maturing October 2007 as of the beginning of each period presented.

## **Risk factors**

*An investment in the new notes is subject to numerous risks, including those listed below. You should carefully consider the risks and uncertainties described below as well as other information and data included in, or incorporated by reference in, this prospectus before participating in the exchange offer. These risks could materially affect our ability to meet our obligations under the new notes.*

### **Risks related to our business**

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

Check printing is, and is expected to continue to be, an essential part of our business, representing 63.5% of our revenue in 2006. We primarily sell checks for personal and small business use and believe that there will continue to be a substantial demand for these checks for the foreseeable future. However, the total number of checks written in the United States has been in decline since the mid-1990 s. According to our estimates, the total number of checks written by individuals has continued to decline approximately four to five percent each year and checks written by small businesses have declined two to three percent each year over the past three years. We believe that the number of checks written will continue to decline due to the increasing use of alternative payment methods, including credit cards, debit cards, smart cards, automated teller machines, direct deposit, electronic and other bill paying services, home banking applications and internet-based payment services. However, the rate and the extent to which alternative payment methods will achieve consumer acceptance and replace checks, whether as a result of legislative developments, personal preference or otherwise, cannot be predicted with certainty. A surge in the popularity of any of these alternative payment methods could have a material adverse effect on the demand for checks and a material adverse effect on our business, results of operations and prospects.

*We face intense competition in all areas of our business.*

We face considerable competition. In addition to competition from alternative payment systems, we also face intense competition from other check printers in our traditional financial institution sales channel, from direct mail sellers of checks, from sellers of business checks and forms, from check printing software vendors and from internet-based sellers of checks to individuals and small businesses. Additionally, low-price, high volume office supply chain stores offer standardized business forms, checks and related products to small businesses. We can provide no assurance that we will be able to compete effectively against current and future competitors. Continued competition could result in price reductions, reduced profit margins, loss of customers and an increase in up-front cash payments to financial institutions upon contract execution or renewal.

In May 2007, our two primary competitors in the check printing portion of the payments industry merged. This transaction consolidated two of the largest check printers in the United States. We are uncertain as to how this merger will impact competition for our check printing businesses.

*We may not be successful at implementing our growth strategies within Small Business Services.*

We continue to execute strategies intended to drive sustained growth within Small Business Services. We launched our Deluxe Business Advantage<sup>SM</sup> program in 2005, expanded our sales and call center staffs, provided training to sales personnel with the intent of expanding sales to new and existing customers, developed a model to tailor our marketing approach to each customer and further integrated our field sales, marketing and call center functions across the company. All of these initiatives require investment. While Small Business Services revenue did increase in 2006, as compared to 2005, we can provide no assurance that our growth strategies will continue to be successful in the long term and result in a positive return on our investment.

***Our ability to reduce costs is critical to our success.***

We intend to reduce expenses, primarily within our shared services functions. We also intend to simplify our business processes within Financial Services and shared services, with the intention of generating further cost savings. These initiatives require up-front expenditures related to items such as redesigning and streamlining processes and improving asset utilization and productivity. We can provide no assurance that these expenditures will not exceed our expectations or that we will be successful at reducing our costs. Moreover, we cannot provide assurance that we will be able to achieve our business simplification and cost reduction goals without disruption to our business and therefore, we may choose to delay or forego certain cost reductions as business conditions require.

***Consolidation among financial institutions has, and may continue to, adversely affect the pricing of our products.***

The number of financial institutions has declined due to large-scale consolidation. Margin pressures arise from such consolidation as merged entities seek to reduce costs by leveraging economies of scale in purchasing, including their check supply contracts. This increases the importance of retaining our major financial institution clients and attracting additional clients in an increasingly competitive environment. The increase in general negotiating leverage possessed by such consolidated entities typically results in new and/or renewed contracts which are not as favorable as those historically negotiated with these clients. Although we devote considerable effort toward the development of a competitively-priced, high-quality suite of products and services for the financial services industry, there can be no assurance that significant financial institution clients will be retained or that the loss of a significant client can be offset through the addition of new clients or by expanded sales to our remaining clients.

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

Our Direct Checks segment and portions of our Small Business Services segment have experienced declines in response and retention rates related to direct mail promotional materials. We believe that media response rates are declining across a wide variety of products and services. Additionally, we believe that our declines are attributable to the decline in check usage, the gradual obsolescence of standardized forms products and an increase in financial institutions offering free checks to consumers. To offset these impacts, we may have to modify and/or further increase our marketing and sales efforts, which could result in increased expense.

The profitability of our Direct Checks segment depends in large part on our ability to secure adequate advertising media placements at acceptable rates, as well as the consumer response rates generated by such advertising. We can provide no assurance regarding the future cost, effectiveness and/or availability of suitable advertising media. Competitive pressure may inhibit our ability to reflect any of these increased costs in the prices of our products. We may not be able to sustain our current levels of profitability in this situation.

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

Continual technological improvements have provided small business customers with alternative means to enact and record business transactions. For example, because of the lower price and higher performance capabilities of personal computers and related printers, small businesses now have an alternate means to print many business forms. Additionally, electronic transaction systems and off-the-shelf business software applications have been designed to automate many of the functions performed by business forms products. If small business customer preferences change rapidly and we are unable to develop new products and services with comparable profit margins, our results of operations could be adversely affected.



***We face uncertainty with respect to recent and future acquisitions.***

We acquired NEBS in June 2004 and have stated that we expect growth in our Small Business Services segment as we implement the business strategies contemplated at the time of the acquisition. We also acquired the assets of Johnson Group and its affiliated companies in October 2006, with the intent to expand our business with custom, full-color, digital and web-to-print capabilities. The integration of any acquisition involves numerous risks, including: difficulties in assimilating operations and products; diversion of management's attention from other business concerns; potential loss of our key employees or key employees of acquired businesses; potential exposure to unknown liabilities; and possible loss of our clients and customers or clients and customers of the acquired businesses. While we anticipate that we will be able to achieve our stated objectives, we can provide no assurance that one or more of these factors will not negatively impact our results of operations.

With regards to future acquisitions, we cannot predict whether suitable acquisition candidates can be acquired on acceptable terms or whether any acquired products, technologies or businesses will contribute to our revenues or earnings to any material extent. Significant acquisitions typically result in additional contingent liabilities or debt, or additional amortization expense related to acquired intangible assets, and thus could adversely affect our business, results of operations and financial condition.

***Increased materials, delivery and advertising costs could adversely affect our operating results.***

We are subject to risks associated with the cost and availability of paper, ink, other raw materials and delivery services. In addition, the profitability of our Direct Checks segment depends in large part on our ability to secure adequate advertising media placements at acceptable rates. Competitive pressures and/or contractual arrangements may inhibit our ability to reflect increased costs in the prices of our products.

***Forecasts involving future results reflect various assumptions that may prove to be incorrect.***

From time to time, we make predictions or forecasts regarding our future results, including, but not limited to, forecasts regarding estimated revenues, earnings, earnings per share or operating cash flow. Any forecast regarding our future performance reflects various assumptions which are subject to significant uncertainties, and, as a matter of course, may prove to be incorrect. Further, the achievement of any forecast depends on numerous factors which are beyond our control. As a result, we cannot assure you that our performance will be consistent with any management forecasts or that the variation from such forecasts will not be material and adverse. You are cautioned not to base your entire analysis of our business and prospects upon isolated predictions, and are encouraged to use the entire mix of historical and forward-looking information made available by us, and other information affecting us and our products and services, including the factors discussed here.

In addition, independent analysts periodically publish reports regarding our projected future performance. The methodologies we employ in arriving at our own internal projections and the approaches taken by independent analysts in making their estimates are likely different in many significant respects. We expressly disclaim any responsibility to advise analysts or the public markets of our views regarding the accuracy of the published estimates of independent analysts. If you are relying on these estimates, you should pursue your own investigation and analysis of their accuracy and the reasonableness of the assumptions on which they are based.

***We may be unable to protect our rights in intellectual property.***

Despite our efforts to protect our intellectual property, third parties may infringe or misappropriate our intellectual property or otherwise independently develop substantially equivalent products and services. In addition, designs licensed from third parties account for a portion of our revenues, and there can be no guarantee that such licenses will be available to us indefinitely or on terms that would allow us to continue to be profitable with those products. The loss of intellectual property protection or the inability to secure or enforce intellectual property protection could harm our business and ability to compete. We rely on a combination of trademark and copyright laws, trade secret protection and confidentiality and license agreements to protect our trademarks, software and know-how. We may be required to spend significant resources to protect our trade secrets and monitor and police our intellectual property rights.

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

We have entered into agreements with third party providers for information technology services, including personal computer, telecommunications, network server and help desk services. In the event that one or more of these providers is not able to provide adequate information technology services, we would be adversely affected. Although we believe that information technology services are available from numerous sources, a failure to perform by one or more of our service providers could cause a disruption in our business while we obtain an alternative source of supply.

***Legislation relating to consumer privacy protection could harm our business.***

We are subject to regulations implementing the privacy and information security requirements of the federal financial modernization law known as the Gramm-Leach-Bliley Act and other federal regulation and state law on the same subject. These laws and regulations require us to develop, implement and maintain policies and procedures to protect the security and confidentiality of consumers' nonpublic personal information and to disclose these policies to consumers before a customer relationship is established and annually thereafter. These regulations could have the effect of limiting future business initiatives. In addition, new technologies and higher criminal capabilities may breach or compromise the security of consumers' nonpublic personal information. Violation of these laws and regulations could damage our business and negatively affect our reputation.

More restrictive legislation or regulations have been introduced in the past and could be introduced in the future in Congress and the states. We are unable to predict whether more restrictive legislation or regulations will be adopted in the future. Any future legislation or regulations could have a negative impact on our business, results of operations or prospects.

Laws and regulations may be adopted in the future with respect to the internet, e-commerce or marketing practices generally relating to consumer privacy. Such laws or regulations may impede the growth of the internet and/or use of other sales or marketing vehicles. As an example, new privacy laws could decrease traffic to our websites, decrease telemarketing opportunities and increase the cost of obtaining new customers. Additionally, the applicability to the internet of existing laws governing property ownership, taxation, libel and personal privacy is uncertain and may remain uncertain for a considerable length of time.

***If we are unable to attract and retain key personnel and other qualified employees, our business could suffer.***

Our success at efforts to grow our business and reduce costs depends on the contributions and abilities of key executives, operating officers and other personnel. If we are unable to retain our existing employees and attract qualified personnel, we may not be able to manage our business effectively. Competition for employees in fields such as information technology, sales and customer service is intense, and we can provide no assurance that we will be successful in attracting and retaining such personnel.

***We may be subject to sales and other taxes which could have an adverse effect on our business.***

In accordance with current federal, state and local tax laws, and the constitutional limitations thereon, we currently collect sales, use or other similar taxes in state and local jurisdictions where our direct-to-consumer businesses have a physical presence. One or more state or local jurisdictions may seek to impose sales tax collection obligations on us and other out-of-state companies which engage in remote or online commerce. Further, tax law and the interpretation of constitutional limitations thereon are subject to change. In addition, any new operations of these businesses in states where they do not currently have a physical presence could subject shipments of goods by these businesses into such states to sales tax under current or future laws. If one or more state or local jurisdictions successfully asserts that we must collect sales or other taxes beyond our current practices, it could have a material adverse effect on our business.

***We may be subject to environmental risks.***

Our printing facilities are subject to many existing and proposed federal and state regulations designed to protect the environment. In some instances, we owned and operated our printing facilities before the environmental regulations came into existence. We have sold former printing facilities to third parties and in some instances have agreed to indemnify the buyer of the facility for certain environmental liabilities. We believe that, based on current information, we will not be required to incur additional material and uninsured expense with respect to these sites, but unforeseen conditions could result in additional exposure at lesser levels.

**Risks relating to the notes**

***Our level of indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from meeting our obligations under the notes.***

As of March 31, 2007, after giving effect to the initial offering and the application of the net proceeds of the initial offering, our total indebtedness was approximately \$1,102.8 million.

Our level of indebtedness could have important consequences for you, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, debt service requirements, acquisitions or general corporate or other purposes;
- a substantial portion of our cash flows from operations will be dedicated to the payment of principal and interest on our indebtedness and will not be available for other purposes, including our operations, capital expenditures and future business opportunities;
- the debt service requirements of our other indebtedness could make it more difficult for us to satisfy our financial obligations, including those related to the notes;
- certain of our borrowings, including borrowings under our revolving credit facilities, are at variable rates of interest, exposing us to the risk of increased interest rates;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt; and
- we may be vulnerable to a downturn in general economic conditions or in our business, or we may be unable to carry out capital spending that is important to our growth.

*We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness, including the notes. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements, including our revolving credit facilities or the indenture that governs the notes. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our existing revolving credit facilities and the indenture that governs the notes restrict our ability to dispose of assets and to use the proceeds from any such disposition. We may not be able to consummate such dispositions or to obtain the realized proceeds or such proceeds may not be adequate to meet any debt service obligations then due. See [Description of other indebtedness](#) and [Description of the notes](#).

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our revolving credit facilities could terminate their commitments to lend us money and, to the extent such facilities have secured obligations in the future, may foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation, which could result in you losing your investment in the notes.

*Despite current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial indebtedness.*

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indenture do not fully prohibit us or our subsidiaries from doing so. As of March 31, 2007, after giving effect to the initial offering and the application of the net proceeds of the initial offering, our existing credit facilities provided commitments of up to \$489 million in the aggregate. If we incur any additional indebtedness that ranks equally with the notes, the holders of that debt will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. See [Description of the notes](#) and [Description of other indebtedness](#).

*Restrictive covenants may adversely affect our operations.*

Our revolving credit facilities and the indenture governing the notes contain various covenants that limit our ability to, among other things:

- pay dividends or distributions or redeem or repurchase capital stock;
- incur liens;

- sell or otherwise dispose of assets, including capital stock of subsidiaries;
- consolidate or merge with or into, or sell substantially all of our assets to, another person; and
- enter into transactions with affiliates.

The indenture governing the notes contains further covenants that limit our ability to, among other things:

- incur or assume additional debt or provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures; and
- restrict dividends, loans or asset transfers from our subsidiaries.

In addition, the restrictive covenants in our revolving credit facilities limit the ability of our subsidiaries to incur debt and require us to maintain a certain interest coverage ratio. Our ability to meet the interest coverage ratio can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of these covenants could result in a default under our revolving credit facilities. Upon the occurrence of an event of default under our revolving credit facilities, the lenders could elect to declare all amounts outstanding under our revolving credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If the lenders under our revolving credit facilities accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our revolving credit facilities and our other indebtedness, including the notes, or borrow sufficient funds to refinance such indebtedness. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us. See Description of other indebtedness.

***Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Certain of our borrowings, primarily borrowings under our revolving credit facilities, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. Assuming all revolving credit facilities are fully drawn as of the date of this prospectus, each quarter point change in interest rates would result in a \$1.25 million change in annual interest expense on our then existing revolving credit facilities.

***The notes will be effectively subordinated to all of our future secured indebtedness, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.***

The notes will be general senior unsecured obligations that will rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. As of March 31, 2007, on an as adjusted basis after giving effect to the initial offering and the application of the net proceeds of the initial offering, we would have had \$489 million of availability under our senior credit facilities which, if borrowed, would constitute senior, unsecured indebtedness. The notes will be effectively subordinated to all of our future secured indebtedness to the extent of the value of the assets securing that indebtedness. While we currently have no secured indebtedness, the indenture governing the notes will, subject to some limitations, permit us to secure up to \$500 million of indebtedness under our credit facilities and to incur other secured debt without equally and ratably securing the notes. In addition, the notes will be effectively junior to any additional secured indebtedness we may otherwise incur.

In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure any future secured indebtedness will be available to pay obligations on the notes only after all such secured indebtedness, together with accrued interest, has been repaid in full from those assets. Because our future senior credit facilities may be secured obligations, if we fail to comply with the terms of such senior credit facilities and the lenders under those facilities accelerate the payment of all the funds borrowed thereunder, and we were unable to repay such indebtedness, the lenders could foreclose on substantially all of our assets which serve as collateral. In this event, our secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the notes. Holders of the notes would participate in our remaining assets ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the notes, and potentially with all of our other general creditors. We advise you that under such or similar circumstances there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

***We are a holding company and may not have access to sufficient cash to make payments on the notes.***

We are a holding company with no direct operations. Our principal assets are the equity interests we hold in our operating subsidiaries. As a result, we are dependent upon dividends and other payments from our subsidiaries to generate the funds necessary to meet our outstanding debt service and other obligations. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the notes. In addition, any payment of dividends, distributions, loans or advances to us by our subsidiaries could be subject to restrictions on dividends or repatriation of earnings under applicable local law and monetary transfer restrictions in the jurisdictions in which our subsidiaries operate. In addition, payments to us by our subsidiaries will be contingent upon our subsidiaries earnings. Our subsidiaries are permitted under the terms of our indebtedness, including the indenture governing the notes, to incur additional indebtedness that may restrict payments from those subsidiaries to us. We cannot assure you that agreements governing current and future indebtedness of our subsidiaries will permit those subsidiaries to provide us with sufficient cash to fund payments on the notes when due.

Our subsidiaries are separate and distinct legal entities and they will have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment.

***If we default on our obligations to pay our indebtedness we may not be able to make payments on the notes.***

Any default under the agreements governing our indebtedness, including a default under our revolving credit facilities that is not waived by the required lenders or a default under our 1995 and 2003 indentures, and the remedies sought by the holders of such indebtedness, could make us unable to pay principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium (if any) and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in our indentures and our revolving credit facilities), we could be in default under the terms of the agreements governing such indebtedness, including our revolving credit facilities and our indentures. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our revolving credit facilities could elect to terminate their commitments thereunder and cease making further loans and institute foreclosure proceedings against our assets and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our revolving credit facilities to

avoid being in default. If we breach our covenants under our revolving credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our revolving credit facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation. See [Description of other indebtedness](#) and [Description of the notes](#).

***We may not be able to repurchase the notes upon a change of control.***

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount, plus accrued and unpaid interest. We may not be able to repurchase the notes upon a change of control because we may not have sufficient funds. Further, we may be contractually restricted under the terms of our then outstanding indebtedness from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase your notes unless we are able to refinance or obtain waivers of any such restrictions. Our failure to repurchase the notes upon a change of control would cause a default under the indenture and a cross-default under the revolving credit facilities. Our revolving credit facilities also provides that a change of control, as defined in such agreement, will be a default that permits lenders to accelerate the maturity of borrowings thereunder, thereby limiting our ability to raise cash to purchase the notes, and reducing the practical benefit of the offer-to-purchase provisions to the holders of the notes. Any of our future debt agreements may contain similar provisions.

In addition, the change of control provisions in the indenture may not protect you from certain important corporate events, such as a reorganization, restructuring, merger or other similar transaction. Such a transaction may not involve a change in voting power or beneficial ownership or, even if it does, may not involve a change that constitutes a [Change of Control](#) as defined in the indenture that would trigger our obligation to repurchase the notes. If an event occurs that does not constitute a [Change of Control](#) as defined in the indenture, we will not be required to make an offer to repurchase the notes and you may be required to continue to hold your notes despite the event. See [Description of other indebtedness](#) and [Description of the notes](#) [Change of Control](#).

***Federal and state fraudulent transfer laws permit a court to void the notes, and, if that occurs, you may not receive any payments on the notes.***

The issuance of the notes may be subject to review under federal and state fraudulent transfer and conveyance statutes. While the relevant laws may vary from state to state, under such laws the payment of consideration will be a fraudulent conveyance if (1) we paid the consideration with the intent of hindering, delaying or defrauding creditors or (2) we received less than reasonably equivalent value or fair consideration in return for issuing the notes and, in the case of (2) only, one of the following is also true:

- we were insolvent or rendered insolvent by reason of the incurrence of the indebtedness; or
- payment of the consideration left us with an unreasonably small amount of capital to carry on the business; or
- we intended to, or believed that we would, incur debts beyond our ability to pay as they mature.

If a court were to find that the issuance of the notes was a fraudulent conveyance, the court could void the payment obligations under the notes or subordinate the notes to presently existing and future indebtedness of ours, or require the holders of the notes to repay any amounts received with respect to the notes. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our other debt that could result in acceleration of such debt.

Generally, an entity would be considered insolvent if at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets; or
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we were solvent at the relevant time, or regardless of the standard that a court uses, that the issuance of the notes would not be subordinated to our other debt.

*An active trading market for the new notes may not develop, which could reduce their value.*

The new notes are a new issue of securities for us for which there is currently no public market. We do not intend to list the new notes on any national securities exchange or automated quotation system. Accordingly, no market for the new notes may develop, and any market that develops may not last. If the new notes are traded, they may trade at a discount from their face value, depending on the prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your new notes at their fair market value or at all.

To the extent that not all of the old notes are exchanged for new notes, the trading market for the old notes could be adversely affected due to the limited amount of old notes that remain outstanding following the exchange offer. Generally, when there are fewer outstanding securities of an issue, there is less demand to purchase that security.

#### **Use of proceeds**

This exchange offer is intended to satisfy certain of our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the new notes and have agreed to pay the expenses of the exchange offer. In consideration for issuing the new notes as contemplated in this prospectus, we will receive in exchange old notes in like principal amount. The form and terms of the new notes are identical in all material respects to the form and terms of the old notes, except as otherwise described herein under "The exchange offer" Terms of the exchange offer.



## Capitalization

The following table sets forth our capitalization as of March 31, 2007:

- on an actual basis, and
- on an as adjusted basis to give effect to the application of the net proceeds from the initial offering of the notes as if the initial offering had occurred on that date.

You should read the following table in conjunction with the consolidated financial statements and related notes and the management's discussion and analysis of financial condition and results of operations incorporated by reference in this prospectus, and the section of this prospectus entitled "Selected historical financial data."

	As of March 31, 2007		
	Actual	As adjusted	
	(Dollars in thousands)		
Cash and cash equivalents	\$ 11,466	\$ 162,916	(1)
Short-term obligations:			
3.5% senior unsecured notes due October 1, 2007	324,967	324,967	(1)
Amounts drawn on credit facilities(2)	44,550		
Capital lease obligations due within one year	1,622	1,622	
Long-term obligations:			
5.0% senior unsecured notes due December 15, 2012	298,920	298,920	
5.125% senior unsecured notes due October 1, 2014	274,538	274,538	
Long term portion of capital lease obligations	2,777	2,777	
Notes offered hereby		200,000	
Total debt	\$ 947,374	\$ 1,102,824	
Total shareholders' deficit	(40,188 )	(40,188 )	
Total capitalization	\$ 907,186	\$ 1,062,636	

(1) We intend to use a portion of the net proceeds from the initial offering, plus cash on hand, to repay the aggregate principal amount of the 3.5% senior unsecured notes due October 1, 2007 on their maturity date.

(2) Consists of a \$275 million line of credit, expiring July 2010, and a \$225 million line of credit, expiring July 2009.

### Selected historical financial data

Our selected historical financial data set forth below for the fiscal years ended December 31, 2006, 2005 and 2004 were derived from our audited historical consolidated financial statements incorporated by reference in this prospectus. Our selected historical financial data set forth below for the fiscal years ended December 31, 2003 and 2002 were derived from our audited historical consolidated financial statements not included in this prospectus. Such financial statements are included in our annual report on Form 10-K for the fiscal year ended December 31, 2003. See "Where you can find additional information."

Our selected financial data for the three month periods ended March 31, 2007 and 2006 and as of March 31, 2007 were derived from our unaudited condensed consolidated interim financial statements incorporated by reference in this prospectus. Our selected historical financial data as of March 31, 2006 was derived from our unaudited condensed interim financial statements not included in this prospectus. In the opinion of management, our unaudited condensed consolidated interim financial statements include all adjustments, consisting only of normal recurring items, except as noted elsewhere in the notes to the unaudited condensed consolidated interim financial statements, necessary for a fair statement of that information for such unaudited interim periods. The financial information presented for the interim

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periods has been prepared in a manner consistent with our accounting policies incorporated by reference in this prospectus, and should be read in conjunction therewith. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year period.

Our selected historical financial data should be read in conjunction with the section entitled "Capitalization" and the management's discussion and analysis of financial condition and results of operations, our unaudited condensed consolidated interim financial statements and our audited consolidated financial statements and related notes incorporated by reference in this prospectus.

**Statement of income data:**

	Fiscal years ended December 31,					Three months ended	
	2006	2005	2004	2003	2002	March 31, 2007	2006
	<b>(Dollars in thousands, except earnings per share)</b>						
Revenue	\$ 1,639,654	\$ 1,716,294	\$ 1,567,015	\$ 1,242,141	\$ 1,283,983	\$ 403,834	\$ 411,430
Cost of goods sold	613,279	608,361	535,949	425,965	435,794	149,317	155,976
Gross profit	1,026,375	1,107,933	1,031,066	816,176	848,189	254,517	255,454
Selling, general and administrative expense	787,960	803,633	683,154	491,966	503,258	189,317	208,101
Asset impairment losses(1)	44,698			5,289			
Net gains on sale of product line and assets held for sale	(4,582)	(3) (539)	(2)			(3,773)	(5) (4,948)
Operating income	198,299	304,839	347,912	318,921	344,931	68,973	52,301
Interest expense	(56,661)	(56,604)	(32,851)	(19,241)	(5,079)	(12,799)	(13,848)
Other income (expense)	903	2,499	1,812	(300)	870	988	(96)
Provision for income taxes	41,983	92,771	118,225	106,908	126,448	21,934	13,711
Income from continuing operations	100,558	157,963	198,648	192,472	214,274	35,228	24,646
Income (loss) from discontinued operations	396	(442)	(657)				22
Net income	\$ 100,954	\$ 157,521	\$ 197,991	\$ 192,472	\$ 214,274	\$ 35,228	\$ 24,668
Basic earnings per share:							
Income from continuing operations	\$ 1.97	\$ 3.12	\$ 3.96	\$ 3.53	\$ 3.41	\$ 0.69	\$ 0.48
Income (loss) from discontinued operations	0.01	(0.01)	(0.01)				
Basic earnings per share	\$ 1.98	\$ 3.11	\$ 3.95	\$ 3.53	\$ 3.41	\$ 0.69	\$ 0.49
Diluted earnings per share:							
Income from continuing operations	\$ 1.95	\$ 3.10	\$ 3.93	\$ 3.49	\$ 3.36	\$ 0.68	\$ 0.47
Income (loss) from discontinued operations	0.01	(0.01)	(0.01)				
Diluted earnings per share	\$ 1.96	\$ 3.09	\$ 3.92	\$ 3.49	\$ 3.36	\$ 0.68	\$ 0.48

(1) During the second quarter of 2006, we determined that a software project intended to replace major portions of our existing order capture, billing and pricing systems would not meet our future business requirements in a cost-effective manner. Therefore, we made the decision to abandon the project. Accordingly, we wrote down the carrying value of the related internal-use software to zero. This resulted in a non-cash asset impairment loss of \$44.7 million. During 2003, we recorded asset

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impairment losses of \$5.3 million consisting of both manufacturing technologies and software. There were no other significant asset impairments.

- (2) During 2005, we completed the sale of two facilities, both of which were closed in 2004, realizing a total gain of \$0.5 million.
- (3) During 2006, we completed the sale of three facilities which were closed in 2004, realizing a gain totaling \$5.5 million. During 2006, we also recorded a loss of \$0.9 million when we completed the sale of a NEBS facility which was closed prior to our acquisition of NEBS in June 2004.
- (4) During the first quarter of 2006, we completed the sale of a facility which was closed in 2004 for \$6.0 million, realizing a gain of \$4.9 million.
- (5) During the first quarter of 2007, we completed the sale of our Small Business Services industrial packaging product line for \$19.2 million, realizing a gain of \$3.8 million.

**Balance sheet data (at period end):**

	As of December 31, 2006		2005	2004	2003	2002	As of March 31, 2007		2006					
	(Dollars in thousands)													
Cash and cash equivalents	\$	11,599	\$	6,867	\$	15,492	\$	2,968	\$	124,855	\$	11,466	\$	7,025
Total assets		1,267,132		1,425,875		1,499,079		562,960		668,973		1,223,196		1,393,722
Total current liabilities		664,503		491,085		571,198		387,839		214,779		584,798		456,629
Long-term debt		576,590		902,805		953,848		380,620		306,589		576,235		902,502
Shareholders equity (deficit)		(65,673 )		(82,026 )		(178,491 )		(298,083 )		64,316		(40,188 )		(71,428 )

**Cash flow data:**

	Fiscal years ended December 31, 2006					Three months ended March 31, 2007		2006						
	(Dollars in thousands)													
Net cash provided by operating activities from continuing operations	\$	239,341	\$	178,279	\$	307,591	\$	181,467	\$	257,139	\$	68,983	\$	72,704
Net cash (used) provided by investing activities of continuing operations		(33,174 )		(55,917 )		(670,837 )		(24,883 )		(44,149 )		15,037		(7,350 )
Net cash (used) provided by financing activities of continuing operations		(204,587 )		(142,816 )		369,963		(278,471 )		(97,706 )		(84,215 )		(65,174 )

## The exchange offer

*This section of the prospectus describes the proposed exchange offer. While we believe that the description covers the material terms of the exchange offer, this summary may not contain all of the information that is important to you. You should carefully read this entire document for a complete understanding of the exchange offer.*

## Purpose and effects of the exchange offer

On May 14, 2007 (the issue date), we sold \$200 million aggregate principal amount of our 7.375% Senior Notes due 2015 in a private placement. On or after the issue date, the old notes were resold to qualified institutional buyers as defined in and in compliance with Rule 144A and outside the United States in compliance with Regulation S of the Securities Act.

On May 14, 2007, Deluxe and the initial purchasers also entered into a registration rights agreement pursuant to which we agreed that we would file a registration statement with the SEC relating to an offer to exchange the notes for SEC-registered notes with terms identical to the old notes (except that the new notes will not be subject to restrictions on transfer or to any increase in annual interest rate as applicable to the old notes). The exchange offer will remain open for at least 20 business days after the date we mail notice of the exchange offer to noteholders. We will use our commercially reasonable efforts to complete the exchange offer within 340 days after the old notes were issued. If the exchange offer is not completed on or before the date that is 340 days after the old notes were issued, the annual interest rate borne by the old notes will be increased.

The term holder with respect to the exchange offer means any person in whose name old notes are registered on our or the Depository Trust Company's, or DTC, books or any other person who has obtained a properly completed certificate of transfer from the registered holder, or any person whose old notes are held of record by DTC who desires to deliver such old notes by book-entry transfer at DTC.

We have not requested, and do not intend to request, an interpretation by the staff of the SEC with respect to whether the new notes issued in the exchange offer in exchange for the old notes may be offered for sale, resold or otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act. Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe the new notes issued in exchange for old notes may be offered for resale, resold and otherwise transferred by any holder without compliance with the registration and prospectus delivery provisions of the Securities Act provided that:

- you are not a broker-dealer who purchased old notes directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act,
- you are not our affiliate, or
- you acquire the new notes in the ordinary course of your business and that you have no arrangement or understanding with any person to participate in the distribution of the new notes.

Any holder who tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of the new notes or who is our affiliate may not rely upon such interpretations by the staff of the SEC and, in the absence of an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Any holder who fails to comply with such requirements may incur liabilities under the Securities Act for which the holder is not indemnified by us. Each broker-dealer (other than an affiliate of ours) that receives new notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a

broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. We have agreed that, for a period of 180 days after the exchange date, we will make the prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

We are not making the exchange offer to, nor will we accept surrenders for exchange from, holders of old notes in any jurisdiction in which this exchange offer or its acceptance would not comply with the securities or blue sky laws.

By tendering in the exchange offer, you will represent to us that, among other things:

- you are acquiring the new notes in the exchange offer in the ordinary course of your business, whether or not you are a holder,
- you are transferring good and marketable title to the old notes free and clear of all liens, security interests, charges or encumbrances or rights of parties other than you,
- you do not have an arrangement or understanding with any person to participate in the distribution of the new notes,
- you are not a broker-dealer, or you are a broker-dealer but will not receive new notes for your own account in exchange for old notes, neither you nor any other person is engaged in or intends to participate in the distribution of the new notes, and
- you are not our affiliate within the meaning of Rule 405 under the Securities Act or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

Following the completion of the exchange offer, the holders of notes will not have any further registration rights, and the old notes will continue to be subject to certain restrictions on transfer. See Consequences of failure to exchange. Accordingly, the liquidity of the market for the old notes could be adversely affected.

Participation in the exchange offer is voluntary and you should carefully consider whether to accept. We urge you to consult your financial and tax advisors in making your own decisions on whether to participate in the exchange offer.

#### **Consequences of failure to exchange**

The old notes that are not exchanged for new notes in the exchange offer will remain restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and subject to restrictions on transfer. Accordingly, such old notes may not be offered, sold, pledged or otherwise transferred except:

- (1) to us, upon redemption thereof or otherwise,
- (2) so long as the old notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, purchasing for its own account or for the account of a qualified institutional buyer to whom notice is given that the resale, pledge or other transfer is being made in reliance on Rule 144A,
- (3) in an offshore transaction in accordance with Regulation S under the Securities Act,
- (4) pursuant to an exemption from registration in accordance with Rule 144, if available, under the Securities Act,
- (5) in reliance on another exemption from the registration requirements of the Securities Act, or
- (6) pursuant to an effective registration statement under the Securities Act.



In all of the situations discussed above, the resale must be in accordance with the Securities Act and any applicable securities laws of any state of the United States and subject to certain requirements of the registrar or co-registrar being met, including receipt by the registrar or co-registrar of a certification and, in the case of (3), (4) and (5) above, an opinion of counsel reasonably acceptable to us and the registrar.

To the extent old notes are tendered and accepted in the exchange offer, the principal amount of outstanding old notes will decrease with a resulting decrease in the liquidity in the market therefor. Accordingly, the liquidity of the market of the old notes could be adversely affected.

#### **Terms of the exchange offer**

Upon the terms and subject to the conditions set forth in this prospectus and in the applicable letter of transmittal, we will accept any and all old notes validly tendered and not withdrawn prior to the expiration date. We will issue new notes in exchange for the same principal amount of old notes accepted in the exchange offer. The new notes will accrue interest on the same terms as the old notes; however, holders of the old notes accepted for exchange will not receive accrued interest thereon at the time of exchange; rather, all accrued interest on the old notes will become obligations under the new notes. Holders may tender some or all of their old notes pursuant to the exchange offer. However, old notes may be tendered only in principal amounts equal to \$2,000 and integral multiples of \$1,000 in excess thereof.

The form and terms of the new notes are the same as the form and terms of the old notes, except that the new notes will have been registered under the Securities Act and will not bear legends restricting their transfer pursuant to the Securities Act, and except as otherwise described above, holders of the new notes will not be entitled to the rights of holders of old notes under the registration rights agreement.

The new notes will evidence the same debt as the old notes that they replace, and will be issued under, and be entitled to the benefits of, the indenture which governs all of the notes, including the payment of principal and interest.

We are sending this prospectus and the letter of transmittal to all registered holders of outstanding old notes. Only a registered holder of old notes or such holder's legal representative or attorney-in-fact as reflected on the indenture trustee's records may participate in the exchange offer. There will be no fixed record date for determining holders of the old notes entitled to participate in the exchange offer.

Holders of the old notes do not have any appraisal or dissenter's rights under Minnesota law or the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the requirements of the Securities Exchange Act of 1934 and the SEC's rules and regulations thereunder.

We will be deemed to have accepted validly tendered old notes when, as and if we have given oral or written notice thereof to the exchange agent. The exchange agent will act as agent for the tendering holders of the old notes for the purposes of receiving the new notes. The new notes delivered in the exchange offer will be issued on the earliest practicable date following our acceptance for exchange of old notes.

If any tendered old notes are not accepted for exchange because of an invalid tender, our withdrawal of the tender offer, the occurrence of certain other events set forth herein or otherwise, certificates for any such unaccepted old notes will be returned, without expense, to the tendering holder as promptly as practicable after the expiration date. Any acceptance, waiver of default or rejection of a tender of notes shall be at our sole discretion and shall be conclusive, final and binding.

Holders who tender old notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of the old notes in the exchange offer. We will pay all charges and expenses, other than certain taxes, in connection with the exchange offer. See Fees and expenses.

**Expiration date; extensions; amendments**

The term expiration date with respect to the exchange offer means 5:00 p.m., New York City time, on \_\_\_\_\_, 2007 unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date shall mean the latest date and time to which the exchange offer is extended.

If we extend the exchange offer, we will notify the exchange agent of any extension by oral or written notice and will make a public announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

We reserve the right, in our sole discretion, to extend the exchange offer; if any of the conditions set forth below under Conditions to the exchange offer have not been satisfied, to terminate the exchange offer; or to amend the terms of the exchange offer in any manner.

We may effect any such delay, extension or termination by giving oral or written notice thereof to the exchange agent.

Except as specified in the second paragraph under this heading, we will make a public announcement of any such delay in acceptance, extension, termination or amendment as promptly as practicable. If we amend the exchange offer in a manner determined by us to constitute a material change, we will promptly disclose such amendment in a prospectus supplement that will be distributed to the registered holders of the old notes. The exchange offer will then be extended for a period of five to ten business days, as required by law, depending upon the significance of the amendment and the manner of disclosure to the registered holders.

We will make a timely release of a public announcement of any delay, extension, termination or amendment to the exchange offer to an appropriate news agency.

**Procedures for tendering old notes**

*Tenders of old notes.* The tender by a holder of old notes pursuant to any of the procedures set forth below will constitute the tendering holder's acceptance of the terms and conditions of the exchange offer. Our acceptance for exchange of old notes tendered pursuant to any of the procedures described below will constitute a binding agreement between such tendering holder and us in accordance with the terms and subject to the conditions of the exchange offer. Only holders are authorized to tender their old notes. The procedures by which old notes may be tendered by beneficial owners that are not holders will depend upon the manner in which the old notes are held.

DTC has authorized DTC participants that are beneficial owners of old notes through DTC to tender their old notes as if they were holders. To effect a tender, DTC participants should either (1) complete and sign the letter of transmittal or a facsimile thereof, have the signature thereon guaranteed if required by Instruction 1 of the letter of transmittal, and mail or deliver the letter of transmittal or such facsimile pursuant to the procedures for book-entry transfer set forth below under Book-entry delivery procedures, or (2) transmit their acceptance to DTC through the DTC Automated Tender Offer Program, or ATOP, for which the transaction will be eligible, and follow the procedures for book-entry transfer, set forth below under Book-entry delivery procedures.



*Tender of old notes held in physical form.* To tender old notes held in physical form in the exchange offer.

- the exchange agent must receive at one of the addresses set forth in this prospectus, a properly completed letter of transmittal applicable to such notes (or a facsimile thereof) duly executed by the tendering holder, and any other documents the letter of transmittal requires, and tendered old notes must be received by the exchange agent at such address (or delivery effected through the deposit of old notes into the exchange agent's account with DTC and making book-entry delivery as set forth below), on or prior to the Expiration Date, or
- the tendering holder must comply with the guaranteed delivery procedures set forth below on or prior to the Expiration Date.

Letters of transmittal or old notes should be sent only to the exchange agent and should not be sent to us.

*Tender of old notes held through a custodian.* To tender old notes that a custodian bank, depository, broker, trust company or other nominee holds of record, the beneficial owner thereof must instruct such holder to tender the old notes on the beneficial owner's behalf. A letter of instructions from the record owner to the beneficial owner may be included in the materials provided along with this prospectus which the beneficial owner may use in this process to instruct the registered holder of such owner's old notes to effect the tender.

*Tender of old notes held through DTC.* To tender old notes that are held through DTC, DTC participants on or before the Expiration Date should either

- properly complete and duly execute the letter of transmittal (or a facsimile thereof), and any other documents required by the letter of transmittal, and mail or deliver the letter of transmittal or such facsimile pursuant to the procedures for book-entry transfer set forth below, or
- transmit their acceptance through ATOP, for which the transaction will be eligible, and DTC will then edit and verify the acceptance and send an Agent's Message to the exchange agent for its acceptance.

The term *Agent's Message* means a message transmitted by DTC to, and received by, the exchange agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from each participant in DTC tendering the old notes and that such participant has received the letter of transmittal and agrees to be bound by the terms of the letter of transmittal and we may enforce such agreement against such participant.

Tendering old notes held through DTC must be delivered to the exchange agent pursuant to the book-entry delivery procedures set forth below or the tendering DTC participant must comply with the guaranteed delivery procedures set forth below.

The method of delivery of old notes and letters of transmittal, any required signature guarantees and all other required documents, including delivery through DTC and any acceptance or Agent's Message transmitted through ATOP, is at the election and risk of the person tendering old notes and delivering letters of transmittal. If you use ATOP to tender, you must allow sufficient time for completion of the ATOP procedures during normal business hours of DTC on the expiration date. Except as otherwise provided in the letter of transmittal, tender and delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, it is suggested that the holder use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the expiration date to permit delivery to the exchange agent prior to such date.

Except as provided below, unless the old notes being tendered are deposited with the exchange agent on or prior to the expiration date (accompanied by a properly completed and duly executed letter of transmittal or a properly transmitted Agent's Message), we may, at our option, reject such tender. Exchange of new notes for old notes will be made only against deposit of the tendered old notes and delivery of all other required documents.

*Book-entry delivery procedures.* The exchange agent will establish accounts with respect to the old notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus, and any financial institution that is a participant in DTC may make book-entry delivery of the old notes by causing DTC to transfer such old notes into the exchange agent's account in accordance with DTC's procedures for such transfer. However, although delivery of old notes may be effected through book-entry at DTC, the letter of transmittal (or facsimile thereof), with any required signature guarantees or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the exchange agent at one or more of its addresses set forth in this prospectus on or prior to the expiration date, or compliance must be made with the guaranteed delivery procedures described below. Delivery of documents to DTC does not constitute delivery to the exchange agent. The confirmation of a book-entry transfer into the exchange agent's account at DTC as described above is referred to as a Book-Entry Confirmation.

*Signature guarantees.* Signatures on all letters of transmittal must be guaranteed by a recognized member of the Medallion Signature Guarantee Program or by any other eligible guarantor institution, as that term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing, an Eligible Institution), unless the old notes tendered thereby are tendered (1) by a registered holder of old notes (or by a participant in DTC whose name appears on a DTC security position listing as the owner of such old notes) who has not completed either the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or (2) for the account of an Eligible Institution. See Instruction 1 of the letter of transmittal. If the old notes are registered in the name of a person other than the signer of the letter of transmittal or if old notes not accepted for exchange or not tendered are to be returned to a person other than the registered holder, then the signatures on the letter of transmittal accompanying the tendered old notes must be guaranteed by an Eligible Institution as described above. See Instructions 1 and 5 of the letter of transmittal.

*Guaranteed delivery.* If you wish to tender your old notes but they are not immediately available or if you cannot deliver your old notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's automated tender offer program prior to the Expiration Date, you may tender if:

- the tender is made by or through an eligible institution;
- prior to 5:00 p.m., New York City time, on the Expiration Date, the exchange agent receives from that eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail, courier or overnight delivery or a properly transmitted agent's message relating to a notice of guaranteed delivery:
- stating your name and address, the registration number or numbers of your old notes and the principal amount of old notes tendered;
- stating that the tender is being made thereby; and
- guaranteeing that, within three business days after the Expiration Date of the exchange offer, the letter of transmittal or facsimile thereof or agent's message in lieu thereof, together with the old notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and



- the exchange agent receives such properly completed and executed letter of transmittal or facsimile or Agent's Message, as well as all tendered old notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three business days after the expiration date.

Upon request to the exchange agent, the exchange agent will send a notice of guaranteed delivery to you if you wish to tender your old notes according to the guaranteed delivery procedures described above.

*Determination of validity.* All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered old notes will be determined by us in our sole discretion, which determination will be conclusive, final and binding. Alternative, conditional or contingent tenders of notes will not be considered valid and may not be accepted. We reserve the absolute right to reject any and all old notes not properly tendered or any old notes our acceptance of which, in the opinion of our counsel, would be unlawful.

We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. The interpretation of the terms and conditions of our exchange offer (including the instructions in the letter of transmittal) by us will be conclusive, final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine.

Although we intend to notify holders of defects or irregularities with respect to tenders of old notes through the exchange agent, neither we, the exchange agent nor any other person is under any duty to give such notice, nor shall they incur any liability for failure to give such notification. Tenders of old notes will not be deemed to have been made until such defects or irregularities have been cured or waived.

Any old notes received by the exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived, or if old notes are submitted in a principal amount greater than the principal amount of old notes being tendered by such tendering holder, such unaccepted or non-exchanged old notes will either be

- returned by the exchange agent to the tendering holders, or
- in the case of old notes tendered by book-entry transfer into the exchange agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described below, credited to an account maintained with such book-entry transfer facility.

#### **Withdrawal of tenders**

Except as otherwise provided herein, tenders of old notes in the exchange offer may be withdrawn, unless accepted for exchange as provided in the exchange offer, at any time prior to the Expiration Date.

To be effective, a written or facsimile transmission notice of withdrawal must be received by the exchange agent at its address set forth herein prior to the Expiration Date. Any such notice of withdrawal must:

- specify the name of the person having deposited the old notes to be withdrawn,
- identify the old notes to be withdrawn, including the certificate number or numbers of the particular certificates evidencing the old notes (unless such old notes were tendered by book-entry transfer), and aggregate principal amount of such old notes, and
- be signed by the holder in the same manner as the original signature on the letter of transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the trustee under the indenture register the transfer of the old notes into the name of the person withdrawing such old notes.



If old notes have been delivered pursuant to the procedures for book-entry transfer set forth in Procedures for tendering old notes Book-entry delivery procedures, any notice of withdrawal must specify the name and number of the account at the appropriate book-entry transfer facility to be credited with such withdrawn old notes and must otherwise comply with such book-entry transfer facility s procedures.

If the old notes to be withdrawn have been delivered or otherwise identified to the exchange agent, a signed notice of withdrawal meeting the requirements discussed above is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. A withdrawal of old notes can only be accomplished in accordance with these procedures.

All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by us in our sole discretion, which determination shall be final and binding on all parties. No withdrawal of old notes will be deemed to have been properly made until all defects or irregularities have been cured or expressly waived. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or revocation, nor shall we or they incur any liability for failure to give any such notification. Any old notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new notes will be issued with respect thereto unless the old notes so withdrawn are retendered prior to the Expiration Date. Properly withdrawn old notes may be retendered by following one of the procedures described above under Procedures for tendering old notes at any time prior to the Expiration Date.

Any old notes which have been tendered but which are not accepted for exchange due to the rejection of the tender due to uncured defects or the prior termination of the exchange offer, or which have been validly withdrawn, will be returned to the holder thereof unless otherwise provided in the letter of transmittal, as soon as practicable following the Expiration Date or, if so requested in the notice of withdrawal, promptly after receipt by us of notice of withdrawal without cost to such holder.

#### **Conditions to the exchange offer**

The exchange offer is not subject to any conditions, other than that:

- the exchange offer, or the making of any exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the SEC,
- there shall have not been instituted, threatened or be pending any action or proceeding before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the exchange offer, that would or might, in our sole judgment, prohibit, prevent, restrict or delay consummation of the exchange offer,
- no order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in our sole judgment, would or might prohibit, prevent, restrict or delay consummation of the exchange offer, or that is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects, of us, our subsidiaries or our affiliates,
- there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us, our subsidiaries or our affiliates that, in our sole judgment, would or might prohibit, prevent, restrict or delay consummation of the exchange offer,

- the trustee under the indenture shall not have objected in any respect to or taken any action that could, in our sole judgment, adversely affect the consummation of the exchange offer, or shall have taken any action that challenges the validity or effectiveness of the procedures used by us in soliciting or the making of the exchange offer, or
- there shall not have occurred (a) any general suspension of, or limitation on prices for, trading in the United States securities or financial markets, (b) a material impairment in the trading market for debt securities, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (d) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in our sole judgment, might affect the extension of credit by banks or other lending institutions, (e) an outbreak or escalation of hostilities or acts of terrorism involving the United States or declaration of a national emergency or war by the United States or any other calamity or crisis or any other change in political, financial or economic conditions, if the effect of any such event, in our sole judgment, makes it impractical or inadvisable to proceed with the exchange offer, or (f) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

If we determine in our reasonable discretion that any of the conditions to the exchange offer are not satisfied, we may

- refuse to accept any old notes and return all tendered old notes to the tendering holders,
- terminate the exchange offer,
- extend the exchange offer and retain all old notes tendered prior to the Expiration Date, subject, however, to the rights of holders to withdraw such old notes, or
- waive such unsatisfied conditions with respect to the exchange offer and accept all validly tendered old notes which have not been withdrawn.

If such waiver constitutes a material change to the exchange offer, we will promptly disclose such waiver by means of a prospectus supplement that will be distributed to the registered holders, and will extend the exchange offer for a period of five to 10 business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during such five to 10 business day period.

#### **Exchange agent**

The Bank of New York Trust Company, N.A., the trustee under the indenture governing the notes, has been appointed as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery and other documents to the exchange agent addressed as follows:

Delivery by Regular, Registered or Certified Mail or Overnight Delivery:

**The Bank of New York Trust Company, N.A.**  
**Corporate Trust Operations**  
**Reorganization Unit**  
**101 Barclay Street 7 East**  
**New York, New York 10286**  
**Attn: Evangeline E. Gonzales**  
**To Confirm by Telephone or for Information:**  
**(212) 815-3738**  
**Facsimile Transmissions:**  
**(212) 298-1915**





### **Fees and expenses**

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail by the exchange agent; however, additional solicitation may be made by telegraph, teletype, telephone or in person by our or our affiliates' officers and regular employees.

No dealer-manager has been retained in connection with the exchange offer and no payments will be made to brokers, dealers or others soliciting acceptance of the exchange offer. However, reasonable and customary fees will be paid to the exchange agent for its services and it will be reimbursed for its reasonable out-of-pocket expenses.

Our out-of-pocket expenses for the exchange offer will include fees and expenses of the exchange agent and the trustee under the indenture, accounting and legal fees and printing costs, among others.

### **Transfer taxes**

We will pay all transfer taxes, if any, applicable to the exchange of the old notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the old notes pursuant to the exchange offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

### **Description of other indebtedness**

#### **Notes issued under our 2003 indenture**

We have two series of notes outstanding that were issued pursuant to our indenture dated as of April 30, 2003, between us and Wells Fargo Bank, N.A., as trustee. They consist of \$325,000,000 aggregate principal amount of 3.5% senior notes due 2007, series B, and \$275,000,000 aggregate principal amount of 5.125% senior notes due 2014, series B, both of which were issued on October 1, 2004. The 3.5% notes bear interest at 3.5% per annum and the 5.125% notes bear interest at 5.125% per annum. The interest payment dates of both series of notes are April 1 and October 1 of each year. The 3.5% notes will mature on October 1, 2007 and the 5.125% notes will mature on October 1, 2014. These two series of notes are otherwise identical in their terms except with respect to redemption rights as set forth below.

#### **Ranking**

The notes issued under our 2003 indenture are our senior unsecured obligations and rank equally with all of our other indebtedness and other obligations that are unsecured and unsubordinated.

#### **Redemption and sinking fund**

The 3.5% notes are not redeemable prior to maturity. The 5.125% notes may be redeemed, in whole or in part from time to time at our option, at a redemption price equal to the greater of (1) 100% of the principal amount of the 5.125% notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 5.125% notes to be redeemed discounted to the date of redemption on a semiannual basis at the adjusted treasury rate (as such term is defined in the 2003 indenture) plus 20 basis points.

There is no sinking fund with respect to these notes.

***Restrictive covenants***

Subject to certain exceptions, the 2003 indenture restricts our (and certain of our subsidiaries ) ability to issue, assume or guarantee any indebtedness secured by a lien on certain of our manufacturing plants or upon any shares of capital stock or indebtedness of certain of our subsidiaries, without effectively providing that all of the notes issued under the 2003 indenture are secured and equally and ratably. Subject to certain exceptions, the 2003 indenture prohibits us (and certain of our subsidiaries) from entering into any sale and leaseback transaction with a term of more than three years with respect to certain of our manufacturing plants.

We (and certain of our subsidiaries) may, however, without securing the notes issued under the 2003 indenture, issue or assume secured debt or enter into a sale and leaseback transaction as long as the aggregate amount of secured debt and the attributable debt from the sale and leaseback transactions together do not exceed 10% of our consolidated total assets.

***Consolidation, merger or sale***

The 2003 indenture generally permits a consolidation or merger between us and another corporation, partnership or trust organization. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if the acquiring entity is organized under the laws of any domestic jurisdiction and assumes by supplemental indenture all of our responsibilities and liabilities under the 2003 indenture; immediately after the transaction, no event of default exists or will exist; and we have delivered to the trustee an officer's certificate and an opinion of counsel representing that the transaction and the related supplemental indenture comply with the 2003 indenture.

***Events of default***

The 2003 indenture contains customary events of default including, without limitation, payment defaults, covenant defaults, and certain events in bankruptcy, insolvency or reorganization.

***Notes issued under our 1995 indenture***

We also have outstanding \$300,000,000 aggregate principal amount of 5.00% senior notes due 2012 that were issued pursuant to our indenture dated as of October 27, 1995, as supplemented by the first supplemental indenture dated as of December 4, 2002, between us and Wells Fargo Bank, N.A., as trustee, which were issued on December 4, 2002. The 5.00% notes bear interest at 5.00% per annum with interest payment dates on June 15 and December 15 of each year. The 5.00% notes will mature on December 15, 2012.

***Ranking***

The 5.00% notes are our senior unsecured obligations and rank equally with all of our other indebtedness and other obligations that are unsecured and unsubordinated.

***Redemption and sinking fund***

The 5.00% notes may be redeemed, in whole or in part from time to time at our option, at a redemption price equal to the greater of (1) 100% of the principal amount of the 5.00% notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the 5.00% notes to be redeemed discounted to the date of redemption on a semiannual basis at the adjusted treasury rate (as such term is defined in the 1995 indenture) plus 20 basis points.

There is no sinking fund with respect to these notes.

***Restrictive covenants***

Subject to certain exceptions, the 1995 indenture restricts our (and certain of our subsidiaries ) ability to issue, assume or guarantee any indebtedness secured by a lien on certain of our manufacturing plants or upon any shares of capital stock or indebtedness of certain of our subsidiaries, without effectively providing that all of the notes issued under the 1995 indenture are secured and equally and ratably. Subject to certain exceptions, the 1995 indenture prohibits us (and certain of our subsidiaries) from entering into any sale and leaseback transaction with a term of more than three years with respect to certain of our manufacturing plants.

We (and certain of our subsidiaries) may, however, without securing the notes issued under the 1995 indenture, issue or assume secured debt or enter into a sale and leaseback transaction as long as the aggregate amount of secured debt and the attributable debt from the sale and leaseback transactions together do not exceed 10% of our consolidated total assets.

***Consolidation, merger or sale***

The 1995 indenture generally permits a consolidation or merger between us and another corporation, partnership or trust organization. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if the acquiring entity is organized under the laws of any domestic jurisdiction and assumes by supplemental indenture all of our responsibilities and liabilities under the 1995 indenture; immediately after the transaction, no event of default exists or will exist; and we have delivered to the trustee an officer's certificate and an opinion of counsel representing that the transaction and the related supplemental indenture comply with the 1995 indenture.

***Events of default***

The 1995 indenture contains customary events of default including, without limitation, payment defaults, covenant defaults, and certain events in bankruptcy, insolvency or reorganization.

***Our 2004 and 2005 credit facilities***

Our 2004 5-year revolving credit facility provides us with a revolving credit facility of \$225,000,000, and our 2005 5-year revolving credit facility provides us with a revolving credit facility of \$275,000,000. As of March 31, 2007, we have no loans outstanding under 2004 credit facility, and we have \$44.6 million of loans outstanding under our 2005 credit facility. We intend to use the proceeds from this offering to repay the amount outstanding under our 2005 credit facility. Our 2004 credit facility will expire on July 22, 2009, and our 2005 credit facility will expire on July 20, 2010. These two credit facilities are otherwise identical in their terms.

***Interest rate and fees***

Amounts drawn under the 2004 and 2005 credit facility bear an interest equal to a base rate (which is defined as the higher of the prime rate and the federal funds rate plus 50 basis points plus a margin) or LIBO rate (which is defined as LIBOR divided by one minus the applicable reserve requirement, plus a margin). In addition, we must pay a facility fee on the entire portion of the committed accounts (whether utilized or unutilized) based on the applicable facility fee rate. In the event that we draw greater than 50% from the committed accounts, the interest rate on the amounts drawn under the 2004 and 2005 credit facility will increase by a rate equal to the applicable utilization margin.

***Optional prepayment***

We may ratably prepay our borrowings under either of our credit facilities in whole or in part, in minimum amounts of \$5,000,000 (and multiples of \$1,000,000 in excess thereof). If we fail to make the prepayment as elected, our failure to pay will not be considered an event of default, but the amounts outstanding under that credit facility will bear interest at the base rate thereafter.

***Covenants***

Our 2004 and 2005 credit facilities contain customary affirmative and negative covenants that, among other things, restrict, subject to customary exceptions, our ability to incur indebtedness, create liens, sell assets, merge or consolidate, make payments in respect of capital stock or enter into transactions with affiliates. In addition, both credit facilities require us to maintain a ratio of earnings before interest and taxes to interest expense of 3.0 times, as well as limits on the levels of subsidiary indebtedness.

***Events of default***

Our 2004 and 2005 credit facilities contain customary events of default, including but not limited to, payment defaults, breach of representations and warranties, covenant defaults, cross-defaults to certain other indebtedness, certain events of bankruptcy and insolvency and the occurrence of a change of control.

**Description of the notes**

We have issued the old notes and will issue the new notes described in this prospectus (collectively, the Notes ) under an Indenture, dated as of May 14, 2007 (the Indenture ), between us and The Bank of New York Trust Company, N.A., as trustee (the Trustee ). The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act ). The Indenture is unlimited in aggregate principal amount. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes other than issue date, issue price and the first interest payment date (the Additional Notes ). We will only be permitted to issue such Additional Notes if at the time of such issuance, we were in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes, will be treated as a single class for all purposes under the Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase, and will vote on all matters with the holders of the Notes.

This description of notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description of notes is only a summary, you should refer to the Indenture for a complete description of the obligations of the Company and your rights. The Company will make a copy of the Indenture available to the holders and to prospective investors upon request.

You will find the definitions of capitalized terms used in this description under the heading Certain definitions. For purposes of this description, references to the Company, we, our and us refer only to Deluxe Corporation and not to its subsidiaries. Certain defined terms used in this description but not defined herein have the meanings assigned to them in the Indenture.

## General

### *The notes*

The Notes:

- are general unsecured, senior obligations of the Company;
- are limited to an aggregate principal amount of \$200 million, subject to our ability to issue Additional Notes;
- mature on June 1, 2015;
- are represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in definitive form. See *Book-entry, delivery and form* ; and
- rank equally in right of payment to any future senior Indebtedness of the Company, without giving effect to collateral arrangements.

### *Interest*

Interest on the Notes will:

- accrue at the rate of 7.375% per annum;
- accrue from the date of original issuance or, if interest has already been paid, from the most recent interest payment date;
- be payable in cash semi-annually in arrears on June 1 and December 1, commencing on December 1, 2007;
- be payable to the holders of record on each May 15 and November 15 immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

### *Payments on the notes; paying agent and registrar*

We will pay principal of, premium, if any, and interest on the Notes at the office or agency designated by the Company in the Borough of Manhattan, The City of New York, except that we may, at our option, pay interest on the Notes by check mailed to holders of the Notes at their registered address as it appears in the Registrar's books. We have initially designated the corporate trust office of the Trustee in New York, New York to act as our Paying Agent and Registrar. We may, however, change the Paying Agent or Registrar without prior notice to the holders of the Notes, and the Company or any of its Restricted Subsidiaries may act as Paying Agent or Registrar.

We will pay principal of, premium, if any, and interest on, Notes in global form registered in the name of or held by The Depository Trust Company or its nominee in immediately available funds to The Depository Trust Company or its nominee, as the case may be, as the registered holder of such global Note.

### *Transfer and exchange*

A holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the Company may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by



the Indenture. The Company is not required to transfer or exchange any Note selected for redemption or that has been tendered in an Asset Disposition Offer or Change of Control Offer. Also, the Company is not required to transfer or exchange any Note (i) for a period of 15 days before a selection of Notes to be redeemed or (ii) for a period beginning on the opening of business 15 days before a record date for the payment of interest and ending on the applicable succeeding interest payment date.

The registered holder of a Note will be treated as the owner of it for all purposes.

### Optional redemption

Except as described below, the Notes are not redeemable until June 1, 2011. On and after June 1, 2011 the Company may redeem all or, from time to time, a part of the Notes upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest on the Notes, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

Year	Percentage
2011	103.688 %
2012	101.844 %
2013 and thereafter	100.000 %

Prior to June 1, 2010, the Company may on any one or more occasions redeem up to 35% of the original principal amount of the Notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 107.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that

- (1) at least 65% of the original principal amount of the Notes remains outstanding after each such redemption; and
- (2) the redemption occurs within 90 days after the closing of such Equity Offering.

In addition, at any time prior to June 1, 2011, the Company may redeem the Notes, in whole or in part, upon not less than 30 days nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

**Applicable Premium** means, with respect to a Note at any Redemption Date, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such time of (1) the redemption price of such Note at June 1, 2011 (such redemption price being described under **Optional redemption**) plus (2) all required interest payments due on such Note through June 1, 2011, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such Note.

**Treasury Rate** means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two business days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source or similar market data)) most nearly equal to the period from the Redemption Date to June 1, 2011; provided, however, that if the period from the Redemption Date to June 1, 2011 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the

Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to June 1, 2011 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business, on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Company.

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of \$2,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

### **Ranking**

The Notes are general unsecured obligations of the Company that rank senior in right of payment to all existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes rank equally in right of payment with all existing and future liabilities of the Company that are not so subordinated and will be effectively subordinated to all of our secured Indebtedness and liabilities of our Subsidiaries that do not guarantee the Notes. In the event of bankruptcy, liquidation, reorganization or other winding up of the Company or upon a default in payment with respect to, or the acceleration of, any senior secured Indebtedness (which could be Indebtedness under the Senior Credit Agreement), the assets of the Company that secure such senior secured Indebtedness will be available to pay obligations on the Notes only after all senior secured Indebtedness has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes then outstanding.

Assuming that we had applied the net proceeds we received from the initial offering, as described in footnote 1 in the section entitled Capitalization, as of March 31, 2007:

- outstanding Indebtedness of the Company would have been \$1,102.8 million, none of which would have been secured; and
- Restricted Subsidiaries would have had no liabilities (excluding intercompany liabilities).



### Change of control

If a Change of Control occurs, unless the Company has exercised its right to redeem all of the Notes as described under **Optional redemption**, each holder will have the right to require the Company to repurchase all or any part (equal to \$2,000 and integral multiples of \$1,000 in excess thereof) of such holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, unless the Company has exercised its right to redeem all of the Notes as described under **Optional redemption**, the Company will mail a notice (the **Change of Control Offer**) to each holder, with a copy to the Trustee, stating:

- (1) that a Change of Control has occurred and that such holder has the right to require the Company to purchase such holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the **Change of Control Payment**);
- (2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the **Change of Control Payment Date**); and
- (3) the procedures determined by the Company, consistent with the Indenture, that a holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes (equal to \$2,000 and integral multiples of \$1,000 in excess thereof) properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes so tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The paying agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of \$2,000 and integral multiples of \$1,000 in excess thereof.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender pursuant to the Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of the conflict.

The Company's ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a default under the Senior Credit Agreements. In addition, certain events that may constitute a change of control under the Senior Credit Agreements and cause a default under that agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of their right to require the Company to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to the holders upon a repurchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of the future Indebtedness may prohibit the Company's prepayment of Notes before their scheduled maturity. Consequently, if the Company is not able to prepay any such other Indebtedness containing such restrictions or obtain requisite consents, the Company will be unable to fulfill its repurchase obligations if holders of Notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under the Senior Credit Agreements.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving the Company by increasing the capital required to effectuate such transactions. The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Company to make an offer to repurchase the Notes as described above. The provisions under the Indenture relative to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes.

**Certain covenants**

*Effectiveness of covenants*

Following the first day:

- (a) the Notes have an Investment Grade Rating from at least two of the Ratings Agencies; and
- (b) no Default has occurred and is continuing under the Indenture;

the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the subheadings below:

- Limitation on indebtedness,
- Limitation on restricted payments,
- Limitation on liens,
- Limitation on restrictions on distributions from restricted subsidiaries,
- Limitation on sales of assets and subsidiary stock,
- Limitation on affiliate transactions, and
- Clause (3) of Merger and consolidation

(collectively, the *Suspended Covenants* ) and will instead be subject to the provisions of the Indenture described under *Investment grade covenants* below. If at any time the Notes credit rating is downgraded from an Investment Grade Rating by two or more of the Rating Agencies, then the *Suspended Covenants* will thereafter be reinstated as if such covenants had never been suspended and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain Investment Grade Rating by two or more of the Rating Agencies (in which event the *Suspended Covenants* shall no longer be in effect for such time that the Notes maintain an Investment Grade Rating); provided, however, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture, the Notes or the Subsidiary Guarantees with respect to the *Suspended Covenants* based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring after the Notes attain Investment Grade Rating from two or more of the Ratings Agencies and before any reinstatement of such *Suspended Covenants* as provided above, or any actions taken at any time pursuant to any contractual obligation arising prior to such reinstatement, regardless of whether such actions or events would have been permitted if the applicable *Suspended Covenants* remained in effect during such period.

*Limitation on indebtedness*

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that the Company and the Subsidiary Guarantors, if any, may Incur Indebtedness if on the date thereof:

- (1) the Consolidated Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.00 to 1.00;
- (2) no Default or Event of Default will have occurred or be continuing or would occur as a consequence of Incurring the Indebtedness or transactions relating to such Incurrence.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(4) Indebtedness of the Company or any Subsidiary Guarantor Incurred pursuant to a Credit Facility together with the principal component of amounts outstanding under Qualified Receivables Transactions in an aggregate amount up to \$500 million less the aggregate principal amount of all principal repayments with the proceeds from Asset Dispositions utilized in accordance with clause 3(a) of Limitations on sales of assets and subsidiary stock that permanently reduce the commitments thereunder;

(5) Guarantees by (x) the Company or Subsidiary Guarantors of Indebtedness Incurred by the Company or a Subsidiary Guarantor in accordance with the provisions of the Indenture, provided that in the event such Indebtedness that is being Guaranteed is a Subordinated Obligation or a Guarantor Subordinated Obligation, then the related Guarantee shall be subordinated in right of payment to the Notes or the Subsidiary Guarantee, as the case may be, and (y) Non-Guarantor Restricted Subsidiaries of Indebtedness Incurred by Non-Guarantor Restricted Subsidiaries in accordance with the provisions of the Indenture;

(6) Indebtedness of the Company owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary (including Preferred Stock); provided, however,

(a) if the Company is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes;

(b) if a Subsidiary Guarantor is the obligor on such Indebtedness and the Company or a Subsidiary Guarantor is not the obligee, such Indebtedness is subordinated in right of payment to the Subsidiary Guarantees of such Subsidiary Guarantor; and

(c) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity) of the Company; and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity) of the Company shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Subsidiary, as the case may be.

(4) Indebtedness represented by (a) the Notes issued on the Issue Date, the related exchange notes issued in a registered exchange offer pursuant to the Registration Rights Agreement and any Subsidiary Guarantees of the Notes and related exchange notes, (b) any Indebtedness (other than the Indebtedness described in clauses (1), (2), (3), (6), (8), (9) and (10) of this paragraph) outstanding on the Issue Date and (c) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(5) Indebtedness of a Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by, or merged into, the Company or any Restricted Subsidiary (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); provided, however, that at the time such Restricted Subsidiary is acquired by the Company, the Company would have been able to Incur \$1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5);

(6) Indebtedness under Hedging Obligations that are Incurred in the ordinary course of business (and not for speculative purposes) (1) for the purpose of fixing or hedging interest rate risk with respect to any Indebtedness Incurred in accordance with the Indenture; (2) for the purpose of fixing or hedging currency exchange rate risk with respect to any currency exchanges; or (3) for the purpose of fixing or hedging commodity price risk with respect to any commodities;

(7) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capitalized Lease Obligations, mortgage financings, purchase money obligations or other payments, in each case Incurred to finance all or any part of the purchase price or cost of construction or improvement of assets or property (other than Capital Stock or other Investments) acquired, constructed or improved in the ordinary course of business of the Company or such Restricted Subsidiary and Attributable Indebtedness, in an aggregate principal amount, including all Refinancing Indebtedness Incurred to refund, defease, renew, extend, refinance or replace any Indebtedness Incurred pursuant to this clause (7), not to exceed the greater of (i) \$50 million and (ii) 10% of Consolidated Net Tangible Assets, at any time outstanding;

(8) Indebtedness Incurred in respect of workers' compensation claims, self-insurance obligations, performance, surety and similar bonds, letters of credit and completion guarantees provided by the Company or a Restricted Subsidiary in the ordinary course of business;

(9) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary;

(10) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five business days of Incurrence;

(11) Indebtedness of foreign Subsidiaries not to exceed in the aggregate \$10 million at any one time outstanding;

(12) Indebtedness used to defease the Notes; and

(13) in addition to the items referred to in clauses (1) through (10) above, Indebtedness of the Company or any of its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed the greater of (i) \$150 million and (ii) 30% of Consolidated Net Tangible Assets, at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify such item of Indebtedness on the date of Incurrence and may later classify such item of Indebtedness in any manner that complies with this covenant and only be required to include the amount and type of such Indebtedness in one of such clauses;

(2) all Indebtedness outstanding on the Issue Date under the Senior Credit Agreement shall be deemed Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4) of the second paragraph of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

- (4) if obligations in respect of letters of credit are Incurred pursuant to a Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary that is not a Subsidiary Guarantor, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;
- (7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP; and
- (8) the principal amount of any Indebtedness outstanding in connection with a Qualified Receivables Transaction is the Receivables Transaction Amount relating to such Qualified Receivables Transaction.

Accrual of interest, accrual of dividends, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

*Limitation on restricted payments*

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution (whether made in cash, securities or other property) on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company; and

(b) dividends or distributions payable to the Company or another Restricted Subsidiary (and if such Restricted Subsidiary is not a wholly-owned Subsidiary, to its other holders of common Capital Stock on a pro rata basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations or Guarantor Subordinated Obligations (other than (x) Indebtedness of the Company owing to and held by any Subsidiary Guarantor or Indebtedness of a Subsidiary Guarantor owing to and held by the Company or any other Subsidiary Guarantor permitted under clause (3) of the second paragraph of the covenant Limitation on indebtedness or (y) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations or Guarantor Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) shall be referred to herein as a Restricted Payment ), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result therefrom); or

(b) the Company is not able to Incur \$1.00 of additional Indebtedness pursuant to the first paragraph under the Limitation on indebtedness covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date (excluding Restricted Payments made pursuant to clauses (1), (2), (3), (4), (6), (7), (8), (9) and (14) of the next succeeding paragraph) would exceed the sum of:

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the beginning of the fiscal quarter in which the Issue Date occurs to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are in existence (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, plus the fair market value of property, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the Issue Date (other than Net Cash Proceeds received from an issuance or sale of such Capital Stock to a Subsidiary of the Company or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination);

(iii) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date of any Indebtedness of the Company or its Restricted Subsidiaries convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company;

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries in any Person resulting from:

(A) repurchases or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such Restricted Investment to an unaffiliated purchaser, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Company or any Restricted Subsidiary (other than for reimbursement of tax payments); or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of Investment ),

which amount in each case under this clause (iv) shall not exceed the amount of Restricted Investments previously made in such Person; provided, however, that no amount will be included under this clause (iv) to the extent it is already included in Consolidated Net Income; and

(v) \$15 million.

The provisions of the preceding paragraph will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock or Subordinated Obligations of the Company or Guarantor Subordinated Obligations of any Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); provided, however, that the Net Cash Proceeds from such sale of Capital Stock will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Company or Guarantor Subordinated Obligations of any Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company or any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Guarantor Subordinated Obligations made by exchange for or out of the proceeds of the substantially concurrent sale of Guarantor Subordinated Obligations that, in each case, is permitted to be Incurred pursuant to the covenant described under Limitation on indebtedness and that in each case constitutes Refinancing Indebtedness;



- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under Limitation on indebtedness and that in each case constitutes Refinancing Indebtedness;
- (4) so long as no Default or Event of Default has occurred and is continuing, any purchase or redemption of Subordinated Obligations or Guarantor Subordinated Obligations of a Subsidiary Guarantor from Net Available Cash to the extent permitted under Limitation on sales of assets and subsidiary stock below;
- (5) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision;
- (6) so long as no Default or Event of Default has occurred and is continuing,
- (a) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Company or any Restricted Subsidiary held by any existing or former directors, employees or management of the Company or any Subsidiary of the Company or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; provided such redemptions or repurchases pursuant to this clause will not exceed \$3 million in the aggregate during any calendar year and \$12 million in the aggregate for all such redemptions and repurchases, plus the amount of any capital contributions to the Company as a result of sales of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock, of the Company to such persons (provided, however, that the Net Cash Proceeds from such sale of Capital Stock will be excluded from clause (c)(ii) of the preceding paragraph); and
- (b) loans or advances to employees, officers or directors of the Company or any Subsidiary of the Company the proceeds of which are used to purchase Capital Stock of the Company, in an aggregate amount not in excess of \$5 million with respect to all loans or advances made since the Issue Date (without giving effect to the forgiveness of any such loan);
- (7) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Company issued in accordance with the terms of the Indenture to the extent such dividends are included in the definition of Consolidated Interest Expense;
- (8) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof;
- (9) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation (i) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control in accordance with provisions similar to the Change of control covenant or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the Limitation on sales of assets and subsidiary stock covenant; provided that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer;

(10) the repurchase or redemption of the Company's preferred stock purchase rights, or any substitute therefor, in an aggregate amount not to exceed the product of (x) the number of outstanding shares of Common Stock of the Company and (y) \$0.01 per share, as such amount may be adjusted in accordance with the rights agreement relating to the Common Stock of the Company;

(11) so long as (a) no Default or Event of Default shall have occurred and be continuing and (b) immediately before and immediately after giving effect thereto, the Company would have been permitted to Incur at least \$1.00 of additional Indebtedness pursuant to the first paragraph under the Limitation on indebtedness covenant, payments of quarterly per share cash dividends on the Company's Common Stock not greater than the per share cash dividends paid on the Company's Common Stock for the most recent fiscal quarter ending prior to the Issue Date (adjusted for stock dividends, splits, combination reclassifications or other similar events (including in connection with a merger or consolidation) affecting the Company's Common Stock);

(12) payments or distributions to stockholders pursuant to appraisal rights required under applicable law in connection with any consolidation, merger or transfer of assets that complies with the covenant described under Merger and consolidation ;

(13) cash payments to stockholders in lieu of fractional shares; and

(14) so long as no Default or Event of Default has occurred and is continuing, Restricted Payments in an amount not to exceed \$60 million.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any property or assets required to be valued by this covenant shall be determined by the Board of Directors of the Company whose resolution with respect thereto shall be delivered to the Trustee.

#### ***Limitation on liens***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Subsidiaries), whether owned on the Issue Date or acquired after that date, which Lien is securing any Indebtedness, unless contemporaneously with the Incurrence of such Liens effective provision is made to secure the Indebtedness due under the Indenture and the Notes or, in respect of Liens on any Restricted Subsidiary's property or assets, any Subsidiary Guarantee of such Restricted Subsidiary, equally and ratably with (or senior in priority to in the case of Liens with respect to Subordinated Obligations or Guarantor Subordinated Obligations, as the case may be) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

#### ***Limitation on restrictions on distributions from restricted subsidiaries***

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock);

(2) make any loans or advances to the Company or any Restricted Subsidiary (it being understood that the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances); or

(3) transfer any of its property or assets to the Company or any Restricted Subsidiary (it being understood that such transfers shall not include any type of transfer described in clause (1) or (2) above).

The preceding provisions will not prohibit:

(i) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Issue Date including, without limitation, the Indenture, the Notes, the Exchange Notes, the Subsidiary Guarantees, and the Senior Credit Agreements (and related documentation) in effect on such date;

(ii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Capital Stock or Indebtedness Incurred by a Restricted Subsidiary on or before the date on which such Restricted Subsidiary was acquired by the Company or a Restricted Subsidiary (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company or in contemplation of the transaction) and outstanding on such date provided, that any such encumbrance or restriction shall not extend to any assets or property of the Company or any other Restricted Subsidiary other than the assets and property so acquired and that, in the case of Indebtedness, was permitted to be Incurred pursuant to the Indenture;

(iii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (i) or (ii) of this paragraph or this clause (iii) or contained in any amendment, restatement, modification, renewal, supplement, refunding, replacement or refinancing of an agreement referred to in clause (i) or (ii) of this paragraph or this clause (iii); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement are no more restrictive, taken as a whole, to the Company than the encumbrances and restrictions contained in such agreements referred to in clauses (i) or (ii) of this paragraph on the Issue Date or the date such Restricted Subsidiary became a Restricted Subsidiary or was merged into a Restricted Subsidiary, whichever is applicable;

(iv) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture securing Indebtedness of the Company or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(v) (a) purchase money obligations for property acquired in the ordinary course of business and (b) Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;

(vi) any Purchase Money Note or other Indebtedness or contractual requirements Incurred with respect to a Qualified Receivables Transaction relating exclusively to a Receivables Entity that, in the good faith determination of the Board of Directors, are necessary to effect such Qualified Receivables Transaction;

(vii) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(viii) any customary provisions in joint venture agreements relating to joint ventures that are not Restricted Subsidiaries and other similar agreements entered into in the ordinary course of business;

(ix) restrictions on cash or other deposits or net worth provisions in leases and other agreements entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(x) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order;

(xi) encumbrances or restrictions contained in indentures or debt instruments or other debt arrangements Incurred or Preferred Stock issued by Subsidiary Guarantors in accordance with

Limitation on indebtedness, that are not more restrictive, taken as a whole, than those applicable to the Company in either the Indenture or the Senior Credit Agreements on the Issue Date (which results in encumbrances or restrictions comparable to those applicable to the Company at a Restricted Subsidiary level); and

(xii) encumbrances or restrictions contained in indentures or other debt instruments or debt arrangements Incurred or Preferred Stock issued by Restricted Subsidiaries that are not Subsidiary Guarantors subsequent to the Issue Date pursuant to clauses (5) and (13) of the second paragraph of the covenant Limitation on indebtedness, by Restricted Subsidiaries, provided that after giving effect to such Incurrence of Indebtedness, the Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the first paragraph of the covenant Limitation on indebtedness.

***Limitation on sales of assets and subsidiary stock***

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;

(2) at least 75% of the consideration from such Asset Disposition received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, at its option:

(a) to prepay, repay or purchase Indebtedness of the Company (other than any Disqualified Stock or Subordinated Obligations) or Indebtedness of a Restricted Subsidiary (other than any Disqualified Stock or Guarantor Subordinated Obligations of a Subsidiary Guarantor) (in each case other than Indebtedness owed to the Company or an Affiliate of the Company) within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash; provided, however, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

(b) to invest in Additional Assets within 365 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash, provided that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment and, in the event such binding commitment is later canceled or terminated for any reason before such Net Available Cash is so applied, the Company or such Restricted Subsidiary enters into another binding commitment within nine months of such cancellation or termination of the prior binding commitment, and provided, further, that any such binding commitment to invest shall be subject to customary conditions (other than financing).

Pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that are not applied or invested as provided in the preceding paragraph will be deemed to constitute Excess Proceeds. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds \$25 million, the Company will be required to make an offer ( Asset Disposition Offer ) to all holders of Notes and to the extent required by the terms of other Pari Passu Indebtedness, to all holders of other Pari Passu Indebtedness outstanding with similar provisions requiring the Company to make an offer to purchase such Pari Passu Indebtedness with the proceeds from any Asset Disposition ( Pari Passu Notes ), to purchase the maximum principal amount of Notes and any such Pari Passu Notes to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Pari Passu Notes plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Notes, as applicable, in each case in a principal amount of \$2,000 and integral multiples of \$1,000 in excess thereof. To the extent that the aggregate amount of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and other Pari Passu Notes surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Pari Passu Notes to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Notes. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

No later than five Business Days after the termination of the Asset Disposition Offer (the Asset Disposition Purchase Date ), the Company will purchase the principal amount of Notes and Pari Passu Notes required to be purchased pursuant to this covenant (the Asset Disposition Offer Amount ) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Notes validly tendered in response to the Asset Disposition Offer.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Notes or portions of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Notes so validly tendered and not properly withdrawn, in each case in a principal amount of \$2,000 and integral multiples of \$1,000 in excess thereof. The Company will deliver to the Trustee an Officers Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant and, in addition, the Company will deliver all certificates and notes required, if any, by the agreements governing the Pari Passu Notes. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer) mail or deliver to each tendering holder of Notes or holder or lender of Pari Passu Notes, as the case may be, an amount equal to the purchase price of the Notes or Pari Passu Notes so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon delivery of an Officers Certificate from the Company, will authenticate and mail or deliver such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; provided that each such new Note will be in a principal amount of \$2,000 and integral multiples of \$1,000 in excess thereof. In addition, the Company will take any and all other actions required by the agreements governing the Pari Passu Notes. Any Note not so accepted will be promptly mailed or delivered by the Company to the holder thereof. The Company will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness (other than Subordinated Obligations or Disqualified Stock) of the Company or Indebtedness of a Restricted Subsidiary (other than Guarantor Subordinated Obligations or Disqualified Stock of any Subsidiary Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Company will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (3)(a) above);
- (2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days after the close of the Asset Disposition; and
- (3) Additional Assets.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

***Limitation on affiliate transactions***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an Affiliate Transaction ) unless:

- (1) the terms of such Affiliate Transaction are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate;
- (2) in the event such Affiliate Transaction involves an aggregate consideration in excess of \$10 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company and by a majority of the members of such Board having no personal stake in such transaction, if any (and such majority or majorities, as the case may be, determines that such Affiliate Transaction satisfies the criteria in clause (1) above); and
- (3) in the event such Affiliate Transaction involves an aggregate consideration in excess of \$20 million, the Company has received a written opinion from an independent investment banking, accounting or appraisal firm of nationally recognized standing that such Affiliate Transaction is not materially less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under Limitation on restricted payments;
- (2) Permitted Investments;
- (3) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock of the Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers and employees approved by the Board of Directors of the Company;
- (4) loans or advances to employees, officers or directors of the Company or any Restricted Subsidiary of the Company in the ordinary course of business consistent with past practices, in an aggregate amount not in excess of \$3 million with respect to all loans or advances made since the Issue Date (without giving effect to the forgiveness of any such loan);
- (5) any transaction between the Company and a Restricted Subsidiary or betwe